



Editorial



Having recently taken up my post as European Commissioner for External Trade, I am very pleased to have this first opportunity to provide the editorial for this latest edition of the Market Access Newsletter. Not least, because it gives me a chance to reconfirm the Commission's commitment to working hard to improve access for European companies to third country markets.

Market Access is indeed at the core of our trade policy. When trade policy makes it to the front pages of the newspapers, it is normally because of our important trade negotiations, either multilateral under the World Trade Organisation or bilateral like those leading to the EU-Korea Free Trade Agreement. And these negotiations are indeed important, because they create the framework within which our European companies operate worldwide. But I know that what is equally important for companies in their day to day work is what actually happens on the ground. It is the burdensome customs procedure in Russia, the overly restrictive technical regulation in China or the excessive import licensing requirements in Argentina - to mention just three examples - which prevent our companies from expanding in foreign markets and which they expect us to act upon. It is the remit of the Market Access Strategy to focus our minds on the importance of these practical questions. And to remind us that we are here to help European companies – big and small - reap the benefits of the global market.

This Newsletter shows the breadth of the Commission's Market Access activities with a summary of our work under the Market Access Strategy in 2009. It also gives very practical insights into how the Market Access Strategy works, with articles on the working groups on leather and wines and spirits, a short summary of discussions with the Algerian authorities regarding trade barriers encountered by European companies on the Algerian market and a contribution from the EU Delegation in Jakarta about local work on market access issues in Indonesia. And finally, this Newsletter looks into the future and sets out some of the main market access related activities planned for 2010.

I am looking forward to helping the Market Access Partnership develop its potential further. Together, the Commission, Member States and Business can make a difference for the benefit of European companies and citizens.

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High Level EU Delegation visits Algeria

A Commission delegation led by DG RELEX (Director Tomas Dupla del Moral) visited Algiers on 2-3 February as part of the EU-Algeria bilateral dialogues. The objective was to discuss the implementation of the Association Agreement, give a new momentum to bilateral relations and further engage with Algeria on pending issues relating to energy, agriculture and fisheries and trade. Other participants from the Commission included representatives from DG Agriculture, DG Energy and DG Trade.

Discussions on trade relations focused on Algeria's accession to the WTO and the new provisions on investment and imports introduced in 2009.

These provisions include, inter alia, the imposition of a ban on consumer credit, new rules for importing goods and services from abroad and restrictions on foreign direct investment. Member States and industry had alerted the Commission services to the harmful effects of these measures, pointing out that these newly introduced provisions will deter foreign investors, make it more difficult to do business in the country and be detrimental to efforts to diversify the economy away from its dependence on hydrocarbons.

A key objective of the mission was for the Commission to re-convey these concerns from business and to request Algeria to lift the newly imposed restrictions to investment and imports in order to ensure stable and non-discriminatory conditions for EU companies. However, the outcome of the discussions fell short of expectations on the EU side. The Algerians interlocuters indicated that these measures would probably not be removed in the short-term, as they form part of a broader policy package to address the deterioration of Algeria's Balance of Payments in 2009, following the fall in oil prices. Nevertheless, Commission services have also been informed of the setting-up of a reflection group in charge of drafting implementation measures related to these new investment rules, which may be considered prudently as a promising shift/inflexion by the Algerian authorities.

Member States and Commission services will continue to monitor the situation on the ground to limit the adverse effects of these provisions on EU exporters and EU companies wishing to invest in Algeria.

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The Market Access Strategy – Annual Progress Report

The Annual Progress Report submitted by the Commission to Member States is a good occasion to take stock of achievements and identify potential for further development for the Market Access Strategy (MAS).

2009 was an important year for the MAS, as major steps were taken towards further consolidation and improvement. The Strat-

egy evolved substantially by, on the one hand, following the recommendations stemming from the Council Conclusions of December 2008 and on the other, by further improving the already existing basis and instruments. Moreover, 2009 was also the year where the financial crisis reached its peak. Many countries introduced protectionist measures in their support schemes, which the MAS dealt with under



the umbrella of a regular protectionism report.

The Council Conclusions of December 2008 recommended that the Strategy focus on a list of barriers for each key EU market to be prioritised and updated regularly. This prioritisation exercise has improved the Strategy in two ways: qualitatively, priority has been given to those barriers that give real concern and are the most economically damaging to business.

Structurally, barrier prioritisation has improved cooperation inside the Market Access Partnership: in particular, the role of the Market Access Teams (MATs) has been strengthened so as to benefit from their local knowledge of the foreign markets as the whole exercise was based on their input in the form of preliminary lists of key barriers. Following discussion of a preliminary list in the MAAC, barrier fiches and hymn sheets are being produced and subjected to further discussion by the Member States in the Trade Policy Committee. The hymn sheets provide the lines to be taken in trying to eliminate the barriers and aim to ensure that coordinated messages on market access barriers are conveyed to third country interlocutors.

Overall, the prioritisation exercise contributed to improving the effectiveness of the activities of all actors involved in the MAS and has been an important element in improving coordination between Member States and business.

As far as substance is concerned, in 2009, more than 170 Key Barriers were identified from more than 30 countries. Moreover, the Market Access Strategy contrib-

uted to the successful elimination of more than 30 barriers during the year.

In addition, many other aspects of the Market Access Strategy were further improved in 2009: with regard to support for SMEs, a number of new activities were organised and existing instruments were strengthened in order to foster market access for small businesses. A major highlight was the High-Level Stakeholders' conference on the external dimension of the Small Business Act, co-chaired by Commissioners Ashton and Verheugen, which was held in March 2009 and helped identify trade policy priorities for SMEs.

Moreover, the Market Access Database was made more SME-friendly by incorporating an on-line User Guide, as well as a new section on useful links to websites of substantial potential interest to EU exporters and, particularly, small businesses.

On the communication and information side, DG TRADE continued to issue regular newsletters and flash notes on the most important updates concerning the Strategy and success stories about barrier removal. Moreover, training and information sessions were provided to European business representatives, as well as to EU Member States either in the EU or by Delegation staff in third countries.

A full account of the main activities and evolution of the Market Access Strategy during 2009 is to be found in the Annual Report on the Market Access Strategy. The Report will become fully accessible to the wider public on the DG Trade website at <http://ec.europa.eu/trade/> at the beginning of March.

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Market Access Working Group on Wines and Spirits

The second Wines and Spirits Working Group (WSWG) meeting took place on 2 February 2010 under the chairmanship of DG Trade Unit G.1 (the Market Access unit). The meeting was very well attended by industry representatives and Member States and benefited from the participation of a large number of Commission officials from different Commission services including DG's Trade, AGRI, ELARG, ENTR and TAXUD.

The original agenda covering market access barriers faced in Russia, China, Turkey, Thailand and Israel was extended leading up to the meeting to also encompass timely issues of concern in Norway, Hong Kong and Venezuela.

In Russia, the most pressing concern related to difficulties in obtaining the new import licence, recently introduced as a requirement in connection with the new Russia/Kazakhstan/Belarus Customs Union.

In China, discussions focussed on Chinese regulations and standards defining wines and spirit drinks, which are not always compatible with traditional European products.

With regard to Turkey a number of issues of concern were raised, including Turkey's

recently issued legislation on GMO's, customs valuation and burdensome import licensing requirements.

For Thailand, the excise tax and licensing system were discussed, as well as the newly announced pictorial labelling requirements for alcoholic beverages.

Israel's plans to remove any discrimination in their excise tax system over a 4 year transition period and the difficulties facing industry due to the very specific production requirements laid down by the Norwegian alcohol monopoly were also considered.

The meeting also touched on excise tax issues in Hong Kong and brand registration problems in Venezuela.

Finally, an update was given on recent amendments to the WHO's draft Global Alcohol Strategy paper.

The Commission services are in regular contact with the wines and spirits industry on these and a number of other bilateral market access issues and we trust that the Working Group will develop further as a focal point for these discussions.

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Market Access Working Group on Leather

The Working Group on Leather was launched at the request of the EU leather industry, led by COTANCE, in February 2010. The objective of this working group is to create a platform to exchange information between EU Business, EU Member States and the European Commission. This

will add value to the ongoing efforts of the European Commission aimed at solving existing barriers to trade and support the competitiveness of the European leather industry, especially in the current adverse economic climate.



The first meeting was attended by participants coming from Member States as well as European and national level member organisations of COTANCE.

COTANCE made a useful presentation on the structure of the sector, highlighting the importance of the European leather industry and its value chain in terms of jobs and added value: According to COTANCE the entire leather related value chain accounts for about 1 million jobs in Europe, with an estimated turnover of 60 billion Euros.

Industry has tentatively identified four priority areas for deeper consideration: export restrictions on raw materials, technical barriers to trade (TBT) particularly labelling and certification requirements, the tariff quota system in Japan and some sanitary and phytosanitary measures (SPS) which need to be specified further.

Raw materials are particularly affected by export taxes- more than 50% of the total global production of raw hides and skins is currently subject to these restrictions. Morocco, India, Russia and Mercosur were mentioned as priority countries where the issue should be tackled.

With regard to labelling and certification requirements, the industry is faced with a proliferation of regulations imposing burdensome requirements for leather and leather products mainly in Latin American countries and in particular the Andean Community.

The list of barriers that emerged as the outcome of the discussion is now under analysis. Immediate priorities are being set up for the next meeting, where specific cases will be analysed and possible ways of tackling them will be further discussed. The second meeting of the working group is likely to be held before the summer break.

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The Market Access Strategy – The way forward in 2010

In 2009 the Market Access Strategy evolved significantly and new practices and instruments were developed in close cooperation between the Commission, Member States and Business (see article on Annual Report 2009). The work pro-

gramme for the Market Access Strategy in 2010 promises a year full of activity, with a number of important challenges to be met.

In 2009, one of the main priorities of the Market Access Strategy was the identifica-



tion of key barriers on the EU's most important export markets. Building on these priorities, the challenge for 2010 will be to **step up action towards removal** of more than 170 barriers that have been identified.

The **Market Access Teams** will play a crucial role: because of their unique expertise of the situation on the ground, they will be encouraged to liaise with local authorities in a regular and structured way so as to engage in a continuous dialogue on market access problems encountered by European companies exporting to or investing in the country concerned. Technical seminars bringing together Commission and business representatives, regulators from the EU and third countries, as well as local authorities could be a useful means in this respect.

Building on the achievements of 2009 also means **continuing to monitor possible new barriers** so as to prevent barriers from arising in the first place. This is particularly true for **regulatory barriers** which are normally preceded by a lengthy consultative and legislative process. Now that the Market Access Partnership has been consolidated, we have to ensure a constant flow of information within the Partnership about emerging barriers in third countries. The Market Access Teams play an important role in this respect given their closeness to regulatory evolution in third countries.

Moreover, the activity of the **Market Access Advisory Committee** throughout 2009 has shown its potential of acting as an early warning instrument. Since February 2010, the MAAC meetings have an 'early warning' item on the agenda. This allows participants to raise and discuss new potential barriers in a more structured way so that ideally a removal strategy can

be shaped as soon as possible with a view to taking prompt action.

The focus of the Market Access Strategy on **SMEs** will also be further developed in 2010. Practical assistance to small businesses on the ground will be improved and the value added of the MAS tools for business operations will be increased. Notably, the **Market Access Database** will cover more countries and the information on barriers will be more focused with regular updates. It is also intended to translate the user guide for the Market Access Database into all EU languages.

Last but not least, the Lisbon Treaty has introduced a new important element for trade policy in general by increasing the competences of the **European Parliament**. This will certainly have an impact on the Market Access Partnership too. The Committee of the European Parliament dealing with trade issues (INTA Committee) was already informed of market access issues in the past, e.g. through the presentation of DG Trade reports on protectionist monitoring. More regular exchanges are now envisaged so as to involve the Parliament more directly on the role of market access issues in trade policy.

Three years after its launch, the revamped Market Access Strategy is now a well established pillar of EU trade policy. It complements the long-term perspective of multilateral and bilateral negotiations with a more short-term approach focusing on the actual implementation of trade deals and commitments. The Strategy is thus developing into a very valuable tool for **monitoring** commitments taken by the EU's trading partners at the multilateral and bilateral levels and ensuring their **enforcement**.



Market access in Indonesia: between principles and pragmatism

The overall 'protectionist' climate in Indonesia is evidenced by a recent mushrooming of new trade restrictions. As a response, the EU Delegation is currently working on a specific strategy for Indonesia to improve the climate for EU exporters by, among other actions, linking the different EU external policy tools, focusing our lobbying efforts on a number of key areas and adopting a culturally sensitive approach.

The objective of this strategy is to increase trade and investment by not only facilitating better EU market access, but – maybe more importantly – by establishing a conducive environment for discussion so that new opportunities for trade and investment can be created.

Current situation: Indonesia as the new BRIC

Indonesia is developing fast into a middle income country, with an impressive growth record (growth remained positive throughout the economic crisis). It considers itself – backed by impressive stock market performance; improving credit ratings and an affluent new and growing middle class – to be part of the so called "BRIC" countries. This economic importance is enhanced by political stability and increased leadership at the G20 and climate change talks.

This helps to explain Indonesia's self-confidence and motivation for pursuing a more internal-oriented, partly import substituting, economic policy as it benefits from its large population (over 200 million) with increased purchasing power and domestic demand.

Our trade strategy with Indonesia focuses on opportunities and dialogue. It is worth emphasising that despite trade irritants, overall trade with Indonesia has increased rapidly in recent times with little negative impact from the recent crisis. Business opportunities – even though in a

complicated regulatory environment – are manifold and European business is doing relatively well. Momentum gathered as Indonesian President Yudhoyono met President Barroso late last year and they agreed on the need to develop a strategy to enhance trade and investment between the EU and Indonesia. This should allow us to explore new opportunities and hopefully lead in the longer term, to increased market access for the EU to – by far – the largest ASEAN market.

Our strategy focuses on reducing the long list of irritants, with due consideration to the quantifiable impact on EU trade and investment; the availability of evidence to support the cases; the assessment of legal conformity (with support from colleagues in Brussels); and the possibility to achieve results in the medium term. Four key areas have been identified: investment issues (negative list and local content requirement), food and beverages (including SPS-issues); cosmetics and pharmaceuticals and more general trade restrictions (including the Decree 56 introducing stringent conditions for the importation of certain products).

A regular market access meeting with industry has been set up in Jakarta to discuss approach and actions. In parallel, EU industry outside Indonesia has provided input through the MAAC in Brussels. Also Parliament, NGOs and academics will be more involved in the future.

This change in policy has allowed us to engage with the Government of Indonesia more substantially. Some elements of this new relationship are a focus on a strengthened partnership, the pursuance of a regular structured commercial dialogue focusing on the prioritised issues and the policy of discussing cooperation programmes during the same meetings. The EU Delegation – through its cooperation programme – is



working on a specific programme to support Kadin and the Ministry of Trade, as well as implementing the dialogue on a strategy towards enhancing trade and investment, as agreed by our Presidents.

Last but not least, we strive to work towards increasing awareness and visibility of the EU in Indonesia. The Head of Delegation is giving interviews on TV; we support EuroCham events and try to be more visible elsewhere.

To summarise, we are looking at the overall picture, empathising with national policies and supporting these from a perspective of creating new opportunities to increase trade and investment flows, helped by using the whole spectrum of policies to support this, from cooperation to green diplomacy.

EU Delegation Jakarta (Walter van Hattum, 26 February 2010)

Market Access Partnership – Looking Ahead...

4 March 2010	Working Group on Chemicals
11 March 2010	EU- JAPAN Market Access DVC
30 or 31 March 2010	MAAC
21 April 2010	SPS Working Group
22 April 2010	MAAC
Date (to be confirmed)	Working Group on Automotives
Date (to be confirmed)	Working Group on Postal Courier

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