



## Editorial



I have just returned from Paris where I participated in the successful Market Access Conference organised by the French presidency. The timing of the Conference was very appropriate: in the current economic climate, it is more important than ever that our trading partners around the world reject calls for protectionism and open their markets to imports and investment from abroad. Openness is the most effective way to build and maintain the strong, cohesive and competitive economies, which can bring our wider political and social goals within reach.

This was at the heart of the Global Europe strategy that we launched in 2006. We committed to keeping our markets in Europe open as the best way to create new opportunities in the markets of our main trading partners for people and businesses across the Union. This message is as important for a business in Dusseldorf as it is for one in Dakar, Delhi or Des Moines. Globalisation offers significant opportunities to developed and developing countries, helping in particular our poorest partners to trade their way out of poverty.

This is why, at the G20 summit on 15 November in Washington, world leaders committed themselves clearly and unambiguously to strive to conclude an ambitious and balanced agreement in the Doha Round of world trade talks. With the right combination of leadership, ambition and hard work we are aiming to agree the framework of a final deal before the year end. Commission officials are already hard at work in Geneva, and I will personally make every effort I can to make agreement possible. Meanwhile, we also continue to seek improvements in market access for our exporters bilaterally whenever the conditions are right.

In this edition of our newsletter you will find information about the Commission's Communication on access to raw materials. We also provide feedback from our recently expanded Working Group covering automotives and tyres. Our regular "Voice of the Delegations" article comes from our delegation in Hong Kong. We round off with news of recent success stories relating to financial information providers in China, export declarations in Belarus and airport parking fees in Brazil.

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## ***ACCESS TO RAW MATERIALS***

### ***THE NECESSITY TO ENSURE AN OVERALL INTEGRATED APPROACH***

On 4 November the European Commission adopted its Communication on "The Raw Materials Initiative – Meeting our Critical Needs for Growth and Jobs in Europe". It focuses on establishing a new integrated strategy setting out targeted measures to secure and improve the access to raw materials for EU industry. This wide initiative goes along with different activities organised by DG TRADE that focus primarily on the external aspect of raw materials.

#### ***The challenge to address***

Raw materials are essential for the efficient functioning of the economy. They are in particular critical for some leading-edge manufacturing industries that produce innovative, highly technological and environmentally-friendly products. To take an example, in the making of a mobile phone, about 40 different raw materials are used such as lithium, tantalum, cobalt and antimony. For most raw materials, and in particular for the critical ones, the EU business relies heavily on imports from third countries (our import level is currently 70% to 80% of requirements) and access to these raw materials is getting increasingly difficult not only for the EU but also for other OECD and non-OECD countries. Indeed, from a trade perspective, despite recent price falls, raw materials prices are still very high from a historical point of view, and in many cases, many resource-rich countries heighten the problem by setting up a variety of protectionist measures effectively restricting access to raw materials. These measures include export restrictions and licences, subsidies, restrictive investment rules, competition policy, price-fixing, double-pricing systems, and export duties or taxes. The scope of products covered and the number of industries concerned is another indication of the magnitude of the issue. Currently, the EU is faced with 450 such trade restrictions on more than 400 tariff lines applied to various raw materials (e.g. metals, wood, hides and skins, ceramics, chemicals, and textiles and energy) including secondary raw materials (e.g. scrap metal).

The challenge therefore consists in ensuring

fair access to raw materials for our EU industry, on an undistorted competitive level playing field without undermining the possibility for third countries to impose "justified" restrictions (e.g. for food security reasons).

#### ***One of the tools: the Raw Materials Initiative Communication***

The ambition of the Communication is to seek a secure, reliable and undistorted access to non-energy raw materials to ensure European competitiveness. Although there is no quick fix solution, a more coherent EU policy response is needed. The issue of raw materials is therefore addressed in an integrated EU strategy promoting further cooperation and coordination between the European Commission, Member States and the various stakeholders. Thanks to this cooperation, the EU will be able to define critical raw materials. The integrated strategy is articulated around 3 pillars:

1. ensure access to raw materials on world markets at undistorted conditions;
2. foster sustainable supply of raw materials from European sources;
3. reduce the EU's consumption of primary raw materials.

A "Raw Materials Initiative" has been set up consisting of 10 different actions to be taken simultaneously (or not) between the European Commission, the Member States and the Industry (e.g. define critical raw materials, launch of EU strategic raw materials diplomacy with major industrialised and resource rich countries...).

For more information consult:

[http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item\\_id=1893](http://ec.europa.eu/enterprise/newsroom/cf/itemlongdetail.cfm?item_id=1893)

#### ***Specific focus on the trade aspects***

On 29 September 2008 a conference on the "EU's trade policy and raw materials" took place in Brussels with an open floor discussion on the regulatory, economic and technical



environment for trade in raw materials. It gathered more than 280 participants from business, international organisations, national, european and third country administrations, think tanks, research centres, universities and NGOs covering a wide geographical area (e.g. US, Argentina, China, Japan, Turkey...). The overall conclusion was the need to act and to do it coherently in an overall strategy taking into account short/medium/long term possibilities for action. All trade tools available will be used to tackle the issue ranging from multilateral and bilateral

negotiations, WTO dispute settlement, trade defence instruments and trade diplomacy including the Market Access Partnership. A specific trade action plan is currently being developed and an annual progress report will be produced.

For more information consult:

[http://ec.europa.eu/trade/issues/sectoral/industry/raw/index\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/industry/raw/index_en.htm)

*DG TRADE G.1 in co-ordination with DG TRADE G.2 and DG ENTR.*

## **WORKING GROUPS ON TYRES AND AUTOMOTIVES**

The second market access Working Group on tyres took place on 17 November. This Working Group was useful to consider actions undertaken and potential follow-up of existing MA problems for EU exporters to India, China and Indonesia. Different possible avenues/dialogues for raising EU offensive issues in these countries were explored. A new trade barrier was identified for Indonesia and a work programme was set up to push for the resolution of current export problems with the different third countries. EU business associations provided information of particular relevance to the Indian market.

On the same day, a kick-off meeting of a new Working Group on automotives (and accessories) took place. The contributions made by EU Member States and in particular EU business associations were important in order to identify the main trade barriers confronting EU exporters. At this meeting, India, China, Russia, Ukraine, ASEAN, Turkey and Mercosur were identified by EU business associations as the priority markets. The types of non-tariff trade barriers raised by

stakeholders extended beyond the original scope foreseen of Technical Barriers to Trade and regulatory issues and also included internal taxation, customs procedures and quantitative restrictions.

The main objective of these Working Groups is to establish a forum where the main market access problems in third countries can be discussed in a transparent manner. In addition, the Working Groups will facilitate exchanges of information between different stakeholders (EU member states, EU business associations and Commission services), help identify new markets and trade opportunities in third countries, devise strategies for the resolution of MA problems in those markets and in general, implement some of the MA elements described in the Market Access Strategy (Global Europe).

The next Working Groups for tyres and automotives are scheduled for February 2009.

*DG Trade G.1 and G.3 and DG ENTR*



***DG TRADE AT THE FIRST ANNUAL CONFERENCE  
OF THE ENTERPRISE EUROPE NETWORK  
STRASBOURG 24-26 NOVEMBER 2008***

The Enterprise Europe Network, an initiative of DG Enterprise and Industry to support Small and Medium-sized Enterprises (SME), was established in February 2008.

For more information see

[www.enterprise-europe-network.ec.europa.eu](http://www.enterprise-europe-network.ec.europa.eu).

The Enterprise Europe Network is made up of close to 600 partner organisations in more than 40 countries, including all EU member states, promoting competitiveness and innovation at the local level in Europe and beyond. It is the largest business network in Europe and consists of professional associations, chambers of commerce and technological institutions.

The conference was organised by DG Enterprise and Industry together with the Executive Agency for Competitiveness and Innovation (EACI), which is responsible for the operational management of the Network, under the auspices of the French Presidency. Around 800 persons participated in various workshops on different themes relating to the provision of services to SMEs and networking activities.

The Enterprise Europe Network members are important partners reaching out to SMEs and promoting the available Market Access tools at SME level.

We cooperate with the Network and provide "train the trainers" activities and our MA newsletter for its members and participate at Enterprise Europe Network events.

We promoted the available tools of the Market Access Partnership with a stand at this conference and presented the Market Access Partnership at the Workshop "Internationalisation – Doing business beyond the EU". In particular the free on-line services of the Market Access Database and the support to tackle trade barriers via the Complaint Register and Market Access Teams in key export markets are effective instruments for SMEs to obtain information about third country markets and to help them solve trade barriers.

The feedback from Enterprise Europe Network members showed that many are using our Database with high satisfaction. However, training is needed so that all Enterprise Europe Network members can use our available tools effectively. Furthermore, we encourage wider promotion activities by business organisations so that more SMEs can benefit from the information services we offer.

*DG Trade G.1 / Market Access Unit*



## ***THE VOICE OF THE DELEGATIONS***

*From the European Commission's Delegation in Hong Kong and Macao...*

Hong Kong is an unusual case of an economy that rarely presents outright cases of market access problems. It continues to be ranked every year as the freest economy in the world by various US based think tanks, such as the Heritage Foundation. While this contains a grain of truth for most goods and services traded, there are certain economic sectors in Hong Kong which remain highly oligopolised with government's consent.

***EU retail distribution*** chains have unsuccessfully tried to penetrate the Hong Kong market on various occasions, but were repelled by an effective protective shield mounted by the incumbent distribution groups, controlled in turn by the main property conglomerates which dominate the market. ***Other sectors such as electricity and port operators***, are markets which appear similarly resistant to letting in competition. These market access problems cannot be addressed through traditional trade instruments, as they are cases that can only be tackled through an effective competition framework.

The Hong Kong government launched a consultation process with key stakeholders on the opportunity to enact ***comprehensive competition legislation*** and establishing an independent Competition Authority. Predictably, local business and industry associations, possibly influenced by smaller companies within incumbent conglomerates, have proved quite resistant, initially arguing that a free economy such as Hong Kong would not need competition policy at all, and then that, if ever enacted,

it should exclude some sectors or important elements like mergers and acquisitions. Gradually, the business community, ***particularly SMEs*** have become more supportive to the benefits for them of a comprehensive competition policy framework enforced by an independent authority. The EC Office in Hong Kong in close cooperation with the local Market Access Team has been contributing to the consultation process providing technical input from our DG Competition, which has been mostly taken on board in the last draft legislation.

Otherwise, apart from some ***minor IP enforcement*** problems, which are generally swiftly addressed – or ignored – by the administration, market access restrictions in Hong Kong are rare. ***Therefore our Market Access Team does not need to operate in a reactive mode, and hence has orientated its action towards finding opportunities for European companies to maximise access in sectors where there is unexploited potential.*** And that, not only for Hong Kong, but also in mainland China, as Hong Kong based companies (irrespective of nationality or origin) can enjoy preferential access to the mainland market by virtue of the Closer Economic Partnership Arrangement or CEPA, which is revised every year to open up new sectors on a pilot basis for Hong Kong based companies.

*EU Delegation in Hong Kong and Macao*



## SUCCESS STORIES

### Belarus eliminates requirement to present EU export declaration

After concerns were raised by the European Commission, Belarus eliminated the unreasonable obligation on companies importing EU goods into the country to present an EU export declaration on import.

In the course of 2008, the European Commission had been informed that the Customs Authorities of Belarus were requiring presentation of EU export declarations on import of goods to Belarus. As a result of this measure, the export consignments to Belarus from the EU Member States could not be cleared, causing serious delays with a negative impact on trade and the economy.

The Commission services held several meetings with the Belarusian

representatives. They underlined that any legal or administrative practice requirement to present the export declaration on import to Belarus is incompatible with international commercial standards and modern customs practice. The Commission services also presented information on the legal and practical aspects of the EC Export Control System. They stressed that as of 1 July 2009 the Export Control System will be fully applicable in the EU and paper declarations will not be used in the EU anymore.

As a result on 29 August 2008, the Belarusian Council of Ministers adopted Regulation no 1246 which no longer requires presentation of the export declaration on import of goods to Belarus.

*Market Access Unit G1 in cooperation with Unit E1, DG TAXUD, EC Delegation to Belarus*

### Suspension of Aircraft Parking Charges increase in Brazil

At the end of 2007, the Brazilian aviation authority-ANAC- considered a significant increase in parking charges in Sao Paulo International airport to tackle the congestion problems. This measure could have led to prohibitively high costs for EU airlines flying to Brazil.

In January 2008, the Commission was alerted to this problem by the EU airline industry and Member States and decided, together with the Presidency, to send a letter to the competent Brazilian authority in support of EU airline companies. Following this letter and parallel efforts by

the air carriers to discuss alternative measures with the Brazilian authorities, Brazil finally postponed the measures until November 2008.

At the end of October 2008, a meeting with ANAC took place and the Commission services were informed that the plans to introduce congestion charges have been *suspended if not abandoned*.

This successful case shows how the Partnership works and how efficient early warning and action can be when partners work together in support of our industry.

*DG TREN (F1), DG TRADE and EC Delegation in collaboration with Member States in Brazil.*



***MARKET ACCESS PARTNERSHIP – LOOKING AHEAD...***

8 December 2008	Council conclusions on Market Access
9 or 10 December 2008	EU-US Digital Video Conference (date to be confirmed)
11 December 2008	MA Advisory Committee meeting in Brussels
16 December 2008	Commission adopts a Communication on the external dimension of the Lisbon Agenda

**Next MAAC: 11 December 2008**

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