



## Editorial



The trade agenda is again moving at full speed after the summer break.

On the DDA, the meeting of 35 trade ministers in New Delhi, at the beginning of September, sent a strong signal that the multilateral negotiating process should be reenergised after its breakdown more than one year ago in July 2008.

I am very satisfied that at their Summit in Pittsburgh the G20 leaders picked up on the trade ministers' work and committed to finalising the round before the end of 2010. We now have a reasonably clear timetable for what we expect to be renewed efforts to bridge the remaining gaps in the coming months in Geneva. There is still a lot of work to be done and a successful outcome is by no means guaranteed. However, I remain deeply convinced that a deal on the DDA would be an important signal for a world economy which is just about to come out of a deep recession that resulted in an unprecedented fall in trade flows.

From Delhi I travelled directly to Beijing for a five-day's visit to China. In my meetings, I stressed the importance of an open and frank exchange based on mutual confidence. I underlined the need for progress in areas such as investment, government procurement and protection of intellectual property rights. Apart from my official contacts I met the EU China Chamber of Commerce, where European companies operating in China gave me an excellent first-hand overview of market access problems across many sectors. I also visited the impressive EU Helpdesk which has the mission to provide practical support on issues related to intellectual property, in particular for small and medium sized companies.

China also figures prominently in this newsletter with articles on the recent meetings of the bilateral EU/China Economic and Trade Working Group, the visit of the EU China Chamber of Commerce to Brussels and the new China IPR learning module. In addition you will find information on a meeting with Civil Society, the first meeting of the Market Access Working Group on Wines and Spirits and the EU's fourth monitoring report of trade restrictive measures. Last but not least, the EU Delegation in the Philippines reports about the market access activities on the ground.

This newsletter testifies yet again to the many activities undertaken by various public and private actors to open up new export opportunities for European companies, a task which does indeed deserve all our collective efforts.

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## *FOCUS ON EU - CHINA TRADE RELATIONS*

The month of September was particularly busy on bilateral trade relations between the EU and China. On 6-10 September Commissioner Ashton undertook a visit to China in her capacities of Trade Commissioner and co-chair of the EU-China High Level Economic and Trade Dialogue (that took place in Beijing in May 2009). She met with Vice Premier Wang Qishan, Commerce Minister Chen Deming, the Assistant Minister of the International Department of the Central Committee of the Chinese Communist Party, Guo Yezhou, and the Minister of Foreign Affairs, Yang Jiechi.

Commissioner Ashton also made public interventions at the UIBE University in Beijing and at the China International Fair for Investment and Trade in Xiamen and met representatives of EU business and EU Member States in Beijing.

One general message relayed by the Commissioner to her Chinese counterparts with regard to the global economic crisis was the importance for public authorities to give Business renewed confidence to trade and invest again and to create wealth and jobs. Many more business opportunities would be created should China's business climate be improved, investment restrictions lifted and a level playing field developed across the board.

Commissioner Ashton also relayed the concerns that "Buy Chinese" measures had generated in the EU and the need to maintain close contacts and dialogue on procurement-related aspects.

The importance of protection and enforcement of intellectual property rights was emphasised throughout the visit, with con-

crete suggestions for joint work in a number of areas notably patents. Commissioner Ashton visited the EU IPR SME helpdesk,

a concrete example of how the EU can support the efforts of European companies, in particular SMEs, to access international markets.

Another important message throughout the trip was the EU and China's common determination to complete the Doha Round. Finally, there were some discussions on the need to foster bilateral investment, an area of mutual interest for the EU and China.

In the week following the visit, the meeting of the Economic and Trade Working Group (ETWG) was held. The ETWG is a yearly forum of expert level discussion, which enables a technical exchange on the priority issues concerning EU-China trade relations. Although the Ministry of Commerce (MOFCOM) remains the main partner on the Chinese side, the experts from – among others – the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ); the Ministry of Industry and Information Technology (MIIT); the Ministry of Health (MOH) and the State Postal Bureau (SPB) also participate. Similarly, DG TRADE ensured participation of experts from DG AGRI, DG ENTR, DG MARKT and DG SANCO.

The discussions were divided into five working groups, namely Goods, Services, Sanitary and Phytosanitary Measures, Technical Barriers to Trade and Trade Defence. The agenda included practically all the key market access trade barriers identified by the Market Access Advisory Committee last July. The two exceptions were IPR, for which a separate working group



was taking place in the same week in Beijing and raw materials, on which the EC requested consultations in the WTO in June 2009. The meetings of the working groups were followed by a plenary session where the chairs of each group presented joint conclusions on the progress achieved during the discussions. Additionally, the agenda of the plenary session included discussions on investment, stimulus packages and export credits.

Finally, on 21-23 September the EU Chamber of Commerce in China (EUCCC) organised its Brussels Circuit 2009. As in previous years, the visit was aimed at presenting the Chamber's Position Paper, re-

leased in the beginning of the month. The programme of the visit included meetings with Vice-President Verheugen, Commissioners Ashton and Almunia and Directors-General O'Sullivan, Ruete and Zourek, as well as a number of working group meetings. The main findings of this year's Position Paper show that China remains a very attractive market, however the positive developments in some sectors are accompanied by worrying trends, notably with regard to the slowdown of reforms and some protectionist tendencies, for instance with regard to procurement.

*DG TRADE B.2*

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### ***EU-CHINA IPR SME HELPDESK: FOCUSSING ON TRADEMARKS***

The protection of Intellectual Property Rights (IPR) is the biggest problem for many SMEs when exporting to China. The European Commission has therefore established the EU-China IPR SME Helpdesk (see <http://www.china-iprhelpdesk.eu/>). It provides access for EU SMEs to the knowledge and business tools required to develop the value of their intellectual property rights and to manage related risks. The Helpdesk provides information, advice and training support to EU SMEs to protect and enforce their IPR in China. Its services are free and are offered face to face, as well as by telephone and via online enquiries. The various publications include "The Helpdesk Guide to Customs" which gives an in-depth insight into working with Chinese customs to protect IPR. The guide

explains how to register IPR with Customs, how to cooperate with customs to seize counterfeit goods and how the latest customs regulations affect business.

There are also practical training tools available via the web and through training workshops in Europe and China. In addition, Helpdesk experts have developed online training on trademarks (use <http://www.china-iprhelpdesk.eu/emodule/index.html>). This is a valuable and practical tool and assists SMEs in understanding how to protect their brand and their profits in China by registering, protecting and enforcing their trademark rights.

*DG Trade G.1*

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## ***ECONOMIC CRISIS AND MONITORING PROTECTIONISM***

DG Trade recently presented its monitoring report on potentially trade restrictive measures to the 133 Committee. The report is publicly available at [http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc\\_144778.pdf](http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144778.pdf).

This is the fourth in a series of DG Trade reports monitoring the G20 commitment to refrain from taking protectionist measures in the context of the financial and economic crisis. The recent Pittsburgh summit of G20 leaders has again confirmed the importance of this standstill commitment.

The findings of the new report are broadly in line with those of previous reports: There has been no widespread race to close markets to foreign competitors as happened in the 1930s. But there is no room for complacency. While the economic crisis is showing signs of bottoming out and world trade seems ready to make a positive contribution to boosting economic activity, the danger of an escalation of a protectionist backlash is not yet behind us. This holds true in particular in view of the expected rise in unemployment in the next few months which in turn may create political pressure on governments to give in to requests for protectionist measures.

The report identifies 90 new potentially trade-restrictive measures taken between 1 June and 1 September 2009. This brings the total number of measures taken since the start of the monitoring in January 2009 to nearly 190.

Among sectors affected the most by new trade restrictive measures are automotives, textiles and clothing, and steel, with a notable increase of measures in the agricultural/food sector and shipbuilding.

The report also provides a more in-depth analysis of the rise of "Buy national" policies which have already produced a dangerous domino effect on a number of important markets.

The document underlines the importance which the EU attaches to the fight against protectionism. The EU continues to fully support and contribute to the parallel WTO monitoring exercise. It will try to work towards limiting the negative impact of the

measures on EU exporters through bilateral and multilateral activities, including in the context of the Market Access Strategy.

*DG Trade G.1*

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## ***CIVIL SOCIETY DIALOGUE ON MARKET ACCESS***

In the framework of the Civil Society Dialogue conducted on a regular basis by DG Trade, a meeting was held with representatives of civil society on 21 September 2009, to discuss latest developments in the

framework of the renewed Market Access Strategy. The meeting attracted the attention of both business representatives and non-governmental organisations, which had an opportunity to learn more about the



Strategy's functioning in recent months and to discuss this in a transparent manner. This meeting was part of a follow-up to the dialogue on market access organised in April 2008.

Petros Sourmelis underlined the importance of the concept of partnership with the Member States and EU business associations for market access. The structure of the partnership has now become fully operational with the Market Access Advisory Committee, Working Groups and Market Access Teams. He stressed the delivery aspect of this cooperation, so as to remove barriers in an efficient manner, in particular in the context of the economic crisis. The partnership currently focuses on four main avenues of action: prioritisation of barriers and increasing the efficiency of messages delivered to third countries; early warning function through monitoring of protectionism in G20 countries; increase of user-friendliness of the market access tools; and assistance to and focus on the needs of SMEs with regard to access to foreign markets. He recalled some of the recent examples of progress achieved on the removal of barriers.

Maryse Coutsouradis and Martin Pilser elaborated in greater detail on, respectively, the Export Helpdesk activities, which complement the Market Access Strategy with a development dimension, and the action plan "Trade and SMEs", which strengthens the SME focus in trade negotiations. Further assistance to SMEs, notably through EU business centres, in third countries is planned. The Export Helpdesk, aimed to assist exporters in developing countries, is also regarded as a very useful tool by European importers, as underlined by Eurocommerce. The ensuing discussion focused notably on barriers to trade in the services sector, which are subject to intensified activities in the framework of the strategy.

DG Trade will continue to inform Civil Society about progress in the area of market access in the framework of the Dialogue in future meetings.

*DG Trade G.1*

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### ***MARKET ACCESS WORKING GROUP ON WINES AND SPIRITS***

A first meeting of the Market Access Working Group on wines and spirits took place in Brussels on 24 September and attracted over 40 participants, including around half of all member states, substantial participation from the industry concerned and representatives from several Commission services.

The main objective of this kick-off meeting was to consider which of the many known issues would benefit most from more detailed consideration at future Working Group meetings.

The wines and spirits industries presented their major trading problems in 13 differ-



ent third country markets and after some discussion a provisional list of 5 markets was proposed by the chair for future discussion in the group. The countries earmarked were Russia China, Turkey, Israel and Thailand. Participants were invited to

consider this list and provide any feedback in advance of the next meeting which would be scheduled for the end of 2009 or beginning of 2010.

*DG Trade G.1*

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### ***THE VOICE OF THE DELEGATIONS From the EU Market Access Team in the Philippines***

The EU is an important trading partner of the Philippines, its 4<sup>th</sup> largest in 2008, accounting for 12% (€9 bn) of the Philippines' total trade in goods, with only ASEAN (20%), US (15%) and Japan (14%) accounting for more bilateral trade. In particular, the EU is the most important market for Philippine exports, with 17.3% (€5.3 billion) of the total. In the area of services, the EU was the 4th largest source of tourists in 2008, accounting for 9% or 271,000 visitors and remained the second largest source of foreign exchange remittances, accounting for 14% (€1.5 billion). Last but certainly not least, in 2008 the EU regained its place as the largest source of equity investments, accounting for 34% (€455 million), while also remaining the largest source of bank credit, accounting for around 48%.

The EU Market Access Team (MAT) in the Philippines was launched on 31 March 2008 during a meeting hosted by the EC Delegation. The MAT is composed of the commercial counsellors from the EC Delegation and EU Member States, plus representatives from the European chambers of commerce in the country. The MAT has developed as a stronger partnership of EU stakeholders, aimed at better addressing market access concerns in the Philippines. Private sector representatives and/or ex-

perts may be invited to join discussions as well as participate in the specific work of the Team as the need arises. Sub-committees with especially interested/concerned members have been or are being created on spirits, common carrier tax and the financial sector.

In its year and a half of existence, the MAT has focused its work on addressing the following market access barriers on the basis of criteria related to the impact on EU industry, the nature of the barrier (regulatory, legal, constitutional; violation of domestic or international rules) and the related 'winnability' of the case within a reasonable timeframe:

- discriminatory excise taxes on imported spirits;
- unjustified ban on beef imports from certain EU MS;
- discriminatory practices as regard inspection fees with respect to the ongoing re-certification process for EU meat exporters;
- often unjustified bans (beyond OIE standards) on poultry imports from certain EU member states on account of Avian Influenza;
- TRIPs incompatible provisions in the Cheaper Medicines Act



Two new topics are being added to the "portfolio":

- discriminatory common carriers tax affecting foreign/EU air and maritime carriers
- constraints on the operations of foreign/EU financial institutions

The MAT has become an invaluable forum for information exchange among industry representatives, member states and the EC and has managed to galvanise and harness EU efforts rather effectively in trying to overcome these obstacles. The following are our first success stories:

Inspection fees for accreditation of meat exporters A long standing SPS concern with the Philippines has recently found a positive solution. Since 2006, the Philippines had operated an accreditation system which discriminated against EU meat establishments. In particular, the inspection fees and charges applied by the Philippines' National Meat Inspection Service relating to the accreditation process were less favourable to EU establishments than to meat establishments in other major trading partners. The latter only had to shoulder the travel costs of Philippine inspectors within their territories, not from Manila, whereas EU member states were still being asked to cover all the travel costs. Such discriminatory treatment is not in accordance with the SPS agreement, which stipulates WTO Members shall ensure that their sanitary and phytosanitary measures do not arbitrarily or unjustifiably discriminate between Members where identical or similar conditions prevail. Since the introduction of these inspection requirements, the European Commission services, the EC delegation and the EU member states have consistently raised the issue with the Philippines in all available fora, including bilateral meetings, at technical and political level. The MAT has made this one of its

first priority issues. On each occasion, EC or Member States' representatives urged the Philippines to abolish the discriminatory treatment and to bring their accreditation system into line with their obligations under the WTO-SPS agreement.

As a result, the Philippines has revised its import conditions, through an amended Administrative Order changing the rules on expenses relating to the accreditation of foreign meat establishments, thereby removing the elements which discriminated against EU meat establishments. All third countries will now only have to shoulder travel costs of inspectors within their territories. The Administrative Order, which took effect on 13 September 2009, will put the Philippines in line with international practice in this field.

Swine flu: Another positive development in the area of SPS took place in May 2009 when Department of Agriculture Secretary, Arthur Yap, did not give in to strong pressure from local hog farmers who called for a pork import ban based on H1N1 virus outbreaks in the EU. MAT members quietly lobbied against such a ban and the Philippines thereby did not follow some other third countries but remained on the grounds of scientific risk assessment which provided no reason for such a move.

Excise taxes on spirits: The legislation (Republic Act No. 8240) adopted by the Philippines in November 1996 placed a lower flat rate of excise tax on spirits produced from various ingredients, including the sap of palms such as nipa, coconut and buri, or the juice, sugar or syrup of cane, "where produced commercially in the country where they were processed into distilled spirits". These are raw materials typically used domestically in the Philippines. Other spirits, which include most



imported alcoholic products, are subject to a system of price bands at substantially higher taxes.

In 2004 the Philippines introduced further legislation which established an increase of the excise tax rates by 30% for primarily locally-produced spirits and by 50% for most types of imported spirits. As a result, taxes paid on imported spirits are now 10 to 50 times higher than for domestic products, depending on the net retail price of the imported product.

Consumption of spirits in the Philippines in 2007 was estimated by the International Wine & Spirits Record (IWSR) at about 47 million cases (of nine litres), making it one of the largest spirits markets in the Asia-Pacific region. This estimate includes just over 1 million cases of imported spirits; the remainder is comprised of domestic spirits produced mainly from sugar cane. EU spirits sold in the Philippines are mainly Spanish brandy and Scotch whisky. The EU considers that the discriminatory measures are in clear violation of Article

III: 2 of the General Agreement on Tariffs and Trade (GATT), which stipulate that local taxes on imported products should not be higher than those imposed on like domestic products and should not be used to afford protection to domestic products.

The EU MAT has been fundamental in generating momentum, both in Europe and in the Philippines, in relation to this issue. A momentum that has resulted in satisfactory remedial legislation being proposed and defended by Government agencies in Congress (replacing the current multi-tier system with a flat rate that within three years would apply to all spirits) and an official EC request for the establishment of a Panel at the WTO, the first ever against the Philippines. Given that pressure, some compromise in Congress to resolve the WTO inconsistency, which otherwise would have been inconceivable, might just be possible.

*EC Delegation in the Philippines*

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*Market Access Partnership – Looking Ahead...*

7-9 October	Enterprise Europe Network - annual conference, Stockholm: participation of DG Trade, Market Access Unit
15 October	MAAC
23 October	EU-Japan DVC
26 October	<b>23<sup>rd</sup> meeting EC-Turkey Customs Union Joint Committee - Brussels</b>

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