



Editorial

During my first three weeks as EU Trade Commissioner I have been asked repeatedly what my priorities for trade policy will be and how they will be shaped by a possible economic downturn. My answer has always been the same: in a downturn it will be even more important to ensure that markets remain open and that trade continues to flow.



As I told the European Parliament during my presentation, for me trade policy is above all about creating the opportunities to trade that can create jobs and strengthen economies here in Europe and around the world. I am particularly dedicated to ensuring that small businesses in Europe have the capacity to seek out new export opportunities, and to ensuring that they get fair treatment when they trade abroad. I see my job as promoting the conditions that make this possible – and the Market Access Partnership is an important part of this.

So it's a pleasure to introduce this month's market access newsletter. This month our teams report on a market access success from Malaysia, removing import restrictions on European wines and spirits. We also focus on our new Working Group on services, following recent discussions on this area with Member States in the Market Access Advisory Committee. Our regular "Voice of the Delegations" report this month comes from Tokyo.

We also report on two conferences focussed on market access issues: the Business Europe conference "*Going Global: The way forward*" which was held this week in Brussels, and the Market Access conference organised by the French Presidency of the EU with the support of the Commission, which is to be held on 27 November in Paris.

Like any new Trade Commissioner, I aim to bring my own style, experience and analysis to the job. But in the area of market access I will be taking up very much where my predecessor left off. Working to improve market access conditions for European exporters and defending the trading interests of European companies, both large and small. I regard this as the heart of the Trade Commissioner's brief.

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GLOBAL EUROPE CONFERENCE

On 28 October 2008, the **BUSINESSEUROPE** Conference: Going Global: The way forward took place at the Commission's premises in Brussels and attracted over 500 participants.

The conference considered EU companies' current standing in international markets, the factors affecting European competitiveness and the role EU internal and external policies could play in improving conditions for European exporters.

Following the welcome address by Mr. Ernest-Antoine Seillière, Mr. Hubertus Erlen, Chairman of **BUSINESSEUROPE** and Mr. David O'Sullivan, Director General for DG Trade addressed the plenary session. Mr. Erlen presented the **BUSINESSEUROPE** study on "Securing the EU's Export Competitiveness". Mr. David O'Sullivan presented the Commission's study on EU performance in the global economy and emphasised that despite the EU's strong recent export performance it is important to continue to strive for open markets, both multilaterally and bilaterally, including through the renewed Market Access Strategy.

The conference included six parallel sessions focusing on access to raw materials, regulatory cooperation, global economic imbalances, tackling market access barriers, cost efficient climate change solutions and innovation.

Commission Vice-President Verheugen gave a keynote speech on EU exports and competitiveness and in the closing session, the newly appointed Trade Commissioner, Baroness Catherine Ashton, gave a speech where she warned against protectionist policies in Europe and elsewhere that could exacerbate the current economic difficulties. Rather, she called for positive engagement by Europe in the global economy in the face of declining investment flows and falling demand. Commissioner Ashton also argued that a key challenge for Europe's policy in the years ahead is to draw together the strands of our trade, regulatory and broader economic relations with key economic partners in order to better co-ordinate policies. Mr. Philippe de Buck, Director General of **BUSINESSEUROPE**, closed the event indicating that the competitiveness of the EU's external trade is a key element in the Global Europe strategy.

For more information on the **BUSINESSEUROPE** Conference, visit the website at: <http://www.businesseurope.eu>

Read Commissioner Ashton's speech: http://ec.europa.eu/commission_barroso/ashton/speeches_articles/spca002_en.htm

Read the Commission's report on EU performance in the global economy: <http://trade.ec.europa.eu/doclib/html/141196.htm>



MARKET ACCESS SYMPOSIUM «OPENING BORDERS TO BUSINESSES»

The French presidency of the European Union organises in collaboration with the European Commission a **Market Access Symposium “Opening borders to businesses”** which will take place on 27 November 2008 at the Ministry for the Economy, Industry and Employment, Centre Pierre Mendès-France. Anne-Marie Idrac, Minister of State for Foreign Trade

and Trade Commissioner Catherine Ashton will address the Symposium.

The symposium will provide an opportunity to share experiences on tackling market access barriers in third country markets. Plenary sessions will be complemented by specific workshops on services and intellectual property rights issues.

For further details on this event,

Ubifrance Website <http://www.ubifrance.fr/infos-marches/seminaires.asp>

or on our Webpage http://ec.europa.eu/trade/issues/sectoral/mk_access/index_en.htm

MARKET ACCESS INITIATIVES IN THE FIELD OF SERVICES

At the last Market Access Advisory Committee (MAAC) meeting held on 15 October 2008, the Commission presented the most recent Market Access initiatives undertaken in the field of services.

The Commission has proposed to establish two Market Access Working Groups in the areas of postal/courier and distribution services respectively, in order to identify market access cases and discuss with business and EU Member States the best means to resolve them. These Working Groups will serve as a pilot project and experiences gained will be used in considering a possible extension to other service sector activities. The reasons for choosing these two sectors include the importance of existing barriers for the competitiveness of EU business and the relevance for EU small and medium sized enterprises.

The services sector is considered to be one of

the new priority areas as defined in the Market Access Partnership Communication and is particularly targeted by the Lisbon agenda as an important sector for growth and jobs in the EU.

At this time the Asian market appears as a priority for both sectors and these Working Groups will be useful to identify more specific priorities. We intend to invite interested parties for the first Working Group in November.

The Commission also took the opportunity during the last MAAC to inform the Committee about the on-going process of updating and completing the Market Access Data Base (MADB) in the field of services.

This Commission initiative has been particularly welcomed by the relevant EU business associations.

DG Trade B.1 and G.1



The Voice of the Delegations

From the European Commission's Delegation in Japan...

Access to the Japanese market

Trade with Japan: an untapped potential

Japan is an economic powerhouse. It is the second largest national economy in the world with a GDP of more than USD 4 trillion and a per-capita GDP around 15 times higher than China. It is the 5th largest trading partner of the EU, with a 5% share of the EU's trade with the world.

But getting access to the Japanese market is not an easy task.

The EU's trade deficit with Japan has been hovering around €30 billion for some years now (with €77 billion worth of imports and €45 billion of exports). The export penetration rate of the EU in Japan (*EU exports to Japan/ GDP of Japan*) is the lowest of all EU main trading partners (with the US, Canada, Australia or South Korea, the rate is at least 2 times higher).

Japan is far less open to Foreign Direct Investment than the EU. Japan's FDI amounts to not more than 3% of its GDP (which compares to an average of 20% in the EU). Japan accounts for less than 3% of EU outward investment stock (€75bn out of €700bn).

Non-tariff barriers (NTBs)

The European Business Council (EBC, the EU Chamber of Commerce in Japan) is convinced that non-tariff barriers are key to opening the Japanese market. It seems to be confirmed by the fact that 67.5% of EU exports to Japan are not subject to any tariffs.

These barriers can take different forms. To give just a few examples, it can be:

- an absence of level playing field between foreign competitors and some domestic companies (Japan Post in the express delivery and banking

businesses; some cooperative associations in the field of insurance; government procurement, where foreign suppliers win no more than 3% of all contracts);

- an extremely slow and cumbersome approval process for drugs, medical equipment and cosmetics; to date foreign vaccine manufacturers account for less than 2% of the Japanese human vaccines market;
- regulations that deviate from international standards, as it is often the case in the food sector (600 additives and flavouring agents that can be used in Europe remain prohibited in Japan).

Institutional dialogue with the Government of Japan on NTBs

The Delegation of the European Commission to Japan works all-year long with Japanese Ministries and agencies to improve the access of EU companies to the Japanese market. On several issues, such as financial services, vaccines, beef, air transport, re-entry permits and pharmaceuticals, task forces have been set up involving EU MSs' embassies in Tokyo and EBC, to coordinate our lobbying efforts. EBC plays an important role, as many regulatory issues are initially identified by its various sector-specific committees, always attended by our Delegation's staff.

Numerous sectoral dialogues between the Commission's Directorates General and their Japanese counterparts play an important role in addressing non-tariff concerns (High Level Trade Dialogue, Industrial Dialogue, dialogues on Information and Communication Technology, Intellectual Property Rights, SPS, financial issues etc).

The Regulatory Reform Dialogue (RRD) is the forum for Japan and the EU to discuss



the whole range of non-tariff barriers. Every year since 1994, the Government of Japan and the EU exchange proposals to improve regulatory environments, and enhance mutual trade and investment flows. This year, the EU is making 190 requests in 13 areas. EU proposals are prepared by the Commission, approved by Members States in the 133 Committee, and discussed with Japan by the Commission, on behalf of the EU.

Economic Integration Agreement

Progress can be and is achieved in the current institutional format. But it takes time, especially in a country like Japan where bureaucracy is as powerful as regulations leave room for interpretation.

EBC has been promoting the idea of an Economic Integration Agreement (EIA) that would be a legally binding agreement to lower NTBs significantly and quickly.

Whether we can develop new institutional frameworks to actually lower NTBs between large developed economic partners will certainly be an important issue in the coming months and years.

We will have to take into account Japan's appetite for a tariff-elimination agreement with the EU. With only 36.8% of Japanese exports entering the EU duty-free, Japan fears that an FTA between the EU and South Korea could result in tariff cuts for Korean cars and electronic products that would harm Japanese exports.

Success Stories

Malaysia lifts ban on import of new brands of alcoholic beverages

In October 2007 the Royal Malaysian Customs temporarily suspended the issuance of new import licences for alcoholic drinks and made the conditions for renewal of existing approved import licences more restrictive. According to the Malaysian authorities, this new Decision was aimed at controlling counterfeit alcoholic beverages in the Malaysian market. In practice the Decision operated as a fully-fledged ban with no prior notice nor proposed end date. The restrictions imposed gave strong grounds for concern with regard to their compatibility with the

WTO rules.

This situation was brought to the attention of the European Commission by the EU Malaysia Chamber of Commerce and Industry (EUMCCI) as well as a Member State on behalf of its industry.

Following several discussions with the Malaysian authorities in both Brussels and Malaysia, as well as a joint letter from the European Commission and the EUMCCI, the Malaysian authorities finally lifted the restrictions effective from 1 July 2008. Since that time it appears that EU industry is able to freely import once more.

DG Trade (C.3 and G.1), EC Delegation and Member States in Malaysia



Market Access Partnership – Looking Ahead...

12 November 2008	MA Advisory Committee meeting in Brussels
24-25 November 2008	EU-Argentina 8th Joint Committee - Buenos Aires
26 November 2008	EU-Paraguay 7th Joint Committee - Asuncion
27 November 2008	Symposium 'Market Access' - Paris

Next MAAC: 12 November 2008

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