



Editorial

The events of recent weeks have provided increasing evidence that the economic downturn is hitting trade flows hard around the world. In the face of this challenging economic environment, some governments are coming under severe pressure to shield their economies and favour local production by either raising tariff and non-tariff barriers, or by artificially boosting exports. If triggered, an escalation of new protectionist measures would lead to a fall in global trade activity further deepening the economic downturn. The challenge therefore, is to make the case against "protectionism" by arguing instead that what we should be protecting is the opportunity of Europe's citizens to generate wealth through open trade.



This argument relies not only on drawing upon and reminding our global trade partners of the lessons of history but also on engaging with European citizens indirectly by demonstrating the importance and opportunities offered by open trade to them as individuals and to SMEs all over the European Union – something I am working on jointly with Commissioner Verheugen.

In addition to making the case, the Commission is simultaneously pursuing three complementary strands of action aimed at monitoring and preventing a global slide towards protectionism. In the WTO we are working closely with Pascal Lamy on his initiative to introduce a WTO monitoring mechanism using the existing Trade Policy Review Body as the implementing forum. We are also actively supporting the G-20 process, as a key mechanism to provide political leadership and peer pressure into the monitoring and prevention process. Finally, the Commission and Member States are working jointly under the Market Access Strategy to gather timely information on trade restrictive measures planned or implemented by our main trading partners.

It goes without saying that the strongest anti-protectionist signal that the international community could send at this time would be to complete the DDA. The Commission remains firmly committed to striving to achieve this objective which would provide a much needed boost to the global economy.

Inside the newsletter this month we include information from the European Enterprise Network targeted at SMEs, as well as an article on the TBT notification procedures. Our regular voice of the Delegations article comes from Thailand. Finally, we include feedback from Medical Devices Working Group and success stories from Canada and India.

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SMALL BUSINESSES CAN FIND BIG MARKETS WITH THE ENTERPRISE EUROPE NETWORK

SMEs who want to access international markets can start a little nearer to home – by contacting their local Enterprise Europe Network Partner. The Network offers support and advice to two-and-a-half million European small businesses, helping them to make the most of business opportunities beyond national and even EU borders.

“There are huge opportunities in EU candidate and neighbourhood countries, emerging markets and large trading partners like China,” says Martine Diss, Head of Unit, Executive Agency for Competitiveness and Innovation, which manages the operational activities of the Network. “Just eight percent of European SMEs report turnover from exports, and the Network has a strong focus on helping small businesses tap into larger markets.”

The Network is the world’s largest, comprising 550 Partners in 44 countries, including the EU27, EEA countries and Switzerland, candidate and potential candidate countries, several Middle-Eastern countries, Armenia, Russia, Chile, China and the US. Partner organisations include chambers of commerce, enterprise agencies, regional development organisations, research institutes, universities, technology centres and innovation centres.

Strongly rooted in local communities and regions across Europe, the Network provides information on EU legislation and funding, helps companies find business partners, especially in other countries, and offers advice on how to develop or source an innovative idea or technology.

Wherever an SME is, we’re on hand with practical support in their language.

“EuroChile, the Network Partner in Chile, is one example of how SMEs can benefit from the Network – it’s helped around 340 European SMEs do business there,” says Diss. “Exports from the EU to Chile have doubled between 2002 and 2008, thanks in part to EuroChile’s work.”

Enterprise Europe Network Partners organise training seminars and produce tailor-made information material for SMEs, in order to help them understand the opportunities available in third markets and to use the EU market access tools and services. They also help to find information on export rules, financing and market conditions.

Market access training sessions are regularly organised for Network experts on market access issues. DG Trade’s Market Access Team has explained the EU Market Access Strategy and tools in several training sessions organised by the Executive Agency for Competitiveness and Innovation in 2008 and 2009 in Brussels. Network Partner Business Region Göteborg is hosting a training session on ‘How to reach out to external markets’ in Sweden on 24 and 25 April 2009. A presentation of the Market Access database is on its agenda.

The Enterprise Europe Network is an initiative of the European Commission's [Directorate-General for Enterprise and Industry](#). Its operational activities are managed by the Executive Agency for Competitiveness and Innovation. It is



funded under the [Competitiveness and Innovation Framework Programme](#). For more information about the Enterprise Europe Network and to find the Network

Partner closest to you, visit:
http://www.enterprise-europe-network.ec.europa.eu/index_en.htm

FOCUS ON TECHNICAL BARRIERS TO TRADE

The Market Access Advisory Committee's February meeting focused on Technical Barriers to Trade (TBT) and the Market Access Partnership

TBT was the key issue at the last Market Access Advisory Committee on 18 February. DG Enterprise and Industry and DG Trade presented an overview of the TBT notification procedure and invited business and Member States to give feedback on a preliminary list of offensive cases for the next TBT Committee meeting to be held in March. Companies are the driving force in international trade, but they are faced with an increasing number of trade measures due to the growing demand for safer, healthier and more environmentally friendly products. These measures can be of either national or regional character for different reasons. DG Trade presented how the Market Access Partnership (MAP) and the TBT forum can address common international challenges.

TBT and the MAP: opening up export markets through transparency and dialogue

Co-operation is necessary in both the TBT context and the MAP and both play a key preventative role in the early warning system. While TBT is a specific technical and legal forum, the MAP is wider ranging and can use all Market Access tools at our disposal.

At the MAAC, DG Enterprise presented aspects of the TBT notification procedure established by the WTO/TBT Agreement. The stated objectives are transparency, dialogue, harmonization and regulatory convergence. The goal of the procedure is to prevent unnecessary TBT in third countries. The discussion at the 18 February meeting focussed on cases in preparation for the TBT Committee. The MAAC also identified the need to raise awareness about the existing procedures and the necessity to get input from all stakeholders in order to assess and analyse the growing number of notifications received from third countries.

Strong coordination is vital for success!

Positive examples of joint action between industry, Member States and the Commission in the context of the TBT notification procedure were described. Different Commission services, including DG Trade and DG Enterprise, as well as the EC delegations, Member States embassies and industry are all involved. Early involvement of all the right actors in a co-ordinated manner is fundamental to develop an appropriate Market Access strategy and to improve the chances for success.



Participants are encouraged to actively use the TBT instrument, also at the level of small and medium sized enterprises, in particular through the active support of national chambers of commerce.

For more information on TBT: <http://www.ec.europa.eu/enterprise/tbt/>
Feedback from Member States and Industry on cases discussed under the TBT can be sent to: ec-tbt@ec.europa.eu

THE VOICE OF THE DELEGATIONS

From the European Commission's Delegation in Bangkok

Thailand is a major south-east Asian economy, one of the driving forces in ASEAN integration and the 20th largest exporter in the world. It is a middle-income country with a diversified economy and a business environment that is relatively open to foreign investment mainly in export oriented manufacturing. The country has experienced periods of very fast economic growth rates since the late 70's all the way to the end of the 90's, accompanied by progressive yet selective trade opening. That growth has recently started to slow down as the global economic turmoil is also felt in South East Asia.

Thailand has only partially achieved its longer term economic development objectives and has somehow not succeeded in upgrading its domestic capacities to produce world-class products and services from local inputs and technological know-how, like its development peers such as Taiwan, South Korea, Singapore and more recently even China. Its trading environment is constrained by a shortage of regulatory transparency and governance that is typical to so many Asian developing societies.

As the strong relationships between political and economic powers occasionally su-

persede democratic values – the country has experienced 18 military coups d'état and 17 constitutions over the past 60 years – Thailand's trade policy line has also seen rapid shifts from free trade oriented policies to protectionist tendencies and back to selective openness. Today, under the leadership of Thailand's 27th serving Prime Minister, the Oxford educated Abhisit Veijajiva, the country is again expected to embrace gradual trade liberalization although under very close scrutiny of local pressure groups of all sorts and interests.

Hence Thailand's trade policy environment creates a very challenging working environment for the Delegation's Trade section.

Thailand's trade relations with Europe are strong. Large and medium-sized European companies are well represented here, many have invested in a number of different areas in manufacturing and some have taken variable stakes in several service sectors including distribution, logistics and financial services. Europe is Thailand's second most important export destination and while Europe has had a steady 15 % share of Thailand's overall trade, imports from the EU have declined since the Asian cri-



ses and EU products have been losing market share to new competitors. Although trade in general takes place under a common set of rules, it is not rare that foreign companies in Thailand face, at some stage of their operations, both regulatory and enforcement related market access difficulties.

The Delegation has regular monthly meetings with the 20 member states' commercial counselors present in Thailand to gather information on industry wide problems, to coordinate the process and to inform about EC actions on on-going market access difficulties. Since there is no European Chamber of Commerce – the Ministry of Commerce interprets the Chamber Act of 1966 as prohibiting plurilateral Chambers! – and therefore no EU industry wide lobbying actions vis-à-vis the Thai government, the Delegation meets jointly with the existing 10 bilateral Chambers of Commerce to share information with them. To fill in the gap we have had separate ad-hoc working groups (akin to MATs) directly with various industries, notably on spirits and other alcoholic products, automobiles, pharmaceuticals, logistics and transport, telecommunication and cosmetics just to mention the ones that have encountered specific barriers over the last four years.

Sometimes the barriers can also occur horizontally with potential implications to all foreign investors, such as the attempts during the military installed government in 2006-2007 to restrict foreign ownership rules established under the Foreign Business Act of 1999. To deal with this the Delegation Trade section formed a 'coalition' with the US, Japanese, Australian, Canadian, Swiss and Korean embassies' commercial envoys to support foreign investors concerns about the legislative

chances and – with the support of HQs – to remind the government that the proposed changes didn't seem to be in line with the country's commitments under WTO (GATS). As a result the Thai Parliament dropped the legislative amendment at its last full session before new elections.

The work with industry 'MATs' has recently been successful in solving problems arising with the Thai customs valuation practices on imported spirits, which has resulted in the customs returning more than €20 million of non-justified duties to the importers and accepting invoices as a basis for custom valuation. Highest level EC support to the pharmaceutical industry has played a part in defusing pressure in using compulsory licensing as a systematic means for access to medicines and we have noted with satisfaction that the new government seems to look for alternative means and cooperation with industry instead of resorting systematically to compulsory licensing. Yet new challenges have emerged with a major European automotive manufacturer facing double standards with the definition of the origin of its products. Again the implications of the measures are in tens of millions of euros to the industry.

For successful trade diplomacy in Thailand, apart from having a strong legal case and benefiting from close coordination and support from the HQs, it is essential to maintain wide-reaching local networks. Therefore the Delegation's trade section also operates a Business Information Centre within its premises that is specialized in organizing seminars and events on regulatory aspects of doing business in the EU market for the benefit of the Thai industry. Over the last three years we have had over 3000 participants in more than 20 events organized jointly with major Thai trade



associations, which have essentially allowed the Trade section to build a broad network and contacts among Thai business organisations, leaders and decision-makers. Moreover, with new cooperation funds recently provided by the European Parliament under the Preparatory Actions budget line that can be used for actions to enhance European industry interest, we intend to give a boost to the setting up of European industry representation in Thailand to fill the gap of a missing European Chamber of Commerce.

Finally, despite all of our efforts to boost the presence of European companies in the Thai market the bilateral trade balance remains strongly beneficial to Thailand (export value more than double imports from the EU). We therefore believe that in our quest for a level playing field, an ambitious and comprehensive free trade agreement could further improve market access conditions and bring long lasting and sustainable results to our companies in Thailand.

Trade and Economic section
Delegation Bangkok

MEDICAL DEVICES WORKING GROUP

The fourth meeting of the market access working group on medical devices took place in Brussels on 29th January.

Discussions between all stakeholders (EU industry, Member States, Commission services) focused on recent developments in **China** (duplicative conformity assessment, registration and re-registration, tenders, EU-China medical devices expert roundtable, new legislation), **Korea** (price cuts and medical devices act), **Taiwan** (manufacturing certificates), **Brazil** (resolution 185, pre-qualification directive, TBT notifications) and **Turkey** (legislation on unique identifier, CE marking for IVD products).

The group also addressed more systemic problems which need follow-up: **India** (regulatory dialogue and draft regulations, in addition to trade barriers reported by

MS) and **Japan** (ongoing reflection on the need for further engagement to tackle existing barriers to trade).

Industry thanked the Commission delegations in these countries for their strong involvement, which is key to carrying forward our market access efforts. Several Member States (e.g. Belgium, Finland, Ireland and Sweden) have expressed an interest in our market access group and all group members are pleased with the cooperation.

Operational conclusions consist of follow-up actions (meetings and contacts with third countries, legal interpretations, intelligence gathering) on ongoing issues.

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CANADIAN PROVINCE WITHDRAWS PROPOSAL FOR MORE COMPLEX LABELLING RULES ON STUFFED ARTICLES

Following joint efforts by the Commission and the Canadian industry, a proposal to extend labelling rules for stuffed and upholstered articles by the province of Ontario was withdrawn in December 2008. This represents a significant victory for European textile exporters to Canada, but does not entirely solve the stringent labelling rules for stuffed articles in Canadian provinces. The European Commission continues to monitor the issue.

Due to concern about consumer safety and protection from use of unclean fillings, three Canadian provinces, Ontario, Manitoba and Quebec, require that each stuffed article (mainly home textiles) be subject to stricter labelling provisions than foreseen at the federal level. These requirements pose problems to European manufacturers by imposing additional costs to part of the Canadian market and causing significant delays in shipment.

Ontario's Technical Standards and Safety Authority recently proposed to further extend the regulation so as to include a broader definition of "upholstered and stuffed articles" covering all stuffed garments including shoulder pads as of 1 January 2009. This extension widened the scope of the regulation to almost any type

of padded or stuffed garment, thereby creating further obstacles to trade in textiles.

The European Commission took action by raising the issue in the WTO TBT Committee in November 2008 and at a meeting of the EC-Canada Trade and Investment Sub-Committee on 25 November 2008. Furthermore, the combined pressure of European and Canadian textiles associations resulted in a withdrawal of the proposed extension by the Ontario authorities. The exemptions for shoulder pads and trimming in articles of clothing and for padded undergarments were reinstated.

While the combined efforts of the European Commission and European business in cooperation with the Canadian industry have helped to limit the extent of the already burdensome legislation, Canadian labelling requirements for stuffed products remain burdensome and the European Commission will continue to follow this issue.

DG Trade G.1, in collaboration with Trade G.2, Trade G.3 and Trade B.3

For further information:

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LICENSING PROCEDURES EASED FOR CERTAIN INDIAN STEEL PRODUCTS

Through a Notification dated 7th January 2009, India has moved items falling under HS code 8483 10 99 (steel and steel products) from the category of "restricted" imports into the "free" imports category. This is a positive step by the Indian government as these products will henceforth be granted automatic licenses, thereby reducing the risk of uncertainty, additional fees and unnecessary administrative procedures, including undue delays.

However, this positive step is tempered by the fact that India already announced (via the Steel and Steel Products (Quality Control) Order, September 2008) the requirement of mandatory Bureau of Indian Standards (BIS) certification for 6 products (to come into effect by 12 September 2008) and for another 11 products to come into effect from 12 February 2009. EU industry

has already expressed concerns for this new measure, especially since the BIS certification mandates Indian national standards, instead of available international standards and with no added value. In addition, the measure implies foreign manufacturers paying, for example, 1% of the FOB value of the imports as royalty to BIS.

The Commission, including the EU Delegation in Delhi, is actively following this issue bilaterally with the relevant Indian authorities, in full co-ordination with EU Member States and the concerned EU business organisations.

DG Trade G.1 in co-ordination with Trade G.3, Trade C.3 and the EU Delegation in Delhi.



Market Access Partnership – Looking Ahead...

3 March	Working Group on Services Express
3 March	Working Group on Services - Distribution
10 March	Working Group on SPS - Animal products and plants
13 March	EU-Japan Third Country Cooperation Video Conference
18 March (TBC)	Market Access Advisory Committee
19 March	Working Groups on Tyres and Automotives
19 or 20 March (TBC)	EU-US Third Country Cooperation Video Conference
24 March	Working Group on Textiles
26 March	Trade and SMEs Conference

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