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BUSINESSEUROPE RESPONSE TO COMMISSION CONSULTATION ON THE EU MARKET ACCESS STRATEGY

SUMMARY

The Market Access Strategy is a key element to ensure practical implementation of the Commission's new approach "Global Europe: competing in the world" by developing a policy to effectively remove barriers in third countries.

BUSINESSEUROPE supports a review of the EU Market Access Strategy which should lead to a more structured, effective and dynamic approach to tackle trade and investment barriers in international markets. The strategy should be more oriented towards problem-solving and produce concrete outcomes for European companies. The Commission should defend the rights of EU business when foreign governments unfairly close their markets or hurt investment interests.

The EU must strengthen its strategy to significantly reduce or eliminate tariffs, remove non-tariff barriers, new complex trade barriers and open markets for services and investment. The Market Access Strategy needs to find innovative solutions strategies to address these challenges.

To improve effective market access, action needs to be taken at different levels in a coherent and integrated way. The Commission could have a central point to implement the strategy ensuring a coordinated approach which cuts across EU trade policy.

Stronger and more structured coordination with EU Member States is a key condition for a successful Market Access Strategy.

BUSINESSEUROPE supports further prioritization in the reviewed strategy as regards to country coverage and barriers. Country priorities should be defined according economic criteria to include the EU's main trading partners and the large emerging countries (China, India, Brazil and Russia).

Business has supported and enhanced the Market Access Strategy through continued information and contacts with the Commission. To optimise cooperation with business, more effort is needed in terms of follow-up and continuous interaction. That should be done in addition to regular consultations on trade barriers and database maintenance.

Results should also be documented and reported to the business community to clearly show that the instruments deliver. A better contribution from companies in naming trade and investment barriers will be assured in the medium term if results are obtained.

SMEs are confronted with the biggest difficulties in foreign markets. To maintain their competitive edge on global markets, they need particular attention in the Market Access Strategy.



BUSINESSEUROPE RESPONSE TO THE COMMISSION CONSULTATION ON THE EU MARKET ACCESS STRATEGY

Introduction

The Trade and Competitiveness strategy “Global Europe: competing in the world” should help address the key challenges faced by European business in world markets by allowing companies to play their role in growth generation and job creation. The Market Access Strategy is a key element to ensure practical implementation of the new approach by developing a policy to effectively remove barriers in third countries.

The review of the EU Market Access Strategy should lead to a more aggressive, effective and dynamic approach to tackle trade and investment barriers in international markets. The strategy should be more oriented towards problem-solving and produce concrete outcomes for European companies.

The Commission should defend the rights of EU business when foreign governments unfairly close their markets or hurt investment interests. The Commission expects companies to compete on world markets. But companies need to be able to rely on the Commission to ensure open markets.

Increasingly, European companies are facing new and complex trade and investment problems in third countries that are seriously undermining their competitiveness. Tariffs remain a priority trade policy issue, together with:

- Non-tariff barriers (NTBs);
- Access to raw materials and energy;
- Market access for EU investors;
- Better market access for services;
- Open government procurement markets;
- Better IPR protection;
- Inappropriate use of anti-dumping in third countries.

Therefore, the EU must strengthen its strategy to significantly reduce or eliminate tariffs, remove non-tariff barriers, new complex trade barriers and open markets for services and investment. The Market Access Strategy needs to find innovative solutions to address these challenges.

In solving the problems of EU companies in world markets, the EU will also enhance its visibility and credibility and win the case for openness and fight increasing protectionist pressures at home. That would help EU public opinion to see globalisation as the opportunity it is.



A new approach to ensure faster and more effective resolution of issues for EU business

The EU needs to develop a more systematic, coherent and transparent strategy to trade barriers. Commission officials should be clear about the possibilities and their responsibility in dealing with important barriers and develop a structured approach.

In BUSINESSEUROPE's opinion, the Market Access Unit (MAU) in DG Trade could become the central point to implement a Market Access Strategy and ensure a coordinated approach which cuts across EU trade policy. It should:

- prepare the strategy to remove trade barriers;
- coordinate the action of other units within DG Trade (WTO, bilateral desks, dispute settlement, etc.), DG Enterprise and other Commission DGs, EC delegations and EU Member States until the barrier is removed;
- closely cooperate with the negotiator in charge and be actively involved in negotiations with third countries to ensure that issues are raised and properly addressed;
- establish a single contact point with businesses throughout the process to update on progress.

The Commission should have adequate resources to deal with these tasks, avoiding the risk of creating frustration among companies presenting a complaint.

To improve effective market access, action needs to be taken at different levels in a coherent and integrated way. BUSINESSEUROPE's priority remains the WTO DDA negotiations as the best way to generate economic growth through the dismantling of tariff and non-tariff barriers, liberalisation of services and harmonisation of customs procedures. European business calls once again on all negotiators to revive the talks and conclude them successfully as soon as possible. That would be the best possible strategy for market access.

BUSINESSEUROPE supports bilateral free-trade agreements pursuing economic criteria which are fully compatible with the WTO rules. They can be mutually supportive in facilitating the multilateral approach. EU FTAs must not only be based on broad product coverage, but also deal with WTO plus issues.

The Commission has made good efforts to raise awareness of the Trade Barriers Regulation (TBR). However, there are still a low number of cases, notably compared with the numerous barriers companies face. The TBR should be made a more offensive and quick instrument to enable companies to act alone, where appropriate. The TBR instrument should be enhanced with clear procedures and better follow-up of complaints. The detailed information requested from business is a brake for more legitimate cases. The Commission could help business in the collection of information.



Better priority-setting

The following priorities could be set:

- Regarding country coverage: prioritisation must be based on economic criteria. Priority should be given to the EU's main trading partners – like the USA which remains the most important trading partner – and the large emerging countries (China, India, Brazil and Russia). If European companies are excluded from emerging markets, Europe's economic future and competitiveness is compromised. Particular attention should also be given to partners in the EU's existing and future FTA negotiations.
- As regards barriers: efforts should be made according to the potential trade-distorting effects. However, the priorities need to be set with sufficient flexibility since, in addition to economic benefits, the likelihood of elimination of a market access problem should be an important criterion. It is important that issues are screened in close cooperation with the industrial sectors concerned.
- Services and investment should have a more prominent place in the MA Strategy.

As is currently the case for the USA, the Market Access Unit could prepare annual reports on the priority countries, summarising main problems and reporting on progress made or under way, and help review the priority-setting. Reports could also be prepared per sector or per NTB.

Better cooperation with EU Member States is needed

Stronger and more structured coordination with EU Member States is a key condition for a successful Market Access Strategy. There are a number of committees and fora where Member States discuss market access issues with the Commission such as the 133 Committee. However, BUSINESSEUROPE considers that not all efforts have yet been made to ensure a more coordinated EU position to tackle trade barriers.

More structured cooperation is needed to ensure that increasingly complex trade and investment barriers are also addressed in cooperation with EU Member States. To that end, a Committee of EU Member States' representatives must ensure regular (at least monthly) meetings and discuss the way forward for the Market Access Strategy. That Committee can meet ideally as the 133 Committee or as a reinforced Market Access Advisory Committee closely linked to the 133 Committee for reasons of coherence/information. It should be in charge of:

- best practices of cooperation between Member States solving trade barriers in cooperation;
- prioritisation of countries to focus on;
- establishing well structured guidelines to deal with a type of barrier;
- promotion of the MA strategy at national level.



Selected representative EU business organisations should be invited to the meetings, or to parts of them, on a periodic basis. That would promote direct feedback on problems on the ground and stimulate discussion on the proposed solutions with interested parties.

The EU and its Member States are the main donors worldwide of Official Development Aid (ODA), accounting for more than half of total global aid. Community external programmes must include the competitiveness angle more strongly. Main economic cooperation guidelines could also be reviewed by the central Market Access Unit to allow the trade and investment problem-solving dimension to be fully taken into account.

Cooperation on the spot in third countries is key. The Commission has more than 120 delegations vis-à-vis third countries and international organisations. Together with the Embassies of EU Member States, these represent a significant diplomatic force which until now has not been efficient enough in solving companies' problems. Delegations must play a bigger role in economic affairs in the interest of European business. This is of particular importance in emerging countries such as China, India, Russia or Brazil. Delegations should also be given the appropriate resources to deal with trade and economic issues.

EC Delegation	Total staff	Staff dealing with trade issues
China	100	7
India	80	5
Russia	125	7

Indicative figures

A good way to improve cooperation could be sharing offices and even creating common services (which is now the case in Nigeria). This could create a culture of interaction and cooperation while reducing operating expenditure. The proposal to create a European Centre in Beijing to help SMEs, if successfully implemented, could be a good example for activities in other third countries.

The Commission could also improve its cooperation with third partners to work jointly to address trade and investment barriers.

Business has to be better involved in the MA Strategy

Business has supported and enhanced the Market Access Strategy through continued information and contacts with the Commission. To optimise cooperation with business, the Commission needs to make more effort in terms of follow-up and continuous interaction. That should be done in addition to regular consultations on trade barriers and database maintenance.

Results (removing a barrier) should also be documented and reported to the business community to clearly show that the instruments deliver. A better contribution from companies in naming trade and investment barriers will be assured in the medium term if results are obtained.



To ensure further cooperation with business, the following actions should be envisaged:

- Present the new Market Access Strategy to EU business through an information campaign with particular emphasis on SMEs.
- Invite representative EU business persons to participate in visits of Commissioners to third countries. This is a normal practice of all EU Member States and would reinforce economic relations and address market access problems more effectively.
- Coordinate with European business during visits by key foreign visitors to Brussels.
- More systematic participation and support from the Commission for EU business summits with third countries. BUSINESSEUROPE and other organisations are involved in a number of meetings with third-country business partners which often take place back to back with EU political summits.
- Establish a specific contact person for business in the Market Access Unit; although the close cooperation and contact with business must be essential for all officials in the MAU.
- Create a legal helpdesk for companies coordinated by the Market Access Unit. The services could cover confidential detailed advice on whether a barrier faced by a company is consistent with WTO trade rules and EU-third country trade arrangements, etc.
- Use more systematically the information provided by EU Chambers of Commerce in third countries.
- Pursue preparation of the Market Access symposia in close cooperation with BUSINESSEUROPE.

SMEs need particular attention

European SMEs actively embrace international competition, accounting for a substantial share of EU exports. At the same time, it is SMEs which are confronted with the biggest difficulties in foreign markets. To maintain their competitive edge on global markets, the Market Access Strategy is therefore of particular importance for SMEs.

- Present the new Market Access Strategy to EU business through an information campaign with particular emphasis on SMEs. BUSINESSEUROPE could contribute to its dissemination.
- Promote the Market Access Database through the national bodies representing SMEs (BUSINESSEUROPE members), particularly in the new EU Member States.
- Establish an Export helpdesk for EU companies, particularly SMEs, to emerging countries.
- Invite SME speakers to the Market Access Symposium.



The Market Access Database

BUSINESSEUROPE recognises the value of the Market Access Database (MADB) in providing complete and useful information on tariff rates, export formalities, services commitments, to name but a few. The interactivity of the database facilitates its use by companies to inform the Commission about the barriers they encounter in their everyday activities. The MADB also encourages third countries to comply with their international obligations.

For European business, it is important that the MADB focuses more on the EU's main trading partners and on emerging countries. It is in these countries where most of the problems lie and the greatest potential exists for improving market access. This should be done without detriment to valuable information provided on other countries. The awareness of the authorities as well as business community of the opportunities that the MADB offers should be further enhanced. An alert system could be put in place to inform regularly about the relevant new entries in the MADB.

As for the rest of the Market Access Strategy, the MADB should focus more on solving trade barriers. Hence, it is important that it includes a reference to the Commission official in charge of the particular trade barrier. In addition, the MADB should be updated more regularly, notably for emerging countries and provide more systematic information on NTBs.

Moreover, information of EU FTAs with other countries and the respective preference regimes could be included.

Conclusion

BUSINESSEUROPE looks forward to working closely with the EU institutions on development of the new Market Access Strategy. It might complement this paper as the debate develops.
