



10 July 2012

### **EUROPEAN PARLIAMENT EVENT: “UNFAIR GLOBALISATION: A THREAT TO EU INDUSTRY AND CONSUMER PROTECTION” ITRE COMMITTEE**

#### **ADDRESS BY RENÉ VAN SLOTEN, CHAIRMAN, BUSINESSEUROPE’S MARKET ACCESS WORKING GROUP**

Members of the European Parliament,  
Ladies and Gentlemen,

I am René van Sloten and representing BUSINESSEUROPE which regroups 41 central industrial and employers’ federations from 35 countries. We very much welcome this event since in many cases, European companies face problems of unfair competition by third country manufacturers due to enforcement failures of safety and environmental regulations by EU Member States.

In the globalized world, European companies are in fierce competition with foreign ones, both on the world as well as on the EU internal market. We are not afraid of this competition. European companies can gain from globalization provided competition in the market is free and fair, meaning that goods are not dumped or subsidized, that our exports are not impeded by high import duties or non-tariff barriers and that products sold on the EU market meet the requirements of European regulations.

In the EU, with its internal market of over 500 million consumers, European companies have to deal with legislation that sets very high standards. This is the choice of Europeans to have a high level of protection of the environments and high safety standards. When these regulations – which often are justified with improved competitiveness arguments - are going through the legislative process, business often insists on issues related to competitiveness, but also highlights issues around implementation and enforcement.

Indeed, the lack of enforcement of such regulations allows third country manufacturers to avoid the cost of complying with the safety and environmental standards set by the EU. While EU companies comply with the rules and bear the full costs of compliance, some third country companies avoid it and are illegal on the EU market. The competitiveness of EU companies is thus undermined, simply because substandard products from third markets can be produced cheaper. The competitive advantage that should stem from the production in the EU of higher quality goods is thus undermined by the improper implementation and enforcement of regulations.



Examples of lack of enforcement are numerous, such as chemicals in imported toys (e.g. toys, textiles, paints on airplanes), active pharmaceutical ingredients, lighters, machinery, ....

Over 90% of the EU's imports of traded goods come through maritime ports of member states.

Since 1993, Member States have had the obligation - at points of entry into the EU - to check at the Customs the conformity of products to EU legislation. This requirement has been reaffirmed by Regulation 765/2008.

Notwithstanding these requirements, the situation is not satisfactory for a number of reasons:

- Market surveillance works best when there are accidents, arising most often from infringement of health and safety legislation. Market surveillance rarely checks conformity to other EU legislation, such as environmental legislation.
- There are few customs checks: in the machinery sector, for example, less than 0.2% of containers are physically checked at Rotterdam, the first port of entry into the EU.
- The manufacturer's declaration of conformity, the first document used by national market surveillance authorities to check conformity of goods to legislative requirements, is not used by customs.
- Where products are not in conformity and are successfully stopped on entry into the EU in one country's ports, following collaboration between local manufacturers' representatives and customs, they are refused access to that port and then unloaded at another EU port.

What should be done about this?

The EU should shift from law-making to implementation and enforcement of the acquis in the product safety and environmental field.

- Before new EU legislation is introduced, the enforceability and proportionality of the regulations should be thoroughly checked through impact assessments. First, at EU level, the Commission should make sure that Member States are able to implement them and second, at international level, that appropriate phasing-in periods are introduced in order to allow other countries to comply with the new EU legislation. This could especially be a useful tool for developing countries. EU delegations in third countries should also notify local authorities and business organisations of the new legislation before its implementation.
- Technical assistance should be provided by the European Commission to national Customs Authorities in order to improve the efficiency and capacity of the national officials in the conduct of controls. Better risk management should help concentrate on control of conformity with EU legislation.
- To arrive at a solution that is both effective and cost efficient will require a real cooperation between different Commission services with and between Member States and with the support of European trade organisations.



- The European Commission should not be afraid to use infringement procedures against Member States when needed. Situations where the safety of European citizens is put in danger due to the improper implementation of the relevant EU legislation by one Member State cannot be maintained. BUSINESSEUROPE welcomes the initiation of a
- a case against the Netherlands. Infringement is part of the implementation process, therefore crucial to ensure compliance to a regulation.

Ladies and Gentlemen,

Sound market surveillance is essential to help lawful manufacturers to achieve a level playing field on the internal market, thereby preserving their economic interests and their competitiveness as manufacturers in Europe. When adopting legislation please see to it that adequate and realistic implementation and enforcement provisions are foreseen.

Thank you for your attention.

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