



Editorial



Our trade agenda has been very busy over the summer and I travelled extensively visiting Asia twice and also Latin America. In late July, I inaugurated the "Trade Days" event in the European Pavilion at the World Expo in Shanghai and in August, I returned to Asia to participate in the ASEAN Economic Ministers meeting in Vietnam. On both occasions I made the case for closer economic ties between the EU and Asia and raised the importance of tackling existing trade barriers. Then in mid-September, during my trip to Brazil and Argentina, I discussed the recently launched EU-Mercosur trade negotiations with my counterparts and with business representatives.

Here in Brussels, at the beginning of September we had a successful meeting of the Foreign Affairs Council on trade issues, the first ever, following the entry into force of the Lisbon Treaty with some very good results, namely the agreement among Member States on the signature and provisional application, as of 1 July 2011, of the Free Trade Agreement with Korea. Decisions were also taken to launch two new negotiations, for a Free Trade Agreement with Malaysia and for an agreement on the protection of geographical indications with China.

All these developments are good news for our wider market access agenda for which the ultimate objective is to increase the potential for European companies to export to third country markets.

Not to forget our work on the future direction of EU Trade Policy. Readers will remember that in the last newsletter we encouraged stakeholders to participate in the public consultation. And I am glad to see that we have received many contributions, including on the further development of the Market Access Strategy. We will soon make these contributions available on the internet together with a short summary and will revert to this issue in one of our future newsletters.

This newsletter comes in a slightly revamped format which we hope readers will appreciate. In terms of substance, it provides an overview of a number of past and planned market access related activities. It contains in particular an article from our delegation in Kuala Lumpur about market access work on the ground. In addition, we have a contribution from the textiles sector setting out their view on the impact of the Market Access Strategy for their sector. As always, we are grateful for any feedback readers wish to provide on the content of the newsletter, and would very much welcome any comments in this regard.

Karel De Gucht
European Commissioner for External Trade



In this issue ...

Editorial	1
The Voice of Business.....	2
The Voice of the Delegations	3
Market Access Working Groups.....	4
Looking back... ..	5
Looking ahead... ..	6
Do you know that...?	6



The Voice of Business

Euratex

How can EU Textile & Clothing (T&C) companies be better assisted?

The Textiles and clothing (T&C) Industry comprises 128.330 companies, spread all over Europe, most of them being SMEs. To a large extent these companies still view the EU as their natural market. This is perfectly normal if we take into consideration the size and average consumer spending in the EU along with the problems SMEs usually have to face when entering unknown markets- lack of consistent information, cultural differences, defining the best ways and means to enter the market, finding reliable business partners. Apart from these difficulties- which might be considered as usual business risks- there are other barriers to trade in third markets which prevent or make exports very difficult for our companies: high tariffs, burdensome and costly customs and administrative procedures, non-harmonized standards, buy national/local provisions, different labelling requirements, just to mention a few. This explains why 80% of the T&C Trade is done within the EU.

However the economic crisis and the standstill in EU consumption are changing the trade patterns of EU T&C SMEs. More and more companies see third country markets as a business opportunity and a way to improve revenue and ensure sustainable growth. In this context, the Market Access Partnership becomes even more important. On one hand the Market Access Database is a good starting point for SMEs looking to export to new markets, on the other hand the existing cooperation between the Commission, Member States and Industry is critical in identifying barriers and working together to eliminate them. In our sector, there was recently a good example in Egypt, where through joint efforts we were able to mitigate some of the burdensome labelling requirements resulting in companies being allowed to use a non-permanent label thus reducing their costs when exporting to this market.

This said there is always room for improvement and the Market Access Partnership should be a dynamic and interactive process. Apart from the sector Working Group, which is the ideal forum to discuss the specific problems of the T&C Industry, the focus should be on improving SMEs involvement in this exercise. This

is not an easy task. Most companies face a lot of resource constraints and for this reason they tend to concentrate on their day-to-day routines. Certainly, whenever they want to export to a given market and see themselves having to complete a huge pile of documents, with not so clear information requests, as well as having to submit their products to different standards and certification procedures, they would like an immediate solution to their problems. So the question is how can we bridge the gap? How to ensure a more consistent and active participation of companies in the Market Access Partnership? We clearly don't have a definitive answer. However, there are certain actions which might result in greater participation by SMEs:



a) Information/Working sessions at national level to promote the Market Access Partnership at the same time encouraging an exchange with the companies;

b) Show concrete examples of success stories indicating the delay in which they were solved: this is already being done but we should all commit to improve dissemination among SMEs;

c) Improve the time of response to the problems- although this depends also on third countries, a more coordinated and stronger action between the Commission and Member States could improve our efficiency in solving certain problems;

d) Focusing efforts and resources in key strategic markets: it is clear that certain markets for the size and export potential should merit a different approach. The positive impact of eliminating trade obstacles in countries like Brazil, China, India, Russia or the US is substantially wider than in other markets.

The Market Access Partnership is an accomplished example of how Commission, Member States and Industry can work together to improve the overall business environment for EU exporting companies. We should now focus on ways to make it more efficient and business driven.

Euratex



The Voice of the Delegations

Malaysia at a crossroads

Snapshot of Malaysia's economy ¹

Malaysia's economy is in good health and has weathered the global slump relatively well. The GDP contracted by 1.7% in 2009, but has registered a year-on-year growth of 10.1% in the first quarter of 2010, the fastest rate of increase in 10 years, mainly driven by domestic demand but also by improved exports. Overall growth is thus expected to register a "high single-digit" rate for 2010.



In 2009, the EU was Malaysia's third largest trading partner (behind China and Singapore but ahead of the US and Japan) with total trade of ringgit (RM) 110.7bn, and Malaysia had a trade surplus with the EU of RM9.2bn. Malaysia's trade is rebounding strongly after the crisis: during the period January to April 2010, exports increased by 29.7% to RM210.74 billion, while imports rose by 32.8% to RM162.58 billion. The only negative aura is the massive drop in FDI during the crisis, which was much higher than the world average (- 81% against - 37%).

¹ In September 2010 the Malaysian Ringgit/Euro exchange rate was approximately 4.

The ongoing reform process

Against this backdrop, Malaysia is trying to undertake a major reform process with the aim of modernising its economic model so as not to fall behind its Asian peers. This reform drive has produced a number of initiatives, above all the "New Economic Model" (aimed at turning Malaysia into a high-income country by 2020) and the 10th Malaysia Plan (10MP). The 10MP's initiatives make the reform plan operational: its declared primary goal is improving "quality of life and increasing incomes for all Malaysians" (Malaysia aims to achieve GDP per capita of US\$12,000 by 2015, up from about US\$8,000). Moreover, the 10MP plans the adoption of a new Competition Act (setting up a comprehensive competition policy framework, also applicable to the powerful Government Linked Companies (GLCs)); the gradual removal of price controls and subsidies in a few areas; further liberalisation, particularly in the services sector, including the expansion of Malaysia's WTO commitments to liberalise 65 services subsectors; and a clear statement of intent to negotiate an FTA with the EU and other partners.

All this has a clear direct impact on the Malaysian stance vis-à-vis trade liberalisation and the FTA negotiations with the EU. Most notably, the announced further liberalisation in the services sector and the, so far modest, reform of government procurement are likely to augur well for the FTA process.

The forthcoming EU-Malaysia FTA

After holding exploratory talks with Malaysia during June and July 2010, and the endorsement from the European Council, the negotiation of an ambitious and comprehensive FTA is being launched.

As the current economic trends prove, Malaysia represents a growing market for exports and investment for the EU, as well as a crucial link to the wider ASEAN region. Malaysia is the EU's second largest trading partner within ASEAN (behind Singapore but well ahead of bigger countries like Thailand, Vietnam and the Philippines), with bilateral trade in goods reaching €23 billion in 2009 (exports amounted to €9 billion, imports to €14 billion). In 2009, the top five trading partners within the EU were Germany (30%), the Netherlands (19.8%), the UK (11.8%), France (11.3%) and Italy (6.5%), from which Malaysia most importantly imported electrical and electronic equipment (34.7%), machinery appliances and parts (17%), chemicals and chemical products (12.9%), transport equipment (10.4%) and iron and steel (4.6%). EU exports to Malaysia have constantly grown and from 2005 to 2009 they increased by 1.2% on average per year. Through the FTA, the EU will gain from further





improved market access conditions for its economic operators, both in goods and in services. Moreover, the FTA will provide a stable and secure business environment for European exporters and investors.

The EU objective is to negotiate an ambitious, far reaching FTA, covering trade in goods, technical standards, services, investment, rules on intellectual property and competition and gradual opening of the public procurement markets. All these issue are priorities for which the EU will seek ambitious commitments by Malaysia.

Market Access Team

In January, the Delegation also set up the Malaysia-Market Access Team (MAT). With the cooperation from the trade counsellors of 16 EU Member States and the representatives of the business

community, the MAT has produced a list of key barriers, which was endorsed by the Trade Policy Committee in March.



Broadly speaking, this list includes two types of barriers: a) specific restrictive measures (mostly in the SPS area); and b) "systemic" barriers (restrictions in e.g. services and public procurement). While the specific measures are good candidates for prompt and direct action, the "systemic" measures

will be tackled in the wider framework of the FTA process.

The MAT has already achieved results and can already boast "success stories". Malaysia has recently lifted certain cumbersome testing requirements on each consignment of imported cheese from EU Member States. Moreover, the lifting of the long standing BSE-related embargo on European beef seems imminent.

The MAT will continue to work towards the resolution of the remaining barriers and will also contribute to FTA negotiations, by channelling the information and input from the EU Member States and from European economic operators into the negotiating process.

EU Delegation in Malaysia

Market Access Working Groups

...on Automotives

The latest meeting of the Market Access Working Group on Automotives took place on 17 September 2010. Discussions in the working group relate to problems in China, Russia, the USA, Ukraine , India and Turkey.



Regarding **China**, issues discussed included compulsory certifications, export restrictions for rare earths discrimination for foreign investments and IPR registration requirements.

The working group also discussed the anti-crisis import tariffs in **Russia**, which are to be removed from the day Russia joins the WTO (in the case of automotives this will mean tariffs reverting to 25 %).

Finally, concerning **India**, EU Industry continued to express concerns on the lack of market access due mainly to high tariffs and non-tariff barriers and the lack of progress on long standing market access barriers like taxation and homologation

and conformity assessment of cars and car components.

...on Leather

The second meeting of the market access working group on leather took place in Brussels on 23 September 2010. The agenda covered different market access barriers faced by EU operators in Morocco, the Andean community, Japan, the Mercosur countries and Russia.

The export restriction on hides and skins and wet blue, operated through a licensing system, makes sourcing raw materials from **Morocco** very difficult. This export restriction was signalled by industry as



their overarching problem and the discussion focused on determining a strategy to tackle this market access barrier.

With regard to the **Andean Community**, several technical barriers to trade, particularly concerning labelling, testing and certification requirements in Ecuador and Colombia were discussed.

Participants also addressed the tariff quota system in **Japan** to evaluate the

possibility of including this issue as a priority in the framework of the working group.



The meeting also touched on export taxes in **Mercosur** countries and in **Russia**.

Finally an update was given on different issues such as: the current state of the proposal to harmonise labelling procedures in the Andean community, the rules of origin for leather raw materials which have been included in the Generalised System of Preferences (GSP) and the Pan-Euro-Mediterranean preferential rules of origin.

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Looking back...

...On Success Stories

Since the last newsletter in June, there are a number of success stories to report. Actions in the context of the Market Access Partnership contributed to lifting or easing barriers in several important cases over the summer. You will find more detailed information in the links to our flash notes. Here is just a brief summary.



India

In the context of the economic crisis, India had established restrictive requirements for import licenses for a number of products, including **radial tyres**. Following concerted actions by the European Commission, Member States and industry, at the end of May 2010, India finally eased the requirements so that European com-

panies now have easier access to the Indian market. [Read more...](#)

Egypt

European **textiles** exporters benefit from the removal of strict and costly labelling requirements in Egypt. The Egyptian authorities announced the removal following various interventions by the Commission, Member States and the textiles industry. [Read more...](#)

Canada

In July, the Canadian government announced an amendment to its **postal** law which clarifies that Canada post does not have a monopoly with regard to letters intended for delivery to an addressee outside Canada (so-called outbound international mail). This move provides the necessary legal certainty to operations of European mail delivery companies in Canada, a market worth around 150 million Canadian dollars. [Read more...](#)

South Korea

French cheese producers can now export **Emmental cheese** again to South Korea. Joint efforts by the European Commission and France convinced the South Korean authorities to lift a ban which had been in force for several years. [Read more...](#)

Philippines

The Philippines re-opened their market to **beef** from the UK after a 10 year import ban following the BSE crisis. The Philippines beef market is now open for imports from most Member States. The European Commission will continue to discuss with the Philippines to find solutions for the



remaining Member States as well. [Read more...](#)



These are just a few recent examples where the Market Access Partnership has proven useful in helping to remove barriers for European companies on third

country markets. You can inform us about barriers which you are encountering on third country markets via the [Complaint Register](#) in the [Market Access Database](#)

or at the following e-mail address : trade-g1-market-access@ec.europa.eu. We are there to help!

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Looking ahead...



- 📅 7 October Seminar "Technology transfer to China", Brussels
- 📅 12 October Market Access Working Group on Postal Courier, Brussels
- 📅 14 October Market Access Working Group meeting on Medical devices, Brussels
- 📅 21 October Market Access Advisory Committee, Brussels
- 📅 18 November Market Access Advisory Committee, Brussels

Do you know that...?

The **Market Access Database** is a unique tool for EU exporters with free on-line information on tariffs and import formalities applied in third countries around the world, main trade barriers faced by EU exporters, and trade statistics between EU Member States and third countries. A guide in all EU languages explains step by step how to use the database. Over 1500 users visit the Market Access Database per day. For more information, [click here](#).



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