EU's strategy to deliver market access for European companies

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PURPOSE: to launch a strong partnership that delivers market access to European exporters.

BACKGROUND: in today's globalised markets, European companies are becoming more and more dependent on effective access to third-country markets. European companies are making capital-intensive investments in third countries and creating supply chains that are both complex and global. Indeed, the 2006 "Global Europe" framework argued that trade policy can make a key contribution to growth and jobs in Europe by ensuring that European companies remain competitive and that they have genuine access to the export markets they need. Europe's first and clearest priority in maintaining open global markets is through its commitment to the WTO. However, a renewed policy on market access that focuses on particular problems or markets is an essential part of the EU's wider strategy.

CONTENT: the purpose of this Communication is to propose a stronger "Partnership to deliver market access". This partnership should be between the Commission, the Member States and businesses and it should be based on extensive public consultation. The Communication sets out a clearer, more result-oriented approach, focusing on the concrete problems faced by EU businesses in third country market and it identifies both the weaknesses of the current system and the extent to which EU policy has to change to reflect a changing global economy.

Firstly, it foresees a greater decentralisation of the current system and secondly, better use of local knowledge and initiative through the development of locally based "EU Market Access Teams" drawn from Commission delegations, Member State Embassies and business organisations. It also asks if the EU could better priorities the use of its capacities better to ensure that, while all market access complaints are properly considered, the EU targets the most pressing problems. In short, the paper assesses what the EU can do to make the current system more efficient and transparent for EU businesses.

Market access in a changing global economy

In 1996, the EU launched the "Market Access Strategy", the purpose of which was to enforce multilateral and bilateral trade agreements. It also serves as an instrument to ensure that third country markets are open to EU exports. One consequence of the Market Access Strategy was the establishment of the Market Access Database. It acts as a free, on-line service, for EU exporters that includes information on market access conditions in around 100 countries. Currently, around 500 market access barriers are reported via this database. Indeed, the information sections of the database are well utilised and is very popular with users.

The Commission paper does, however, note that the nature of barriers to trade in the global economy have changed. The new types of barriers are more complicated, technically challenging and time consuming to detect, analyse and remove. Many market access problems now arise because existing rules are not implemented correctly. Further, whilst GATT and the WTO have been effective in removing tariff barriers to trade much remains to be done in order to address non-tariff barriers challenges. A list of ten trade barriers in the modern global economy has been drawn up by the Commission. They are:

1) Tariff barriers. In spite of progress high tariffs still pose problems to EU exporters.

2) Complicated customs procedures for import, export and transit as well as discriminatory tax rules.

3) Technical regulations, standards and conformity assessment procedures that are not in line with WTO rules on Technical Barriers to Trade (TBT Agreement).

4) Misuse of sanitary and phytosanitary measures: i.e. those that are not justified on health and safety grounds within existing WTO rules.

5) Restrictions on access to raw materials, particular restrictive export practices such as export taxes.

6) Poor protection of intellectual property rights, including geographical indications and the lack of proper implementation and enforcement.

7) Barriers to trade in services and foreign direct investment such as unjustified foreign ownership caps, joint venture obligations and discriminatory treatment.

8) Restrictive government procurement rules and practices that prevent EU companies from bidding effectively for public contracts in third countries.

9) Abusive and/or WTO incompatible use of trade defence instruments by third countries.

10) Unfair use of state aids and other subsidies by third countries in a way that constitutes market access barriers.

Proposals for a stronger Partnership to deliver market access

The Commission reports that the reasons for focusing on market access are as valid today as they were in 1996 – if not more so. As a result, one of the Commission's main tasks is to strengthen and adapt the existing framework and improve the concrete tools. The WTO system and multilateral cooperation remains the single most important mechanism for securing and guaranteeing market access in the global trading system. The paper gives warning, however, that the EU can not rely on a single avenue or mechanism to tackle trade barriers. Indeed the EU must use multilateral and bilateral, as well as both formal and informal, instruments if it is to open market access in third countries.

Conclusions: in its conclusions the Commission notes that a strong market access policy is a key function of the common commercial policy, and a key area in which the EU can deliver real economic benefits for its Member States and European citizens. The EU's 1996 policy needs to be strengthened and adapted to a changing global economy in which both the markets to which access is sought and the barriers that prevent it are changing. As such, the Commission proposes:

- A reinforced commitment to using multilateral institutions, such as the WTO as well as bilateral channels such as the new generation FTAs to encourage progressive – and enforceable – liberalisation, market opening and approximation of standards and norms between the EU and its trading partners.
- Establishing a stronger relationship between the Commission, Member States and EU businesses, to support economic operators in overcoming the concrete difficulties they encounter in accessing third country markets and in a manner and timeframe that is compatible with business reality.
- Decentralising the current system and encouraging local initiative in third countries through the development of locally based EU Market Access Teams involving Commission Delegations, Member State embassies and business organisations.
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- Closer technical cooperation in Brussels between Member State officials and the Commission on market access issues, and intensified consultation with a wide range of industry representatives.
- Stronger prioritisation in choosing which barriers to focus on to make best use of EU resources in certain target markets (but excluding the least developed countries), key sectors, and/or key areas such as intellectual property rights.
- An overhaul of the European Commission's Market Access Database.
- Improved efficiency and transparency in the Commission's analysis of trade barrier complaints, including a new streamlined system for registering complaints.