



EUROPEAN COMMISSION
Directorate-General for Trade
Directorate G - Trade Strategy and Analysis, Market Access
Market Access, Industry, Energy and Raw Materials
Head of Unit

Brussels, 2 July 2012
TRADE G.3/ESS – Ares(2012)

WORKING GROUP ON TEXTILES

BRUSSELS, 7 JUNE 2012

Chair: Petros Sourmelis (TRADE G3)

Attendance:

COM (TRADE)

Member States (Belgium, Estonia, France, Germany, Hungary, Italy, Spain, United Kingdom)

EU Business (EURATEX, EBCA, FESI, Gesamtverband Textil+Mode)

Summary:

Active discussion and exchange of views with BU and MS on several topics of interest. The industry provided an update on the economic trends: the first quarter of 2012 witnessed a slowdown with steep falls in output, reflecting the weakened business and consumer confidence, especially in the internal market. In addition, delay in payments and lack of credit availability is negatively affecting companies. The good news come from the external market with exports in value growing at double digit in some of the key markets for the EU industry (Russia 12%, USA 16% and China 26%). This proves that the T&C sector is competitive and able to gain market share even when facing increasing barriers to trade. Those barriers range from burdensome customs controls to increased duties and export restrictions, and it seems they are on the rise in certain emerging economies (i.e. Brazil, Russia and India). The positive development on the Turkish measure affecting textile and clothing products was generally well received by the industry, although the extension of the scope was also requested.

Operational conclusions:

Russia – [BU] to send their comments about the proposed Customs Union legislation on Safety of Consumer Goods and Goods for Children and Adolescents to DG TRADE and DG ENTR.

Brazil – [BU] to get in touch with the EU Delegation in Brasilia to clarify the issue on the allegations that Brazil is requesting the presentation of the original certificates of origin (CoO) of the intermediate products for the importation of textile goods.

India – COM to continue monitoring the evolution of India's export restrictions on cotton and to address the issue at the EU-India Joint Working Group on Textiles taking place in September in India. It was also requested to continue discussing the issue in the framework of

EU-India FTA negotiations.

Egypt – COM in the process of preparing a reply to the WTO TBT Committee' notifications by Egypt.

Turkey – COM to raise the issue at the upcoming EU-Turkey Customs Union Joint Committee (CUJC) taking place on 27 and 28 June in Ankara. The Commission will ask Turkey to consider extending the measure to other countries such as the ones to which Turkey has granted preferences under the GSP. In addition, it will ask for confirmation on the use of the "suppliers' declaration" to prove the origin.

Next meeting to take place during the fourth quarter of 2012.

1. ADOPTION OF THE AGENDA

The agenda was adopted, adding under AOB a point on the Turkish measures affecting textiles and apparel.

2. TEXTILES AND CLOTHING – RECENT ECONOMIC DEVELOPMENTS

[BU] presented the economic and trade developments of the first quarter of 2012. While 2011 was in general a positive year for the sector, the last quarter of 2011 and the first quarter of 2012 witnessed a slowdown as steep falls in output and new orders led to further job losses. The gloomy economic atmosphere is causing major uncertainty and having an impact on consumption in the internal market.

The good news come from the external market as exports increased both in value (8%) and volume (7%). Exports in value registered a double digit growth in some of the key markets for the EU industry (Russia 12%, USA 16% and China 26%). This trend proves that the EU T&C sector is competitive and able to gain market share even when facing barriers in accessing third markets -which are on the rise- and increasing costs of raw materials and energy.

In terms of production, there has been a decline in new orders in both the textiles and clothing sectors (-5.9% and -7.1% respectively) during the first quarter of 2012, reflecting the weakened business and consumer confidence. Nevertheless, T&C companies are now more competitive to cope with losses, luxury goods are performing well and the retail turnover has risen.

Employment continued to slowdown during the first quarter of 2012 with -0.4% and -1.4% in the textile and clothing sectors respectively. However, this evolution shows a recovery trend as the rate of contraction is slower than in previous years, especially if compared with 2009.

MS asked how the credit restrictions and payment delays generated by the problems the banking system is facing are affecting the EU T&C companies. BU replied that, indeed, the delay in payments and lack of credit availability is negatively affecting the companies, especially SMEs that are located in countries facing financial problems.

3. RUSSIA: IMPLICATIONS OF RUSSIA'S WTO ACCESSION TO TRADE IN TEXTILES AND CLOTHING

COM informed about the state of play of Russia's WTO accession. The Duma will vote and ratify the accession at the beginning of July so Russia would enter the WTO in August. Several EU industry sectors have detected restrictive trade measures taken by Russia, allegedly in an attempt to compensate the Russian industry from the commitments undertaken by Russia as part of its WTO accession. COM also informed about NTB, IPR protection and the relations of Russia with the Customs Union between Belarus, Kazakhstan and Russia.

BU raised concerns about a new proposed Customs Union legislation on Safety of Consumer Goods and Goods for Children and Adolescents. EU T&C companies are concerned about the impact of the proposed rules on the tests that have to be followed and the information that has to be provided. The Russian authorities have announced the 1st of July as the entry into force date, but due to the complexity of the legislation it is not clear that this will be the final date. [BU] agreed to send their comments about the legislation to DG TRADE and DG ENTR.

BU indicated that the certification procedures at Customs Union level are burdensome and the processes slow. In addition they are constantly changing and companies have to adapt very rapidly.

4. ONGOING MARKET ACCESS CASES: FOLLOW-UP

4.1 BRAZIL

COM briefed on the EU-Brazil trade Joint Committee that took place in Brasilia on 31 May and where textiles and clothing was one of the 4 issues raised as top priority. Customs controls (including burdensome request for certificate of origin), labelling requirements, high tariffs and support schemes for Brazilian producers were among the topics discussed with regard to textiles and clothing. Brazil showed openness to discuss and willingness to address specific problems and look for solutions. [deletion

] Brazil confirmed they are applying the WTO bound rate for clothing but denied that there is a real proposal to change tariffs from ad valorem to ad rem. On the labelling requirement issue, Brazil explained that their requirements are applied at Mercosur level and they believe they are justified.

On the allegation that Brazil is requesting the presentation of the original certificates of origin (CoO) of the intermediate products for the importation of textile goods, Brazil stated that there is no law which obliges importers to produce such certificates. It was agreed that BU and the EU Delegation in Brasilia get in touch to clarify the issue.

BU expressed the view that Brazil is following a protectionist trend, as also indicated in the recent Report on Potentially Trade Restrictive Measures drafted by the Commission. BU indicated they are concerned about the possibility that Brazil increases tariffs for textiles products to the WTO bound rate as they have done for clothing products. They also raised concerns on the possibility that textiles and/or clothing products could be included in the Mercosur Common External Tariff list of exceptions in the next revision to be made by Mercosur in August.

MS asked if the announced package of measures of 3 April 2012 was also discussed at the EU-Brazil trade Joint Committee. COM clarified that, more specifically and related to the

Brasil Maior industrial policy, public procurement was discussed. Brazil clarified that it has adopted an implementing decree for the textiles and clothing sector and is applying a national price preference of 8% on textiles. This is in line with the Brazilian legislation and Brazil is not part of the Agreement on Government Procurement.

5. ARGENTINA: UPDATE ON IMPORT RESTRICTIONS

COM updated the Group on the state of play of the case on Argentina's import restrictions launched by the EU at the WTO. Under WTO dispute settlement procedures, the EU requested consultations with Argentina. If no solution is found within 60 days, then the EU can request a WTO Panel to be established in order to rule on the compatibility of Argentina's actions with WTO rules. COM called for further evidence by EU companies in case the Panel will have to be established.

The MS asked if the US will join the case and [deletion

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COM replied that the Commission is in contact with WTO members and discussions are on-going.

6. INDIA: UPDATE ON COTTON EXPORT RESTRICTIONS

COM updated the Group on the state of play of India's export restrictions on cotton (tariffs codes 5201 and 5203). After having imposed the ban on raw cotton on 5 March 2012, the Government of India revoked the decision on 12 March but the issue of new registration certificates remained suspended. On 4 May, the Indian Government decided to lift the suspension on registration certificates for exports of cotton. Nevertheless, new registrations of contracts had to be completed within 30 days and are subject to certain conditions (i.e. quantitative limits). This picture leaves uncertainty about the future, even if the ban has been removed.

BU expressed that this is a political matter in India where the textiles industry has a strong influence. In addition, Art^o XI of the GATT allows countries to impose temporary export restrictions or bans under certain conditions. COM explained that since the ban has been "on and off" in a very short term, it is difficult to properly identify and "catch" the measure with the legal means available. The Commission is monitoring the situation and addressing the issue at bilateral level. It will do so, again, at the next EU-India Joint Working Group on Textiles that will take place in September in India.

MS expressed that export restriction on raw materials by emerging economies is becoming a growing concern that should be addressed through FTA negotiations. MS expressed that this issue should be addressed at the bilateral level (i.e. through FTAs) if existing multilateral venues are not effective enough.

7. EGYPT: NEW CERTIFICATION AND INSPECTION REQUIREMENTS FOR TEXTILES AND CLOTHING

COM reported on the latest news on the certification and inspection requirements for textiles, clothing and leather products in Egypt. A letter was sent by the EU Delegation to the Egyptian Minister of Industry and Foreign Trade with copy to the Egyptian Prime Minister and other Egyptian authorities. There has been no reaction to this letter. The two ministerial decrees

(626 and 660/ 2011) will, in principle, enter into force on 15 June. Nevertheless, the local stakeholders are pushing for a postponement. The Commission and the EU Delegation in Cairo are monitoring the situation and trying to find a solution through all possible means.

MS pointed out that pressure exerted by local stakeholders appears to be the most effective way to solve this issue.

COM informed the Group about the TBT notification process on the two ministerial decrees. As both decrees introduced a new conformity assessment procedure for imports of textiles, leather and footwear, they had to be notified under Articles 5.6 and 2.9 of the TBT Agreement. Egypt notified the WTO TBT Committee, with delay, at the end of April. The Commission is in the process of preparing comments to these notifications.

8. ANY OTHER BUSINESS: UPDATE ON THE TURKISH MEASURES AFFECTING TEXTILES AND CLOTHING

COM announced that on 1 June there were positive developments on this subject as Turkey decided that the additional customs duty shall not be levied on the goods originating in countries with which Turkey has signed an FTA and which are included in a system of diagonal cumulation (provided that a proof of preferential status of the goods is submitted). In practical terms, this means that the additional duties will not be charged to goods originated in Euromed countries.

This news was generally well received by the industry, especially by **BU**. **MS** and **BU** also considered this as a positive move from a practical point of view. **BU** stated that even if this will solve part of the problem, the situation remains the same for goods coming from other countries such as the ones to which Turkey has granted preferences under the Generalized System of Preferences (GSP).

Since the Turkish decision refers to "a proof of preferential status", **BU** enquired if this meant the "supplier declaration". They also pointed out that it should be ensured that this document will be the one used to prove the origin in order to avoid further problems at the Turkish customs. **COM** clarified that, indeed, the origin should be proved with the "suppliers declaration". **BU** confirmed that shipments had been allowed in June already with the "supplier declaration".

COM explained that this issue will be raised at the next EU-Turkey Customs Union Joint Committee (CUJC) taking place on 27 and 28 June in Ankara. In that meeting, the Commission will ask Turkey to consider extending the measure to other countries such as the ones to which Turkey has granted preferences under the GSP. In addition, it will make sure that the "suppliers' declaration" will be the document used to prove the origin.



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Brussels, 17 December 2012
TRADE G.3/ESS – Ares(2012)

WORKING GROUP ON TEXTILES

BRUSSELS, 4 DECEMBER 2012

Chair: Petros Sourmelis (TRADE G3)

Attendance:

COM (TRADE, ENTR)

Member States (Austria, Belgium, Estonia, France, Germany, Hungary, Lithuania, Romania, Slovakia, Spain and United Kingdom). Croatia as an observer.

EU Business (EURATEX, EUROCOTON, CIRFS, EBCA)

Summary:

Active discussion and exchange of views with BU and MS on several topics of interest. The industry provided an update on the economic trends: the economic crisis continued to hit the textile and clothing sector during the second and third quarters of 2012. Intra-EU exports grew in volume but decreased in value, which gives an indication of the efforts the sector is undertaking in order to maintain its competitiveness by lowering prices. Extra-EU exports bring some good news to the T&C industry as exports increased both in value (7.7%) and volume (5.8%).

Trade barriers in the different key markets are on the rise creating great concerns to the industry. Russia and Brazil are two of those key markets where protectionism is rising with several different measures including tariff and non-tariff barriers and safeguards.

Operational conclusions:

Egypt – COM to continue monitoring the situation together with the Delegation in Cairo in order to find possible solutions for EU companies. COM to inform the industry on possible advancements in the WTO TBT front.

Russia – COM (ENTR) will keep in touch with the industry about the outcome of the upcoming meeting with Russia on the Customs Union legislation on Safety of Consumer Goods and Goods for Children and Adolescents. Follow up in the next meeting of the MAWG. Industry to continue monitoring the possible adverse effects of the way in which Russia is implementing import tariffs after its WTO accession.

Brazil – COM will continue to raise the issue related to trade-restrictive measures at different levels including the political one.

1. ADOPTION OF THE AGENDA

The agenda was adopted, without any AOB.

2. TEXTILES AND CLOTHING – RECENT ECONOMIC DEVELOPMENTS

BU presented the economic and trade developments during 2012. The economic crisis continued to hit the textile and clothing (T&C) sector throughout 2012 although there are slight signs of recovery in the last quarter. The situation is especially difficult in the internal market where Intra-EU exports grew by 0.5% in volume but decreased by 2.2% in value. This gives an indication of the efforts the sector is undertaking in order to maintain its competitiveness as prices decreased by 2.7%.

Extra-EU exports bring some good news to the T&C industry as exports increased both in value (7.7%) and volume (5.8%). Exports continued to grow at a double digit growth in some of the key markets (i.e. Russia and the US). Nevertheless, trade barriers are on the rise in many of those markets, which creates great concerns to the industry.

In terms of production, there has been a decline for both textiles and clothing (-5.2% and -7.5% respectively). Nevertheless, there are signs of a slight recovery during the third quarter. Textiles decreased less than in the same period of 2011, which is a good sign of recovery for the upstream industry.

Employment continued to drop in the third quarter of 2012 (-2.1% for textiles and -2.4% for clothing). If in 2011 employment losses were higher in the textiles sector, in 2012 figures are higher for the clothing sector.

The industry indicated that data on "number of orders" will not continue to be produced by Eurostat because of lack of information coming from Member States due to budget constraints. Industry expressed its disappointment, as this data was helpful in anticipating trends and assessing future prospects

The **MS** asked about the next twelve months outlook. **BU** replied that the industry is relying to a large extent in extra-EU exports and, thus, rising protectionist trends, especially in key markets (i.e. Russia and Brazil) do not give very good prospects. On the internal market, fashion is not going well and technical applications rely on other sectors (i.e. automotive), which are facing some difficulties in the EU. On the other hand, the fact that the Euro is weaker compared with the Dollar is having some positive impact on EU exports of T&C.

BU indicated that its industry does not foresee good prospects, especially for the spinning and weaving subsectors. Moreover, the re-structuring process of these sectors will continue.

3. EGYPT – certification and inspection procedures of certain textiles and clothing products

COM informed the Group about the TBT notification process on the two ministerial decrees (626/2011 and 660/2011) since the issue was raised at the TBT Committee on 28 November 2012. In this Committee the EU delegates indicated the concerns expressed by the EU industry with regard to the difficulties faced in relation to the implementation of the decrees, generally about the unclear scope of the legislation and in particular with regard to the costly and time consuming certification procedure. The EU also expressed that the conformity assessment procedure required by Egypt is inappropriate and overly burdensome for textile, clothing and footwear goods which are considered as low risk products. The EU believes that Egypt's legitimate objectives of protecting consumer's health and safety can be ensured by other means such as random inspections. The EU invited again the Egyptian authorities to make available to other WTO members the technical requirements the products have to comply with, so that they have a chance to analyse them and to comment on them. The EU also enquired whether tests results from foreign laboratories will be recognised.

Egypt indicated that certifications from EU laboratories will be allowed. The Egyptian delegate informed the EU that Egypt is preparing a "facilitation of conformity assessment procedure". This will notably give the possibility to certain companies to send a certificate every 6 months instead of a certificate per consignment. Although this would not solve the issue completely it would be of help. Nevertheless, before coming to any conclusion, the EU would like to first see the draft of this new facilitation of conformity assessment procedure.

COM explained that the political situation in Egypt is also affecting the business environment. During the Business Summit that took place in November in Egypt, the Commission passed a strong message at several levels encouraging Egypt to improve its business environment. DG Trade delegates also expressed strong views on several trade irritants the EU has with Egypt.

BU expressed their concerns on the difficult situation companies are facing in Egypt, not only regarding the mandatory certification issue but also concerning other measures, such as the safeguard on cotton. Since Egypt is a key partner of the Pan-Euro-Mediterranean area, its business environment should be improved to encourage trade and investment.

On the mandatory certification issue, **BU** indicated that there is a need to clarify the scope of the legislation (which products are affected) and the way it is being implemented. Egypt has not published an explanatory note, which could eventually have clarified these aspects.

4. RUSSIA

4.1. Safeguards for fabrics

On 28 September, the Eurasian Economic Community (EEC) between Russia, Belarus and Kazakhstan initiated a safeguard investigation on textile fabrics (goods belonging to chapters 54 and 55) imported from third countries. **BU** some national textiles confederations and individual companies have submitted requests to be involved in the

investigation as interested parties. At the moment of the WG their requests had not been accepted by the CU authorities that requested additional information to decide.

If finally implemented, this safeguard may lead to the introduction of a 50% duty increase over a 4 years' period. Industry expressed its concern since Russia is the second market for EU exports of T&C.

4.2. Regulation on Safety of Consumer Goods and Goods destined to Children and Adolescents

COM explained the latest state of play of the on-going discussion regarding this legislation. COM have submitted several comments to Russia including on the certification requirements, the number of labelling requirements and the way Russia foresees to implement this legislation. On the TBT front, COM indicated that, since Russia is now a member of the WTO, it should notify this legislation to the WTO, something that Russia has not yet done.

BU indicated that the Russian authorities announced the 1st of July as the entry into force date. Nevertheless, there has not been further communication with Russia and it is likely that the legislation is not in place at the moment. Industry also pointed out that, once it is implemented, this legislation will be burdensome and costly for companies. Moreover, Russia treats textiles and clothing as dangerous goods and this is not in line with international standards.

4.3. Implementation of import tariffs after Russia's accession

COM explained that Russia could be implementing its tariff commitments further to its WTO accession in a way that would not be compliant with its obligations. Russia could be applying ad valorem tariffs plus direct specific tariffs to arrive to a minimum applied tariff. This would affect products belonging to chapters 61 and 62 on the CN codes.

[deletion

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BU has made an enquiry among its members. So far, the industry has not complained about being charged a specific import duty by Russia. This could be the case because EU exports to Russia have a higher value than exports from other countries [deletion]

5. BRAZIL

5.1. Increase in duties of viscose yarn

COM explained that the increase of duties for viscose staple fiber yarn are part of Brazil's recently approved list of 100 additional exceptions to the Mercosur common external tariff. This decision was taken at Mercosur level and the increase is within Brazil's WTO bound rates, so it cannot be challenged at the WTO. Brazil has justified this decision as a necessary measure against the surge of imports they are receiving.

BU pointed out that Brazil is an important market for EU textile and clothing with a great potential. Unfortunately, Brazil is putting in place protectionist measures (i.e. it has one

of the highest duties among WTO countries with 35% duty for clothing) coupled with support to their local industry.

BU pointed out its view that developed countries agreed to end the quota system under the Textile and Clothing Agreement (that took over from the Multifibre Arrangement) in December 2004 upon the condition that developing countries would also keep their markets open. However, the latter is not happening in practice.

MS raised strong concerns since MS is one of the biggest producers of viscose yarns in the EU and Brazil has become an important market with a big potential for them [deletion]. [deletion

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COM acknowledged the adverse effect this measure could cause to the EU industry and indicated that the [deletion

] which in particular contradict the G20 commitment against protectionism even if they are not WTO-incompatible. COM explained that the EU continues to strongly oppose this type of restrictive measures at all political levels and on every possible opportunity.

5.2. Possible safeguard for clothing

BU informed the Group that Brazil would, very likely, open an investigation on a possible safeguard, which could affect around 60 different clothing products.

COM indicated that for the moment these are rumours. In case Brazil decides to open investigations they would need to demonstrate that imports are found to cause or threaten serious injury to Brazil's clothing industry, which is not easy. In other safeguard investigations Brazil so far complied with the rules.

5.3. Update on customs controls and inspections

BU explained that the problems in the Brazilian customs continue. The latest case occurred in a trade fair in Brazil, when the goods of several EU companies were stopped at the Brazilian border in August. The goods were blocked in the grey channel and released just after the fair.

COM acknowledged that the customs' problems continue and reminded industry that this is an issue that COM and the EU Delegation have raised at various levels with the Brazilian authorities.

6. UKRAINE – possible negotiations on the level of tariff bindings of some products under Article XXVIII GATT

COM gave an update on Ukraine's notification to the WTO under Article XXVIII to modify import tariffs for a large number of products (about 370 tariff lines) with used clothing among them. This notification took place on 13 September and, since then, COM has engaged in discussions with Ukraine on a bilateral level seeking explanations on the reasons behind this action and requesting a reconsideration of their position. On

the multilateral level, COM has been in contact with other WTO members and has raised serious concerns at the Market Access Committee on 16 October.

BU explained that the EU is a major exporter of used clothes and therefore the industry would be affected. Moreover, the request is worrying from a systemic point of view as it might create a dangerous precedent and a spill over to other countries such as Russia.

7. INDONESIA – import regime for Textiles and Clothing

COM gave an update of the state of play of Indonesian legislation on import licenses. Regulation 27/2012 foresees restrictions for companies importing goods in Indonesia, as importers will no longer be allowed to import a diverse range of goods. They will only be allowed to import products falling in one chapter of Indonesia's tariff schedule. Regulation 27/2012 was amended by Regulation 59/2012 taking into consideration certain concerns expressed by industry. In principle, this new system will enter into force on 31 December of this year, although it might be postponed since some implementation aspects are not yet clear. One important issue still to be clarified is the approval process of the "special relationship status" between the exporting company and the importing company, which has to be given by an Indonesian embassy in the exporting country.

MS asked if this regulation would affect all products. COM replied that as far as it affects all importing companies, it will have an impact on all products.

BU pointed out that this new Regulation will limit imports as many companies in Indonesia import a variety of products belonging to different chapters of the textiles section of Indonesia's tariff schedule.

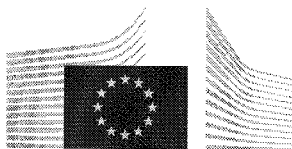
8. EU-US HIGH LEVEL WORKING GROUP ON JOBS & GROWTH – prospects for the textiles industry

COM gave an update of the state of play of discussions with the US in the context of the High Level Working Group. The final Report of the High Level Working Group is expected to be published in January 2013 and should recommend the way forward on possible negotiations. The aim would be an ambitious and comprehensive agreement with certain sectoral annexes foreseen. COM thanked the industry for the input received on the textiles and clothing sector.

BU clarified that they have been in contact with the US T&C industry but have not managed to establish a consistent dialogue yet. On certain regulatory aspects they expect to reach agreement. On public procurement it would be most likely that a common position will not be found.

9. AOB

No AOB were added to the agenda



Brussels, 30 September 2013
TRADE G.3/ESS – Ares(2013)

WORKING GROUP ON TEXTILES

BRUSSELS, 18 JULY 2013

Chair: Michelangelo MARGHERITA (TRADE G3)

Attendance:

COM (TRADE units G3, F3, C3)

Member States (Austria, Belgium, Bulgaria, Estonia, Finland, France, Hungary, Italy, Latvia, Lithuania, Poland, Portugal, Sweden, Spain and United Kingdom).

EU Business (AIUFASS, CIRFS, EBCA, EURATEX, Fedustria, IFTF, GTMI)

Summary:

Active discussion and exchange of views with BU and MS on several topics of interest. The industry provided an update on the economic trends: the situation during the first quarter of 2013 continued to be difficult in the internal market as the industry is lowering prices in order to maintain its competitiveness. Extra-EU exports continue to be the engine for growth for T&C the industry.

Trade barriers, especially in some of the key emerging markets are on the rise creating great concerns to the industry. The industry presented a comprehensive revision of the main barriers affecting T&C sector exports in some of the key strategic markets (Russia, Brazil, India, USA).

Operational conclusions:

Russia – COM to keep in touch with the industry about the future outcomes on the Technical Legislation on Safety of Consumer Goods and Goods destined to Children and Adolescents

Brazil – COM will continue to raise the issue related to customs procedures' problems at different levels including in the next Joint Committee with Brazil.

Next meeting to take place during the fourth quarter of 2013.

1. ADOPTION OF THE AGENDA

The agenda was adopted, without any AOB.

2. TEXTILES AND CLOTHING – RECENT ECONOMIC DEVELOPMENTS

BU presented the economic and trade developments until the first quarter of 2013. The situation continues to be difficult in the internal market where Intra-EU exports dropped in value (-2.9%), increased in volume (+9.1%) and prices decreased by 11%, which indicates that the sector is reducing prices in order to maintain its competitiveness in the EU market.

Extra-EU exports grew by 1% in value and prices increased by 5.3%. Exports continued to grow at a good rate, especially for clothing, in some of EU key markets (i.e. China, Russia). This growth was not as good as in 2012, which was a particularly positive year for our trade balance with a reduction of EU trade deficit by 13.4%.

The production indicator continues to be negative for both textiles and clothing (-1.7% and -3% respectively), but started to recover thanks to exports. After a stable production output during 2011 and 2012, in the third quarter of 2013 production for both textiles and clothing sub-sectors have decreased less than in the same period of 2012.

In terms of employment, the negative trend over the last years continues with drops in the first quarter of 2013 that were more significant for the textiles sub-sector (-4.8% for textiles and -3.8% for clothing). The pressure in the internal market is mainly driving this negative trend.

As of raw materials price indexes, prices are going up for linen and cotton and down for wool.

BU indicated that in 2012 there was a reduction in production of textile by 6% as compared with the same period in 2011. This is affecting the EU man-made fibres sub-sectors as they are used in textile applications.

Asked about future prospects for the sector, BU replied that the industry is relying to a large extent in extra-EU exports due to the bad performance of the internal market. Therefore, rising protectionist trends, especially in key emerging markets do not give very good prospects. On the other hand, future trade agreements with some of the key markets (i.e. US and Japan) could give a boost to the sector. The future exchange rate of the Euro will also play a role since the relative weakness of the Euro is having some positive impact on EU exports of T&C.

3. Revision and follow up of existing barriers in key strategic markets

3.1. RUSSIA

Follow up –Technical Regulation on Safety of Consumer Goods and Goods destined to Children and Adolescents

COM explained the latest state of play of the on-going discussion regarding the Russian Technical Regulation on Safety of Consumer Goods and Goods destined to Children and Adolescents. COM have submitted extensive written comments to Russia through the TBT channels, including on the certification requirements and third party conformity assessment, the number of labelling requirements and the way Russia foresees to

implement this legislation. The issue was raised bilaterally with Russia at the WTO TBT Committee in June 2013 in Geneva.

BU pointed out that the scope and date of implementation of this technical regulation is uncertain. The regulation is supposedly to be already in force since the Russian authorities announced the 1st of July as the entry into force date, but it is not clear whether the regulation is being implemented in practice. Russia treats textiles and clothing products as dangerous goods which is not in line with international standards and will add burdensome costs for companies exporting to that market. **BU** also highlighted Russia's unwillingness to discuss this regulation by claiming that it is being approved at the level of the Customs Union (CU) of Russia, Belarus and Kazakhstan.

MS thanked the Commission for having raised the issue bilaterally at the TBT Committee in Geneva and indicated that it would be appropriate to raise it at other levels bilaterally with Russia.

COM indicated that, since Russia's accession to the WTO there have been a lot of regulations being notified to the TBT Committee which makes the process slower. COM also clarified that after discussions with Russia at the June TBT Committee in Geneva it will continue to raise this issue at the TBT Committee level.

Revision of other existing barriers

BU made a presentation of the main trade barriers that are negatively affecting EU exports of textile and clothing to Russia: (a) **tariffs** are on average 15% for fabrics and technical textiles, 10% for clothing and 20% for carpets; (b) several problems related to **customs procedures** such as a non transparent process, goods not officially declared and uncertainty on the implementation and functioning of the Eurasian Customs Union; (c) the Regulation on Safety of Consumer Products and Products for Children and Adolescents already mentioned above. **BU** also mentioned two possible trade barriers that could appear in the future: the safeguard on certain fabrics and the legislation on local content.

COM asked about the state of play of the safeguard on certain fabrics (synthetic, artificial and cotton mixed). **BU** replied that the investigations are still on-going until 30 September 2013. **BU** requested for interested party status on behalf of the EU T&C Industry and has submitted formal comments. They are waiting for the decision from the Eurasian Custom Union Authorities¹.

3.2. USA

Revision of existing barriers, already identified in the context of the EU-US TTIP (Transatlantic Trade and Investment Partnership)

BU presented the main trade barriers affecting EU exports to the US, which have also been identified in the context of the TTIP: (a) **tariffs** for clothing can reach 17% or even 30% in some cases and for textiles amount to 20% in certain cases; (b) **public procurement** –the *Berry Amendment*– establishes the compulsory use of wholly US made products in uniforms, parachute and other textile based materials used in the

¹ In the meantime the decision was taken by the Eurasian Customs Union Authorities to close the procedure without any measures

military field, including pre-materials; (c) several **customs** related issues; (d) the **Consumer Product Safety** Act requires burdensome provisions for exports of fabrics and apparel including fabrics considered under the Flammable Fabrics Act; (e) **labelling** requirements are much more extensive in the US; (f) **Standards** in the US are different from EU standards and, in general, from ISO standards. In addition, there are different legislations in certain US States.

MS asked why there will not be a sectoral annex on textile in the TTIP Agreement. COM indicated that the EU and the US are looking into the possibility of including a Textile annex in the TTIP.

[deletion

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3.3. INDIA

Follow up on barriers discussed during the EU-India Joint Working Group on Textiles and Clothing

COM explained the outcomes of the EU-India JWG on Textiles and Clothing. A positive outcome was reached on cotton and cotton yarn export restrictions since India confirmed that no export restrictions will be imposed. There were also discussions on NTBs that EU exporters are facing when exporting to India. Regarding labelling, the Indian side said that developments in this area are taking more time than expected as the matter is complex, but they are in the process of simplifying legislation on labelling and marking. With regard to testing of azo dyes the EU asked India to apply the same practice that is followed in the EU, which is not to request a pre-shipment certificate or test report attesting the absence of azo dyes for imports coming from third countries.

Revision of other existing barriers

BU made a presentation of the main trade barriers that are negatively affecting EU exports of textile and clothing to India: (a) **tariffs** and **additional duties** on top of the import duties since India has a complex tax system; (b) NTBs: extensive **labelling** requirements both for fabrics and clothing and compulsory testing of **azo dyes**; (c) **public procurement** restrictions at federal and state levels; (d) **investment restrictions** since India allows FDI in retail but with conditions and royalties for non-India residents.

3.4. BRAZIL

Follow up –High tariffs for Textiles and Clothing, including for viscose yarn

COM explained that the Mercosur list of 100 additional exceptions to the Mercosur common external tariff (which includes an increase of duties for viscose staple fibre yarn) is a decision taken at Mercosur level that cannot be challenged at the WTO since the

increase is within Brazil's WTO bound rates. It seems that for the moment Brazil has decided to postpone the decision to renew the list and no new list will be created.

Revision of other existing barriers

BU presented the main trade barriers that are negatively affecting EU exports of textile and clothing to Brazil: (a) **tariffs** that are at 18% for fabrics and can go up to 35% for other textiles and for clothing are at a maximum WTO bound level of 35%; (b) **customs procedures** are burdensome as T&C products go systematically to the grey and red channels; (c) **public procurement** constraints through *Brazil Plan Maior*; (d) additional labelling requirements.

COM indicated that in the context of the Brazil Trade Policy review in Geneva the EU has presented a number of questions including on Brazil's customs procedures with regard to T&C products and on Brazil's public procurement policy. COM also indicated that the customs procedures issue might be treated at the next Joint Committee with Brazil.

4. AOB

No AOB were added to the agenda



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate G - Market access and Industry
Market Access

Brussels, 24 October 2012

Report of the meeting of the Market Access Working Group on Services
(Area of Postal and Courier Services)
Brussels, 4 October 2012

Chair: *Services Unit, DG TRADE B.1 / Market Access, Industry, Energy and Raw Materials Unit, DG TRADE G.3*

Participants:

- **COM:** *DG TRADE, DG MARKT, EU DEL-Tokyo, EU DEL-Seoul, EU DEL-Jakarta, EU DEL-Delhi*
- **EU Member States:** *DE, FR, HU*
- **EU Business associations:** *European Express Association (EEA), European Services Forum (ESF), La Poste*

1. Market access issues and postal reform updates

1.1. Japan

COM indicated that the Japan Postal Reform was approved on 27 April 2012 and a series of implementing regulations have been issued. The EU has been commenting on these regulations, mostly as regards financial services, however it has also raised concerns on postal and courier services. COM also gave an update on the FTA process informing that currently it concentrates on receiving the negotiating directives from the Council. Postal and courier services are one of the core issues of the FTA services part [deletion

] DEL reported on a joint demarche with US regarding the Japan Post reform (planned for 5 October 2012) and explained the interconnections and the recent merger between the postal network, banking and insurance services. BU pointed out that merger in itself is not a problem, however there are considerable concerns about possible cross-subsidisation between sectors/companies in Japan Post, and that the JP subsidiaries will be treated better than other private companies. BU further supported the launch of the FTA negotiations, but pointed out that the support on the conclusions depends on the outcome. DEL reassured that this point will be made very clearly to Japan and that a level playing field should be established. COM confirmed that all these issues will be discussed in the services negotiations. BU also pointed to problems relating to the unequal customs treatment and procedures and other anti-competitive practices, on which language should be included in the FTA. BU asked if COM knows the reasons for Japan being negative in recent discussion in

UPU on security pre-alerts/data exchanges. COM was convinced that the UPU decision will be taken and Japan will be bound by it.

Follow-up: COM to continue following the reform of JP and focus on alleviating the anti-competitive practices.

1.2. South-Korea

COM informed the Working Group that in the first FTA sub-committee for services on 27 September 2012, EU raised both courier and logistics concerns highlighted by industry (EMS preferential treatment and integrated logistics licence respectively). On courier services, no answer had been received from Korea therefore EU will send written questions. COM confirmed that it is aware that industry continues to face problems relating to preferential treatment of the competitive services of Korean Post, as EMS is considered to be part of USO. These relate to customs clearance, terrestrial transport, and their treatment by national air carriers. Furthermore, there are continued concerns about possible cross-subsidisation. On logistics, Korea had reassured EU that the integrated logistics licence is not limited to only Korean owned companies, but it is available to all companies incorporated in Korea. COM also noted that in line with article 7.26 of the FTA, regulatory principles should be set up for postal and courier services no later than three years after the entry into force of the Agreement. This is still open and was raised in the last Sub-Committee. DEL explained the Korean postal reform plan whereby Korea promised within 3 years to i) gradually expand the liberalised services, ii) clarify the scope of liberalised vs. monopoly services, and iii) immediately liberalise international document express delivery. To this end, on 5 May 2011, Korea amended art. 3 of the Enforcement Decree of the Postal Act, adding international document express delivery to the list of exceptions from the KPA monopoly. On 14 March 2012, Korea announced that the delivery of letters above 350 grams or 2,700 KRW can be done by the private sector. BU welcomed the possible establishment of regulatory principles as soon as possible and raised the issue of how Korea applies the de minimis established in the US-Korea FTA. In particular, the Korean de minimis only applies to goods shipped directly from US, but not to goods shipped through hubs elsewhere. BU noted that this is not consistent with business model and whenever EU considers de minimis it should take this into account. BU wished to be informed in advance of the services sub-committee meetings and requested a copy of the meeting report of 27 September. COM reassured that article 7.26 will be followed up. As regards the de minimis, COM explained that this is an issue between Korea and US, however the issue of de minimis can be further discussed. COM took note of BU's request.

Follow-up: COM to work on launching regulatory chapter review (art 7.26).

1.3. Indonesia

COM and DEL updated on the FTA process and stated that the negotiations are at a very preliminary stage give thee important divergences between the parties on the scope. DEL reported on an upcoming EU-Indonesia Business Dialogue (8-9 November 2012) where President Barroso will also participate. The Business Dialogue is expected to issue joint recommendations to both governments on launching the FTA negotiations. COM also informed that the draft implementing regulation of the postal law of 2009 is still with the Ministry of Law and Human Rights and it will be hopefully soon implemented. DEL confirmed and pointed out that there is no clear indication when the regulation might be

issued and that the draft has not been shared. **BU** expressed hopes for the FTA process to go faster. **BU** reported that a Ministerial Regulation issued on 10 January 2012 (entering into force one year later) creates problems to industry. Notably, the regulation forces postal and courier companies to provide detailed reports to KOMINFO about the cost components of the tariffs, including commercially confidential information such as profit margin. Furthermore, the industry pointed out the importance of independent regulator. **COM** and **DEL** took note of industry's concerns.

Follow-up: COM to follow up on the Ministerial Regulation.

1.4. China (including customs related issues)

COM reported that discussions on the universal service fund are on hold [deletion

] . **COM** will continue to monitor developments. On standards, EU sent a letter in June 2012 but no response has been received yet, and an additional joint letter is going to be sent together with US. [deletion

] As regards the Customs Order 33 is implemented and enforced and all companies have adapted, while Order 172 is adopted and not enforced yet. **BU** also confirmed that the industry has got some licences, however they are expecting more and the procedure is very painful. **BU** noted that operators are looking for contact point as they do not have information on how Customs Order 172 will be implemented (regional or interregional). **BU** further informed **COM** about problems relating to international airway bills, where the National Industry and Communication Supervisory bureau has been issuing fines claiming that the practice is violating consumer rights. CAPEC is dealing directly with Chinese authorities.

Follow-up: COM to continue monitoring the developments relating to the USF, the draft measures as well as order 172. As regards the implementation of the latter, DEL to try to find contact points for industry.

1.5. India

DEL updated the Working Group on the latest developments with regard to the draft Postal Bill, which had been withdrawn from public domain after the last public consultation. The public consultation triggered to review and reassessment of the whole reform with a more holistic approach. Currently Ministry of Commerce and the Ministry of Finance are jointly working on the new approach, which is looking into 3 main questions: USO and how to finance it, reserved area and how to define it and independent regulator. In addition, India seems also to consider forcing access to private network for USO provider. It seems that a new Bill will not be ready before second half of 2013, the text of the draft is not expected before February 2013. **BU** enquired whether financial services would be also addressed in the draft. **DEL** responded that as much as known currently, only postal services will be addressed in the new draft. As regards the FTA, **COM** stated that negotiations have seen limited progress recently. In particular, in the area of services India has not yet been able to deliver

the EU key requests. Indian signals on the postal and courier services in the FTA are negative, essentially refusing to discuss it.

Follow-up: COM and DEL to follow the developments of the Postal Bill.

1.6. Malaysia

BU pointed to the new Postal Act of February 2012 seeking to liberalise the postal market. **BU** stressed that under the new law all non-USO operators, including express operators have to contribute to USF as well as ask permission from the USO provider (Malaysian Post) to open up any new client centres. Furthermore, **BU** pointed out that it is unclear whether courier companies can carry out customs brokerage as there is an equity cap of 51% for custom brokerage services, while none for courier services. **COM** responded that **DEL** is aware of all the mentioned issues and monitors carefully the implementing regulation. Regarding the FTA, progress is slow, in particular for services discussion, and there is no clear timing for the next round. **COM** also asked the industry if the cross-cutting ministerial discretion is perceived as a problem by industry. **BU** encouraged **COM** to keep addressing the issues through the negotiations.

Follow-up: COM and DEL to look into the issues raised by industry.

2. AOB

2.1. Singapore

COM invited industry to comment the "master key arrangement" whether it has any importance or creates problems to European operators.

Follow-up: industry to follow-up after consulting.

2.2. US

COM invited industry to signal any problematic issues (beyond normal FTAs) which could be taken up in the on-going negotiations. [~~deletion~~

3. Conclusions and follow-up actions

COM concluded by summarising the follow up actions and asked industry to send new information as it arrives.

DG TRADE Unit B.1 / DG TRADE Unit G.3



EUROPEAN COMMISSION

Directorate-General for Trade
Directorate G - Market Access and Industry
Market Access, Industry, Energy and Raw Materials
Head of Unit

Brussels,
TRADE/G.3 /GT D(2012)

REPORT
Market Access Working Group on Alcoholic Beverages
6 June 2012

Participants:

COM: DG Trade, DG AGRI, DG ENTR

INDUSTRY: CEEV, CEPS, The Brewers of Europe, FEVS, Scotch Whisky Association, Bacardi Martini, Pernod Ricard, Diageo, Heineken, SABMILLER, Rémy Cointreau, Swedish Spirits and Wine Producers, Unione Italiana Vini, Bureau National Interprofessionnel du Cognac, Brown-Forman

MEMBER STATES: FR, BE, CZ, DK, DE, IE, SK, PT, ES, HU, LV, IT, PL

1. Approval of the draft agenda

COM indicated that the Position Papers of [BU] had been distributed to the Member States. These reflected the positions of industry and had not been endorsed or agreed by COM. The draft of the Agenda was approved and there were no comments on the minutes of the previous meeting. [deletion]

2. Exchange of views on main trade barriers applied in priority third country markets.

2.1 Russia

COM (AGRI) informed participants about the state of play on the negotiations with the Russian authorities regarding the draft Customs Union Technical Regulation on safety of alcohol products (TR) and Federal law 218 (218-FZ) of 19 July 2011. COM reported that several EU concerns had been taken on board regarding product registration (abandoned); notification (reduced to information requirement to Customs for market surveillance); no inspections on EU production sites (no applicability outside CU); reduced labelling requirements; openness to modify product definitions to meet EU concerns on wine, beer, sparkling wine, cider spirits; assurance that EU GI products will be able to sell under their names. EU and EU stakeholders invited to participate in new Consultative body.

As regards 218-FZ, COM (AGRI) indicated that it intended to reiterate its request to the Russian Government and to the Russian Federal Service for Alcohol Market Regulation

(FSAR) to either suspend or modify the law that includes the disputed definitions of wine and beer.

COM (TRADE) added that these concerns were being raised within the bilateral dialogue on trade and investment and at the TBT Committee of the WTO. Any new laws that could affect trade would have to be notified by Russia as from its accession which is expected by mid-August.

[deletion

]

2.2 China

On Chinese SPS and TBT notifications (methanol limits and health warning labels) Industry indicated that it is important that products already in hubs, like Singapore, can be sold normally. [deletion

] COM (Trade) said that this has been raised in high level meetings, when the Chinese indicated that the standard would be sent for approval as planned, but no specific time frame has been given. China had expressed its willingness to have further technical/scientific discussions with EU experts.

With regard to the general food additive legislation the EU has highlighted to China the importance of having a fast and clear procedure for additives not currently on the list of authorised food additives. The EU is also planning a study visit to Europe for Chinese officials through the EUCTP Programme.

[BU] appreciated COM efforts. [deletion

] Industry stressed the need for a time frame in order to adjust labels. With regard to flavoured vodka, Industry remarked that dialogue with CN regarding food additives and flavouring issues is important and should be kept on the agenda.

[deletion

].

COM (AGRI) replied that on labelling, one year has been granted. In addition it is well known that there is no scientific evidence on dangers of methanol levels in EU products. Flavoured vodka issues have been raised as ingredients need to be approved by the Ministry of Health. On whisky and cognac, CN is willing to work with the EU on common standards. COM (Trade) also clarified that according to the WTO rules, since China has developing country status in the WTO, it does not have to provide the English text on WTO notifications.

[deletion

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On Trade Defence, Industry mentioned there were rumours regarding the possible initiation of an Anti-Dumping (AD) or Anti-Subsidy (AS) case by China with regard to imports of wine. Industry is very concerned since direct wine exports to China are worth around €700 million and taking into account indirect exports via e.g. Hong Kong that would probably double the figure. Industry also anticipated difficulties from such a case due to translation problems and a possible initiation during the summer months. COM confirmed that there were rumours but that until the publication of an investigation nothing could be done. COM underlined the [deletion

] COM assured

assistance to industry if such a case were to be initiated by China.

2.3. Thailand

[BU] reminded the Working Group that this is a long-standing issue that affects EU exports of both wines and spirits. Thailand has become a net exporter of alcoholic beverages. While it is mostly beer, the local brown spirit brand "Blend 285" is also benefiting. [deletion

] Industry thanked COM for keeping this issue high on the agenda with the Thai authorities. In this respect the statement by Commissioner De Gucht during his visit to Phnom Penh for the EU-ASEAN events was welcome. Industry informed participants that it has indications that the Thai Government is working on a tax reform [deletion] but it is not likely to be considered by the Thai cabinet before the fourth quarter of 2012. [deletion]

[deletion

] Furthermore, they raised the issue of excise tax discrimination in favour of local fruit wine, which enjoys a preferential tax classification. [MS] considered that a future FTA could be used as a tool to solve the issue.

COM explained the developments since the last Market Access Working Group, in particular the various meetings with the Thai authorities in particular those at high level, such as between Commissioner De Gucht and the Thai Minister of Commerce. The Commissioner also sent a letter to Finance Minister Kittirat stressing the need to see progress and an early exchange with the EU on any draft proposal. Thailand had indicated that the Thai Excise Department is working on a reform of the tax system that will eliminate or reduce the gap in taxation between domestic and imported products. The process seems however delayed. [deletion

] However, the EU Delegation in Bangkok monitors the situation closely. COM indicated that it would continue to raise the issue with the Thai authorities. The next formal meeting was scheduled to take place after the summer at the Trade and Investment Working Group.

On the prospects for FTA negotiations, COM explained that the issue had been discussed during the meeting between Commissioner de Gucht and Commerce Minister Boonson in Phnom Penh on 2nd April. The Thai Minister expressed interest in an FTA and it was agreed that COM would share its experiences [deletion

]. COM awaited an indication from Thailand that it would be ready to launch the scoping exercise.

[deletion
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2.4. Turkey

[BU] welcomed the recent (7 May) changes to taxation of alcoholic beverages in Turkey, which narrowed the gap between the excise rates for whisky and raki. They noted, however, that the rates were still not in line with the Action Plan.

[BU] welcome the abolition of the Control Certificate requirement and the introduction of the pre-notification regime. However, they had concerns about ensuring products entering the Turkish market were genuine and sought COM support in their efforts to persuade Turkey to introduce a health certificate requirement.

They further raised the issue of the draft Regulation on Procedures and Principles for Alcoholic Beverage Production and Trade, supported by [BU] , where they sought an English translation of the draft. They were consulting members and would forward consolidated comments to COM on the legislation. [deletion
]

[BU] indicated that following COM interventions, it was now being permitted to apply banderols in free zones and bonded warehouses.

However, they raised concerns that despite the taxation amendments for spirits on 7 May, the excise rate for beers had remained unchanged at 63% ad valorem, with a minimum excise tax rate at 0,53 TL/alcohol gram/Litre if higher. [BU] were of the view that the ad valorem rate should be 0% – as it is for other alcoholic beverages (wines and spirits have a 0% ad valorem since 2009, but this reduction from previous high ad valorem rates was not followed for beers).

COM responded that the upcoming Customs Union Joint Committee would be an opportunity to raise issues. For example it would call the attention of Turkey to the fact that while narrowing the gap between taxes for whisky and raki was indeed a good development, it is still not fully in line with the 2009 Action Plan, which for April 2012 provides for a 12 TL difference between the products and not 21,12 TL. COM would await input from industry on the draft Regulation on Procedures and Principles for Alcoholic Beverage Production and Trade while the question of tax on beer was still under internal discussion in the COM.

[deletion
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3. Follow up on other market access issues

3.1 Ukraine

Industry raised the problematic strip stamp labelling regulation which gave timing problems, but indicated that this was not currently affecting them as there had not been recent tax

changes. However, the need to clear stamps before requesting a new batch was problematic. COM had written to Ukraine but had received a reply which was not clear.

[deletion] raised the imminent legislation which would ban promotion materials. [deletion

]

3.2. Vietnam

On Vietnam, [BU] asked the Commission for its continued support to solve market access barriers hampering exports of wines & spirits, in particular Decree 40 on liquor production and trading. Whilst some of the concerns had been addressed by the VN authorities, two key aspects remained unresolved, i.e. pre-export stamp labelling and trading licenses for imported goods. Industry enquired whether COM would raise those issues in the TBT Committee the following week. Industry also welcomed the launch of FTA negotiations with VN.

COM informed the Working Group that it was currently reflecting on how best to proceed.
[deletion

EU DEL in Hanoi had already been in contact with EU industry and Member States locally. COM confirmed [deletion

]

[MS] echoed industry's concerns.

3.3. India

[BU] raised the FSSAI food safety and standards regulation, where the EU has obtained exemptions on many requirements for alcoholic beverages, but on ingredients listing and packaging some problems still remain. According to India, regulation labels should be placed prior to shipment but EU exporters are allowed, on a temporary basis, to put labels on in warehouses. This provision has to be renewed every three months and Industry seeks a permanent solution.

Industry also asked COM for its position on the new Indian specific regulation for alcoholic beverages. COM replied that according to a press article the draft is being finalised and should be rendered public in July. COM would then request notification to the TBT Committee. There would also be a special SPS/TBT Working group organised in Delhi in July.

4. New market access issues

4.1. Chile

On the issue of taxation on alcohol in Chile, Industry expressed their concerns as regards the discriminatory effect that the fiscal reform under discussion in the Chilean Congress could have on European exports of spirit drinks to Chile, [deletion

COM confirmed that [deletion]

[deletion] but it was monitoring the legislative process carefully and informally exerting some pressure, to ensure Chile would adhere to its multilateral commitments.

[MS] reiterated their concerns and requested COM to remain vigilant. [deletion]

4.2. Israel

[BU] raised the restrictions on advertising alcoholic beverages and warnings on product labels (different message for different products), where it asked COM to ensure Israel notifies to the WTO TBT Committee.

On the proposal to introduce warning messages for alcoholic beverages, COM shared the concerns expressed by industry and explained that Israel had been requested through the TBT Enquiry Point to notify these measures to the WTO as they are clearly within the scope of the TBT Agreement. Industry was reassured, however, that comments will be issued, whether the measure is notified or not.

4.3. Brazil

Regarding the safeguard investigation on imports of wine, Industry thanked COM for the support provided so far in this proceeding and emphasised the importance of the case, Brazil being a key market for EU wine exports (around €90 million). Industry also underlined the importance for continued pressure and coordination.

COM gave a brief explanation of what safeguards are and an overview of what has been done so far (technical submission, letter by AGRI Commissioner, raised by DDG in the joint committee in Brazil the previous week).

With regard to next steps, COM assured the Working Group it would [deletion]

5. AOB

5.1. Honduras

[deletion]

5.2. Presentation

[BU] gave a brief presentation on their export performance.



EUROPEAN COMMISSION

Directorate-General for Trade
Directorate G - Trade Strategy and Analysis, Market Access
Market Access, Industry, Energy and Raw Materials
Head of Unit

Brussels,
TRADE/G/3

Meeting Report of the Market Access Working Group on Alcoholic Beverages held on 22 January 2013, in Brussels

Participants:

COM: DG TRADE, DG AGRI, DG ENTR, DG TAXUD, DG ELARG.

INDUSTRY: CEEV, spiritsEurope, The Brewers of Europe, Brown-Forman, WSTA, Moët Hennessy, Rémy Cointreau, Bacardi Martini, FEVS, FEV, DIAGEO, Heineken, Carlsberg Group, AB InBEv, Pernod Ricard.

MEMBER STATES: BE, CZ, DE, ES, FR, HU, IT, PL, RO, SK, UK.

1. Approval of the draft agenda

The agenda was approved.

2. Exchange of views on main trade barriers applied in priority third country markets.

2.1. Russia

[BU] indicated that following the entry into force of Russian Federal Law 218-FZ on 1 July 2012, they were currently concerned with regard to the draft technical regulation (TR) for the safety of alcohol products for the Customs Union (Russia, Kazakhstan, Belarus). They will provide their input in advance of the Commission providing comments through the WTO TBT notification procedure. The new concern is the notification procedure, which seems to be a condition for the release of products to the market and which [BU] believe may be introduced at the level of Russia rather than the Customs Union.

Other concerns include labelling, definitions and GI's. The most important concern for the EU wine industry is the prohibition from using "concentrate must" / "rectified concentrated must" for the production of wine and if not amended, certain EU wines would have to be relabelled as wine products. They also had an issue with vermouth consistency.

Also, in addition to the existing excessive customs guarantee raised previously by the Commission with Russia, EU industry was now being requested to lodge a second guarantee related to transportation. [BU] requested any feedback from the December 2012 EU-Russia summit.

[BU] raised their concerns with regard to beer definition. The CU Technical Regulation contains a better minimum malt content requirement (50%) than the Russian Federal Law (80%). However, concerns remain with regard to Kazakhstan not yet having confirmed agreement with the exclusion of beer from the ban on the use of PET packaging, the prohibition to use certain flavourings and restrictions on the amount of sugar allowed. [BU] also raised concerns about health warnings, which should cover 20% of the label and be in 3 languages, as well as alcohol content requirements.

The Commission indicated that Commissioner De Gucht had written to Deputy PM Shuvalov on the beer malt content issue. Furthermore, a Working Group had been set up with the Russian authorities (FSR) to discuss alcoholic beverage concerns and COM was open to hold a dedicated meeting with Industry in advance. With regard to the TBT notification, COM intends to submit comments within the 60 day deadline. COM also indicated any comments received in writing from Member States would be taken into account.

[MS] supported action.

[MS] sought any feedback from the EU-RUS summit to which COM responded the summit had been very short, so not raised.

[MS]raised concerns about beer definition, [MS] raised the vermouth issue and [MS] stressed all types of enrichment were problematic and not just grape must.

2.2. China

[BU] informed the Working Group that the technical file on additives for wine, aiming at extending the Chinese list of additives that can be used in wine, was submitted by OIV but not accepted by China on the grounds that governmental bodies are not permitted to be applicants. [BU] further indicated that submission by Member States' embassies in China were also not allowed although [deletion] [deletion]

[BU] reiterated the problem of Chinese methanol limits which are too restrictive for some spirit drinks. COM responded that the issue would be discussed on 24 January with the Chinese authorities.

In addition, there would be an Economic and Trade Working Group with China on 11 March, where these issues could be raised as a follow-up if necessary.

Industry also highlighted that MOFCOM is preparing draft measures for the administration of alcohol circulation, and had carried out a public consultation. [BU] and [BU] had submitted comments in December 2012, in which they had requested China to add language on the protection of, and prohibition of tampering with lot codes; additionally, there was a need for clarification on how

these measures would interact with existing import controls carried out by the Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), and on the definition of 'bulk'. Finally, industry had requested China to notify these measures to the TBT Committee.

COM agreed that, on a preliminary reading, [deletion
.] The concerns expressed by industry would be taken into account, should the EU decide to send comments on the TBT notification; however, [deletion

]
[deletion
]

2.3. Thailand

[BU] indicated some progress has been made, as in August 2012, Thailand had halved the discrimination between mixed spirits and brown spirits, reduced the discrimination against imported white spirits and partially addressed differential licence fee costs. Industry thanked COM in Brussels and Bangkok for their respective actions in this regard and sought feedback on whether the expected FTA negotiations may provide an opportunity to obtain further improvements.

The Commission indicated that the prospective FTA would be on the agenda of the Thai parliament on 29 January 2013. The Commission planned to launch procedures for the FTA with the Council in the TPC soon. Commissioner De Gucht would meet his Thai counterpart during regional meetings in March 2013 and the Commission hoped to be able to formally launch negotiations in spring 2013.

The Commission indicated it would continue to support Industry on the issue.

[deletion
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FR supported COM action indicating it was important to support EU exports given competition from Australia and New Zealand.

2.4. Turkey

With regard to excise taxes, [BU] stressed the importance of Turkey sticking to the timescale in the Action Plan to reduce discrimination once more in 2015 and to remove it totally by 2018.

They indicated that although market access had been complicated in the past, there had recently been some improvements with the new pre-notification regime which Industry was monitoring.

A recent development was that Turkish inspectors were going to travel to EU Member States to check production facilities, suggesting Turkey would not rely on EU certification. In theory EU producers which had been checked would face less

sampling controls at the border. In addition, [BU] would like Turkey to introduce stricter requirements for authentication certificates.

Other market access concerns such as the ban on ready-to-drink products and bulk imports remain. Industry awaits the new strip stamp regime and will monitor its implementation. [deletion]

[BU] informed the Working Group of concerns arising from the fact that the Tobacco and Alcohol Board would be abolished. Furthermore, they indicated that there would be a new company to administer the fiscal stamp system in Turkey. The fees for fiscal stamps for beer had increased but discrimination had not been removed. [deletion]

[deletion]

.] Turkey's interpretation of the Action Plan is not satisfactory but it is better than full non-compliance by the Turkish authorities.

On Customs Union evaluation, things are advancing with the World Bank and Industry's comments would be transmitted to concerned colleagues.

[deletion]

The Commission further informed industry that it had submitted comments to Turkey on Turkey's draft Regulation on Procedures and Principles for alcoholic beverages production and trade, taking Industry's input into account. The Commission's comments focussed on conformity assessment procedures such as the certificate of suitability for distribution and prohibitions to market certain products, the descriptions of production methods on the basis of definitions not in line with EU legislation and GI's.

With regard to beer, the Commission said they had received feedback from Turkey during the Customs Union Joint Committee that the discrimination with regard to the prices of coded beer labels would be removed, the possibility to apply tax stamps in free zones/bonded warehouses was provided for in regulation (Turkey undertook to provide the reference) and Turkey did not have plans to introduce a 0% ad valorem duty for beer in line with spirits.

[deletion]

3. Follow up on other market access issues

3.1 Ukraine

[BU] indicated that there had been a ban on using trade marks on promotional materials in force since September 2012. They considered the

restrictions were more stringent for alcoholic beverages than for tobacco and that this would breach their IP rights.

In addition, they were awaiting implementation of a new fiscal stamp regime in Ukraine and a 12 month transition period following entry into force would be important. There was a potential problem with the legislation as it indicates stamps may only be applied on production lines and as they are currently applied in UKR this would mean having to re-export bottles to comply.

[BU] raised concerns with regard to advertising which were akin to a ban and special taxes on wholesale distribution of beer and wine. They also raised concerns with regard to problematic pricing of hops. COM would need further information.

COM responded that [deletion

]

[deletion
]

However, COM is prepared to raise specific aspects in the IP dialogue to take place on 24 April.

On the TBT side, when COM requested UKR to notify the measure through the WTO TBT procedure, they refused on the basis that the measure does not significantly affect trade. COM has made a second notification request to UKR but to date has not received a reply [deletion]

With regard to the fiscal stamp issue, COM requested Industry to send them the legislation.

COM also referred to the possibility of raising issues in an upcoming meeting with Ukraine in the context of the Partnership and Cooperation Agreement.

[] supported [BU] concerns.

3.2. Vietnam

On Vietnam, Industry recalled recent positive developments, i.e. recall of Notice 197 on import restrictions for alcoholic drinks, cosmetics and mobile phones, and elimination of the problematic requirement to affix tax stamps at origin, which had initially been included in the draft Decree on alcohol production and trading. The Decree had been adopted on 12 November 2012 as Decree 94/2012 and was applicable as of 1 January 2013. However, Industry continued to be concerned with the licensing requirements in the Decree, which appeared to be inconsistent with Vietnam's GATS obligations. Industry informed that it was currently preparing an assessment of the document's compatibility with WTO rules (e.g. GATT, GATS) and would share it with COM once ready.

COM briefly presented the recall of Notice 197, which had come as a result of sustained pressure on Vietnam at technical and political level by the EU and other major trade partners (US, AUS, NZL, CAN etc.). However, one element of the Notice (importation only through international border gates) had been taken over for alcoholic drinks in Decree 94. COM therefore asked Industry to [deletion] On Decree 94, COM recalled that it had raised the issue in the November 2012 TBT Committee in Geneva, where it had mentioned the licensing problems 'en passant'. COM explained that it was currently reflecting on how to pursue this further with Vietnam, [deletion

]

In the first case, Vietnam should comply with the notification requirements under the Import Licensing Agreement and notify this measure within 60 days of publication, which Vietnam had until then not done. [deletion

]

MS asked which success stories would be discussed in the upcoming Market Access Advisory Committee and COM indicated potentially [deletion]

3.3. Israel

[BU] recalled their concerns regarding the introduction of a labelling scheme which requires the placement of different warning messages depending on the alcohol content of the beverages and which is also more stringent than necessary regarding the placement and characteristics of the labelling.

COM informed the WG that the case had been raised in the last TBT Committee, in November, where ISR had justified the measure on the grounds of public health concerns, and that it was considering raising it again in the next one in March if there were not positive developments. COM informed industry, however, that no new developments were expected until the new Knesset was in place, for which the elections were taking place on that day.

3.4. Philippines

[BU] referred to the implementing guidelines of Act 10351, as signed by the president of the Philippines on 19 December 2012. They considered the main questions to be clarified concerned the definition of the taxable basis (e.g. actual meaning of “suggested net retail price”) and the frequency of tax payments.

COM responded that it was encouraged by the adoption of the recent Philippines law which eliminates all discriminatory elements. This is an important success considering the issue is highly political and long-standing and that the initial drafts of the bill continued to discriminate, de facto, against imported spirits.

[

deletion

]

COM emphasised that it relies on Industry to provide detailed feedback on the operation of the guidelines to enable it to carry out a thorough assessment of the law.

4. New market access issues

4.1. Ecuador

[BU] raised two different concerns, firstly that of tariffs exceeding the bound rates and secondly, the allegedly discriminatory excise taxes.

COM confirmed to the Working Group that Ecuador had issued a number of new import restrictive measures, including tariff increases and had changed its ad-valorem (AV) tariff system into a mixed (AV and specific) system, notably affecting alcoholic beverages, without WTO notification and without presenting a clear method for the calculation of equivalence. This leads, as indicated by Industry, to exceeding bound rates notably for alcoholic beverages.

In bilateral contact in Quito and in the November WTO Council for Trade in Goods (26/11), COM insisted that Ecuador (i) notifies its measures to the WTO under GATT Article II.3; (ii) presents a clear method for the calculation of equivalence; (iii) amends tariffs when exceeding WTO bound rates. [deletion].

The second issue presented by Industry related to the new threshold (2.7 USD/bottle) set for an additional 75% excise tax, which they alleged would, de facto, apply to imported bottles as local bottles are probably below 2.7 USD/bottle.

COM indicated both issues were again recently discussed with the ECU Delegation in Brussels and as a result new action will be taken in Quito.

[BU] and the [BU] confirmed that exports of alcoholic beverages to Ecuador substantially decreased as a result of the combined effects of the above-mentioned changes to WTO bound-rate levels and the higher excise taxes.

MS asked COM to comment on the elements of WTO incompatibility of the cases and [deletion].

4.2. ECOWAS

[BU] raised concerns about a potential increase in tariffs on alcoholic beverages to 35% under the proposed ECOWAS CET (currently, many countries apply 20%).

COM pointed out that the CET has still not been defined and that in fact the latest proposal, currently debated, puts all of heading 2208 under 20% duty[deletion

]. COM has for now done what it can to prevent the tariffs from rising, now we must wait to see how the CET will actually be defined.

[BU] further indicated that they were [deletion]

COM informed participants that [deletion]

]

4.3. Nigeria

[BU] explained that it considered the Nigerian sampling requirements (number of samples to be provided) to be excessive. The concern was shared for information only – a solution is expected sometime in the spring; the group agreed to [deletion]

4.4. Kenya

[BU] recalled their concerns on Kenya's Alcohol Bill and referred to the recent notification of a new text, which still required some clarifications.

COM replied that the latest notification was being analysed and [deletion]

]

4.5. Albania

[BU]/[BU] indicated that the fiscal stamp system in Albania is posing challenges to exporters. For example there are practical problems relating to the requirement for pre-payment, delays in receiving stamps, application of stamps in the production/packaging chain, additional transport and insurance costs and import controls. These challenges put exporters at a disadvantage in relation to local producers who can use ink printing machines supplied by SIPCA.

Furthermore, industry representatives pointed to technical aspects of the fiscal stamp system such as poor supply and quality of stamps which result in additional costs to exporters. They also pointed out that the stamp system is open to counterfeiting.

EU exporters seek a proportionate solution because with the present stamp system, they are bearing higher costs than domestic producers.

In response to a query from COM, Industry considered the possibility of applying ink marks in fiscal/customs warehouses would not be interesting, as there would be associated costs relating to unpacking and repacking of products. Industry indicated

they would prefer a solution involving installation of ink printers on EU exporters' production lines although the feasibility and costs were not known.

Representatives of EU exporters agreed to provide information to COM on their contacts with the local authorities in this regard so that COM could consider possible follow-up.



EUROPEAN COMMISSION

Directorate-General for Trade
Directorate G – Trade Strategy and Analysis, Market Access
Market Access, Industry, Energy and Raw Materials

Brussels, 20 February 2012

TRADE/G/3

Report of the meeting of the Market Access Working Group on Cars and Car parts and Market Access Working Group on Tyres Brussels, 9 February 2012

Chair: Market Access , Industry, Energy and Raw Materials Unit, DG TRADE G3

Participants:

- **COM: DG Trade, DG ENTR, EU DEL in South Korea, China and Indonesia**
- **EU Member States: BE, CZ, ES, FR, IT, HU, PL, SK, UK**
- **EU Business associations: ACEA, CLEPA , ETRMA plus a dozen company representatives**

South Korea

[BU] presented the list of **pending issues under the FTA** ahead of the Motor Vehicles Working Group meeting planned with Korea for the week commencing 12th March. DEL informed that trade statistics from last 6 months show that exports are increasing from both the EU and Korea. It's to some extent due to the FTA. More detailed discussions took place between COM, DEL and [BU] with a view to identify the priority issues to raise in the FTA working group. Those covered inter [deletion

] [BU] also expressed concerns about component marking (WTO TBT notification 342).

COM concluded that it would be important to hold detailed meetings with Industry in advance of the **MAWG in Korea** to discuss priority issues and indicated the following preliminary list: [deletion

] and stressed the need for further feedback from Industry ([BU BU).

China

EU DEL informed about the new **Foreign Investment Catalogue**, pointing out that cars manufacturing in general was deleted from the "encouraged" category. However the new catalogue now encouraged investment into New vehicles equipment, without investment restrictions - except for batteries, for which the 50% capital limit was kept. [deletion] DEL

informed also that the long-awaited "Energy-saving and New Energy Vehicles Plan" is likely to be issued in March.

COM then informed about the state-of-play of **our discussions on investment with China** and the expectations from the EU China summit. In particular, COM stressed that with respect to the work on the impact assessment for a potential agreement, inputs from industry were welcomed. [deletion

]

[BU] reiterated concern about 50% threshold on batteries and reported that some key products (air-conditioning, braking, power steering systems) were still problematic, together with the investment prohibition in the electrical machinery and equipment sector.

DEL reported on the **CO2 Phase III** regulation: MIIT decided to postpone the administrative rules implementation until 2015 (the message was conveyed to all car makers in China in a special meeting). The new requirements would be voluntary as from June and accompanied by a monitoring measure (manufacturers will have to report on volumes sales and average consumption per car model with the aim to be potentially named-and-shamed if they were not coping with the voluntary limits). [deletion

]

On the request of [BU], COM debriefed on the **WTO Appellate Body ruling on Chinese restrictions** to exports of certain raw materials. Asked about the consequences for other raw materials, COM informed it was monitoring the situation on other export restrictions and working closely with other interested partners to assess further action.

[BU] acknowledged reception of latest version of the **Expert Round Table** agenda and pointed out main concern related to bottleneck of laboratories. DEL stressed that event was difficult to organise but that in the end MIIT showed great willingness to cooperate now and in the future by envisaging the organization of similar events on an annual basis.

Russia

COM gave an update on **Russia's accession process**, and informed that Russia would most probably use all the time it was imparted to ratify the deal, meaning an official entry into the organisation by end of August 2012. [BU] asked for clarification on how accession would relate to the customs union - COM answered that all the commitments that Russia was taking on will have to be taken-up fully by the CU, in the common areas of competence. On [BU]'s question on tariffs, COM replied they would be brought to the pre-crisis levels or lower upon WTO accession and further liberalised in a period of 2 to 7 years, depending on particular tariff lines.

COM reported on the **compensation mechanism for car parts**. The current Russian investment policy in the car sector (which is incompatible with WTO rules) will lapse in 2018. From now till 2018, the bilateral agreement concerning the compensation mechanism with Russia will be operated. COM will be monitoring the situation in

exports of car parts from the EU to Russia (with the possible triggering of the mechanism).

[BU] welcomed the agreement and asked about the **list of duty free products** and the monitoring of trade stats. COM replied that concerning the list of components, the free import regime will be applied to the ones mentioned in the bilateral agreement, while the rest will remain under the MFN regime. COM will ask Russia to provide for their statistics on a monthly basis, which will still be checked against EU statistics. [deletion] COM clarified as well on the **post-2018 regime**: there will be no exceptions to TRIMS for Russia as from 1st of July 2018, and follow-up provisions put in place by the Russian authorities will have to be WTO compatible.

[BU] expressed concerns that current problems with Russia related to the implementation of UNECE Regulation 117 concerning noise requirement will have an impact on its implementation by the CU due to different timing of enforcement. COM confirmed that both Russia and CU legislation will be based in UNECE 1958 Agreement. The next bilateral meeting of the Automotive Group dealing also with CU will be held in Moscow in April. [BU] to liaise directly with COM before that event.

Brazil

COM debriefed on the state of play in relation to the **industrial tax (IPI)** on the sales of automotive vehicles, which entered into force on 15 December 2011. [deletion]

COM informed it raised this topic in bilateral and multilateral meetings and included it in the Trade and Investment Barriers Report (TIBR) for the European Council. EU industry should liaise with the EU Delegation in Brasilia and keep DG Trade informed about any related issue. Participants underlined the importance of the intended duration of the measure, and the fact that this should be factoring in in evaluating future action by the EU. Participants requested in general a strong stance by the Commission [MS] emphasized need for WTO litigation if issue remains unsolved by current means).

Argentina

COM reported on **increasing import restrictions** and on the lack of progress after bilateral and multilateral interventions. With regard to non-automatic import licenses, alliance building with other WTO members continues and the issue will be on the agenda of the next WTO Council on Trade in Goods in March. COM gave details of the new "**sworn importer declaration**" system for the importation of all products, introduced with Resolution 3252/2011, which is in force since 1 February. The system seems not to be WTO compatible and is used as an import control. Participants reiterated the need for a strong Commission action against Argentina's import restrictions, encompassing possibly WTO litigation ([MS]).

Indonesia

In relation to **SNI marking requirements**, DEL confirmed that according to the current draft regulation embossing is still foreseen but is not mandatory. It can be replaced by a permanent stamping of SNI logo on the tyre which is an operation which has the great advantage that it can be done in Indonesia (contrary to embossing). Concerns remain

about the testing issue since testing abroad will not be allowed anymore. Industry ([BU]), acknowledges the "good deal" about embossing but also questions capacity of Indonesian laboratories to avoid bottlenecks in what regards testing since a huge investment will be needed.

Industry ([BU]) acknowledged that **recent legislation requiring pre-shipment inspection** is a practice used in other countries, but in this case it seems to be a measure which is not creating a level playing field and is likely to create bottlenecks. It will be important to have further information about who will be in charge, the procedure to be followed and the cost. [deletion

] . EU industry is concerned by the cost and the delays of implementation. DEL has requested a meeting with Minister of Trade to deal with those issues.

On the question of the **accession of Indonesia to the UNECE 1958 Agreement**, DEL reported that the roadmap of IASIF has been recently updated and that Indonesia is now expected to adhere in June 2012. So far, four UNECE regulations have been implemented and fifteen other are in the pipeline. DEL will continue to follow up this matter closely. Industry ([BU]) is of the opinion that appropriate visibility should be given to the date of June 2012 for accession of Indonesia to UNECE in order to accelerate entering of other countries.

ARISE, the **successor program to APRIS II** will be instrumental for preparing other ASEAN countries to access UNECE. The Financing Agreement of 15 million euro has been signed by the end of last year and the tender procedure for recruitment of technical assistance has recently been launched, but consultants are not expected to be in place before early 2013.

India

COM reported on the status of **FTA negotiations on certain issues**. [deletion

] COM held several meetings beginning of February in Delhi, some of them attended by EU Industry representatives. [deletion

]

On the issue of the Indian **Quality Control Order**, COM reported that discussions in India beginning of February did not bring much progress either. From the outstanding points only the question of the removal of the prohibition of selling IS marked tyres outside the Indian market (point 6.3 of BIS licence) has recently been solved. [deletion

] [BU] welcomed the good news about point 6.3 of BIS licence but would like to have confirmation in writing. [deletion

.]

FOLLOW UP ACTIONS

KOREA

- COM will liaise with industry representatives ahead of the Motor Vehicles Working Group and will report afterwards

CHINA

- [deletion
.] Early
warning vigilance with regard to announced draft legislations (especially on New Energy vehicles).

RUSSIA

- [BU] will liaise directly with COM ahead of the next meeting of the Automotive Group dealing also with CU, to be held in Moscow in April 2012.

BRAZIL

- COM still expects reactions on the application of the IPI tax [deletion
]

ARGENTINA

- COM will liaise with industry on the implementation of new import measures - industry to provide more feedback on effects on trade flows. [deletion
]

INDONESIA

- [deletion
]. DEL will also continue to closely follow up
on the question of Indonesian accession to the UNECE 1958 Agreement

INDIA

- [deletion
]



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate G – Trade Strategy and Analysis, Market Access

Market Access, Industry, Energy and Raw Materials

Brussels, 27 September 2012

TRADE/G/3

Report of the meeting of the Market Access Working Group on Cars and Car parts Brussels, 13 September 2012

Chair: Market Access, Industry, Energy and Raw Materials Unit, DG TRADE G3

Participants:

- **COM: DG TRADE, DG ENTR, EU DELs in South Korea, China.**
- **EU Member States: BE, CZ, ES, FR, IT, HU, PL, SK, UK, DE, RO**
- **EU Industry: ACEA, CLEPA, ESCA, 9 companies**

South Korea

[BU] and [BU] expressed their concerns about the lack of written feedback following the last **Working Group with Korea on Automotive NTBs**, which they considered unacceptable after one year of functioning of the FTA. This stance was echoed by companies, as well, as the uncertainty made business decisions impossible. COM noted this message and confirmed the irritation was well understood. COM is working with Korea to agree on the Joint conclusions and their publicity, in order to be in a position to share further detail with EU industry.

[deletion]

] [BU] and Industry participants stressed that the Commission should press Korea not to abolish the table.

[BU] stressed the importance of COM addressing the marking and registration requirements with regard to car parts, laid down in TBT Notification KOR 342, COM responded that it had written to Korea in this regard in March 2012 and had subsequently raised the issue in the Automotives and parts Working Group. [deletion]

China

[BU] reiterated its concern about the **Foreign Investment Catalogue** [deletion]

deletion

]. In addition to that, the "dual validation" requirement of any project was yet another burden for foreign players. [BU] confirmed the existence of such practice.

COM responded the issue was being raised each time in bilateral talks, and that so far there has been no movement in the investment field (beyond a recent official consultation on FDIs outside China). COM then provided an update on the **discussions on investment with China**. [deletion

] . [MS] stressed at this point that we should equally focus on market access provisions.[MS] pointed that while investment was important, problems with standards conformity, which seriously affected smaller players, were not to be forgotten.

Regarding **E-vehicles policy**, [BU] informed also that the long-awaited "Energy-saving and New Energy Vehicles Plan" was released but that it was quite a broad document, [deletion

]. Implementing regulations have now to be monitored.

[BU] reported on the **CO2 Phase III** regulation: MIIT was deciding on specific targets to be implemented by 2015 and introduced, as foreseen, a reporting mechanism. Industry discussed at length with the Chinese authorities on what and on which basis manufacturers had to report. [deletion

]. The penalties system (to be enacted from 2015) was also a remaining issue, and industry and COM are to use the time ahead to work on that with MIIT. The possibility of "fleets pooling" remained also opened for now.

COM updated also on **regulatory dialogues** with China – it is planned to hold plenary meetings with MIIT and Aqsiq on 25-26 October, and follow-up with expert round tables with the administration and industry in January 2013.

Russia

COM gathered reactions from participants about the first weeks of **Russia's WTO membership**. A majority of them raised the issue of the new recycling fee, and called for EU action. [BU] gave a presentation about the scheme, and informed that similar provisions were in preparation in Ukraine. [BU] also informed about the outcome of the roundtable organized the week before in Moscow with the industry about the scheme, where a new question mark regarding rebuilt cars (chassis imports) arised – feedback will be sent to COM. [MS]pointed that Russia should have notified the whole scheme to the WTO. This will be checked by COM.

[BU] raised the issue of **additional customs fees** necessary to facilitate the transfer of vehicles or to facilitate customs clearance. [deletion

]

ASEAN

COM gave an overview of the current state of play of the EU's engagement in the region, where on-going or future FTA negotiations could contribute to solve current market access barriers. A discussion followed regarding various details of the negotiations, as well as the Automotive Policy in Malaysia. COM will follow-up on the specific questions that were asked.

Brazil

[BU] raised the problem of ever **burdensome marking obligations** for companies [deletion] and INMETRO legislation. [BU] also pointed out that to avoid divergent regulatory policy, it was essential Brazil participated to the UNECE process in Geneva, even not being a contracting party. The state of play of Brazil's TBT notifications was also discussed.

COM also recalled it was closely monitoring the **new automotive regime INOVAR-AUTO** that will apply from 2013 to 2017. It appears that the new regime will maintain a discriminatory application of the IPI tax favouring locally-produced vehicles compared to imported ones. [deletion]. COM gave an overview of the recent actions carried out with the Brazilian authorities, including at Commissioner level. [deletion]

]

Argentina

COM updated on the WTO process regarding **import restrictions**. [deletion]. COM invited to provide specific evidence elements. [BU] acknowledged it would check with its members accordingly.

Colombia

[BU] informed about the new attempts by the authorities to introduce **biofuels blending requirements**, which could turn to be a serious burden. Manufacturers are currently able to meet B-7 and E-10 requirements, while B-20 and E-20 blend levels are being considered. [deletion]. COM took good note, and pointed that Colombia's commitments further to the FTA concerned only ethanol blends, [deletion]

Regarding regulatory matters, [BU] pointed also to the need to bring Columbia on-board the UNECE talks in Geneva. COM responded that beyond this goal, we also now had a tool under the FTA in the form of the Sub-commission on TBT matters.

Algeria

[BU] asked for an update on recent changes to tariffs and tariff dismantling schedules under the Association agreement. COM explained the process related to the implementation of changes – the decision has yet to be adopted by the Commission and the Association Council, therefore it is not public yet. COM will stay in contact with industry on this matter, and will follow-up.

Ukraine

[BU] asked for an update on the safeguard investigation by Ukraine. COM responded there was no new developments, and that it would continue pushing on this matter in upcoming bilateral meetings.

FOLLOW UP ACTIONS

KOREA

- COM will continue discussions with Korea to agree on a Joint Meeting Report from the Working Group on Autos and Parts, with a view to providing feedback to industry. COM will also continue contacts with Korea to persuade them not to abolish Table 4 and to address the marking and registration requirements in the KOR 342 legislation concerning car parts.

CHINA

- [deletion]. Early warning vigilance with regard to announced implementing regulations on New Energy vehicles, as well as CO2 phase III.

RUSSIA

- [deletion]. COM to check on Russia's notification obligation.

ASEAN

- COM to follow-up on the specific questions that were asked.

BRAZIL

- [deletion]. COM will also forward to industry the pertaining legal acts regarding the new IPI tax scheme. Industry to feed back on related threats/complaints/interests.

ARGENTINA

- Industry to check on additional evidence.

COLOMBIA

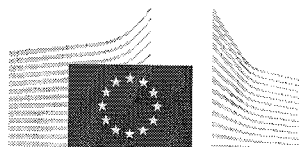
- COM to inform industry of any developments and [deletion]

ALGERIA

- COM to liaise with industry on foreseen changes to scheduling.

UKRAINE

- COM to inform of any future developments regarding the safeguard investigation.



EUROPEAN COMMISSION

Directorate-General for Trade
Directorate G - Trade Strategy and Analysis, Market Access
Market Access, Industry, Energy and Raw Materials

Brussels, 11 January 2013
TRADE/G/3

Report of the meeting of the Market Access Working Group on Cars, Car parts and Systems Wednesday 19 December 2012, 9:00 – 13:00

Chair: Market Access, Industry, Energy and Raw Materials Unit, DG TRADE G3

Participants:

- **COM: DG TRADE, DG ENTR, EU DELs in South Korea, China**
- **EU Member States: ES, FR, IT, HU, LT, PL, SK, UK**
- **EU Industry: ACEA, CLEPA, EuroBat, ESCA, 9 companies**

South Korea

[BU] confirmed that table 4 is apparently to be maintained and that the radio-frequency issue (opening up of 24 GHz waveband) has been solved as confirmed by Korean officials. [BU] and [BU] however reiterated that [deletion deletion].]They insisted Korea should accept UN test reports and marking, as a sign of compliance with the 1958 Agreement.

COM assured Industry that the certification issue has been raised at Ministerial level. [deletion

] DEL informed that the Korean authorities (MOT) are now arguing that the parts regulation was adopted before the entry into force of the FTA and therefore they will not be flexible. [deletion

.]

[BU] opposed a "sticker" option, as not being a sustainable solution. [BU] would have to look into it. They considered it important to insist on UN marking and certification system, as

one of the key issues is the different design of car components. COM explained that the Korean provisions on marking are not included in Table 1 and therefore Korea considers compliance with UNECE marking requirements does not give equivalence to Korean marking requirements. [deletion

] COM considered this as new information and contrary to our understanding with MOFAT. DEL could check this aspect with the Korean authorities locally.

[BU] indicated that the FTA tables should be adapted as legislation is adopted. Additionally [BU] raised the issue of vehicle categorization being different in UNECE regulations and Korean regulations which meant additional testing for e.g. occupant crash protection/frontal collision test for vans. COM would require further detail.

[deletion

] DEL also drew attention to the fact that the EC standards for Towing hooks and windscreen wipers had been updated in the EC and now had a new and different regulation number than included in the equivalence table in Annex 2-C. DEL also reminded participants that truck tractors had been inadvertently omitted from the scope of Annex 2C of the FTA.

[MS] supported follow up action on the problems mentioned [deletion

]

China

COM debriefed on latest **regulatory dialogues** with China (MIIT and AQSIQ). Both dialogues do not work at the same pace. [deletion

]. However the AQSIQ has repeatedly confirmed its interest in the dialogue. There are no meetings scheduled for the next months. In the last meeting (October 2013) two important issues were addressed: product re-calls and the approach to market surveillance (new system in China that seems close to the EU system); and the certification issue. [deletion

]

Regarding CCC, China intends to revise the scheme in order to simplify it. On 13 March 2013, a CCC Conference will provide the arena for the revision of CCC rules. Industry will be able to comment on the latter.

[deletion] The agenda has been focused on energy efficiency and measurement methods, as well as on e-vehicles strategy and safety issues. COM pointed that China has decided, for the first time, to sponsor and co-chair Working

Groups created under the 1998 Agreement (on e-vehicles safety and emissions). The Working Group with MIIT and a series of seminars on these subjects will take place in the week of 15 January, in Beijing.

[BU] acknowledged cooperation was going in the right direction in certain fields but compliance is still an issue, and China should become contracting party of the 1958 Agreement.

[deletion], raised the issue of CO2 Phase III rules, and compliance with the thresholds, which are too ambitious [deletion] Notably the fines foreseen would be extremely punitive. [BU] recognized its support [deletion], though it confirmed the latter have [deletion]. [BU] gave a state of play of the situation (which has not changed much since the last WG) - companies are now in the reporting stage. Further implementing acts are to be issued and many elements will have to be settled: pooling, credits attribution and accumulation. These issues were raised with MIIT but no drafts are yet known.

Russia

COM debriefed on the state of play of the **recycling fee** issue. No progress was made so far. COM was therefore continuing assessing all options, [deletion]

Regarding **car bodies' imports**, Russia had still not agreed to correctly implement levels of import duties (change of ad valorem tariff into mixed tariffs which results in their effective increase), while agreement has been reached on all other goods. One of the key aspects of the problem is the lack of flexibility on applying a correct definition of a car body by Russia. COM pointed that DG Taxud has confirmed the difference between a car and car bodies. Russia should apply the international definition of car bodies.

MS inquired about the details of the talks with Russia on duties. COM answered that this topic will be discussed in the TPC on the same day of the WG.

On the issue of **customs headings change and duty change**, [BU] will provide more info on the components concerned.

[BU] inquired about the importance and relevance of the **Customs Union** with Belarus and Kazakhstan. COM informed that the Customs Union should be treated as a separate entity; the EU does not have any formal contact at government level with the Customs Union on our trade matters with Russia.

[BU] complained that Russia is allegedly not recognizing **EU certificates for Customs handling**, and asks for GOST certificates instead, which is against its UNECE commitments. [deletion]

Ukraine

COM elaborated on the possibility by Ukraine to adopt a **recycling fee**: a draft law discriminating imported cars in favour of domestically produced ones by means of fees and subsidization has been submitted in draft form to the Ukrainian Parliament for a second reading. The recycling fees would be particularly high and supposed to be applied also to the domestic car production. The draft law has not been adopted however, and its fate is now uncertain. COM will keep on monitoring the situation.

COM gave an update regarding the **Art. XXVIII request**. Ukraine still insists on a renegotiation of the WTO deal for 320 products, [deletion]. The EU might suffer considerable losses as €2bln of EU exports would be affected. The car sector would be particularly touched, since cars represent a third of EU exports to Ukraine. [deletion] to withdraw the proposal. In case this action fails, negotiations will have to be opened. The issue will be raised at the summit scheduled for 25 February 2013.

COM also elaborated on an **increase of applied duties** on 131 tariff lines as of 1 January 2013. Some car components were among the goods concerned, and COM will provide information on which lines are at stake. The move is within Ukraine's WTO bound rates limit hence it is legal. EU has however made it clear to Ukraine that such action went against the spirit of the negotiated DCFTA.

COM reiterated that the issue of a possible **safeguard inquiry** seems dormant for now, despite the fact that this was not formally confirmed by Ukraine. COM will continue monitoring.

[MS] inquired about the possible negotiation of **Ukraine's membership in the regional Customs Union**. [deletion]

]. A meeting between President Yanukovich and Mr Putin to discuss this issue has been postponed. [

deletion

]

Brazil

COM updated on the situation regarding **new technical regulations and certification procedures** from Inmetro. On 26 November 2012, COM met Inmetro officials at the fringes of the TBT Committee. The aim was to discuss the recent Brazilian trend to implement a domestic system of technical regulations and certification and marking procedures for automotive products in Brazil which is burdensome for industry. In the past, UNECE-certified and marked products would be accepted in Brazil without additional testing, marking or certification. [

]

Brazil's technical requirements are often similar to EU ones. COM also encouraged Brazil to reduce procedural burden as a first step (e.g. reliance on UNECE audits or subcontracting audits instead of Inmetro auditing; extension of validity of certificates; acceptance of stickers against engraving; acceptance of EU's laboratories test results).

[MS] underlined the need to address the issue urgently and perhaps more formally.

[BU] expressed its concerns about [deletion]. There is still no clarity as to the necessity to [deletion] (contradictory messages received from Brazil). In addition the timing for implementation is not realistic as tests take 3 months to be carried out.

COM recalled the importance of getting more foreign laboratories accredited by Brazilian authorities to carry out conformity assessment procedures. Stakeholders should play a role in that.

[BU] informed that, along with [BU], they have written to Inmetro but they have not got any answer so far. [deletion]

]

Regarding the **IPI tax regime**, COM presented once again the key elements of the new scheme and underlined its capacity to restrict exports of cars and parts from Europe. COM also pointed to the fact that the regime is a Brazilian initiative and it operates outside the Mercosur framework. However, the system is in fact creating tailor-made exceptions for Mercosur partners and Mexico, which will export cars to Brazil at a lower IPI rates. Brazil seems to have deliberately created a differentiated system. COM invited participants to share their views on these measures.

[deletion]

]

[deletion]

[MS] stressed the Brazilian measures were clearly protectionist and decisive WTO action should follow.

Argentina

COM updated on the state of play of the recently launched **WTO case on import restrictions**. [deletion]. Therefore the EU had to request the establishment of a dispute settlement panel together with Japan and US, [deletion]. After Argentina has rejected the panel's establishment at the previous DSB meeting, the next DSB meeting will have to carry out this formality. A panel will be officially composed.

Colombia

COM elaborated on Colombia's **biofuel use scheme**, after a meeting was held between EU and [BU] on one hand, and representatives of Colombia's biofuel industry and government on the other. Views were exchanged on the issue of acceptable biofuel level in fuel mixes, as they might be increased under local industry's pressure. The current legislation notified by Colombia and accepted by the EU targets the fuel mix at 10%. Colombian industry suggests the performance levels of various biofuel blends remain equal, however EU industry maintained its position that the rapid pace of increase of the bio part damages cars performance. [deletion]

[deletion]. As a follow-up to the meeting, [BU] will write a letter raising its concerns over the current level of fuel quality, availability of fuel blends for the existing fleet in the coming years, and need for a reduced pace of possible biofuel levels increases.

Ecuador

COM informed that Ecuador recently issued a number of new **import-restrictive measures**, including import quotas for vehicles, local content requirements and changes in its ad-valorem (AV) tariff system into a mixed one (AV and specific). This move was not notified to the WTO and no clear method for the calculation of equivalence was presented, while the new levels could lead to exceeding Ecuador's bound rates. Bilaterally and in the November WTO Council for Trade in Goods, COM insisted that Ecuador (i) notifies its measures to the WTO; (ii) presents a clear method for the calculation of equivalence; (iii) amends tariffs where they exceed bound rates; and (iv) immediately revokes the import quotas. [deletion]

]

Japan

COM updated on the situation regarding **upcoming negotiations**. The parliamentary elections brought a change of government. Due to this, the starting moment of the negotiations is uncertain. They could be launched at the next EU-Japan summit, without any negotiating round however, the latter possibly taking place in April. COM pointed that [deletion]

[deletion] Consultations with industries in this regard will remain fundamental.

[BU] inquired about the content of negotiating directives; moreover, it asked about the position of the new party in power towards the FTA with the EU; [BU] stressed its intention to closely follow the negotiations. [BU] reiterated the absolute focus should be on NTB issues and Japan's compliance with the UNECE 1958 Agreement. Tariff negotiations should not take place without progress on NTBs.

COM recalled the mandate is a restricted document and therefore cannot be disclosed in full to the public. However, COM informed that in line with Commissioner De Gucht's announcements, the negotiating directives include a review clause (i.e. a review of progress reached after one year from the launch of the negotiations). The benchmark for the review will be the NTBs roadmap included in the scoping exercise.

[BU] raised the issue of regulations applicable to pyrotechnic devices and asked whether it was part of the negotiation. COM replied that [deletion

deletion

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]]

[BU] also recalled the need to tackle discriminatory taxation on Kei cars.

Egypt

COM informed that Egypt had applied for a suspension of the tariffs dismantling schedule regarding passenger cars starting from 1 January 2013 for a period of two years under the Association Agreement. [deletion

]

[BU] asked about possible implications of this measure for other actors in the region, as well as whether the measure entailed an increase in duties. COM explained that Egypt's proposal does not foresee any duty increase, and that only EU imports can be subject to measures under the Agreement. Despite the overall difficult situation in Egypt, it is still unclear what the real motivation behind this measure is.

FOLLOW UP ACTIONS

KOREA

- DEL to continue checking with the Korean authorities the situation regarding parts certification.
- [deletion]
- [deletion]

CHINA

- [] deletion
- Industry is invited to comment on the the revision of CCC rules.
- Continued vigilance with regard to implementing regulations on CO2 phase III.

RUSSIA

- [] deletion
- [] deletion
- [] deletion

UKRAINE

- COM to keep on monitoring the situation regarding the draft law on a recycling fee.
- COM to provide information on the goods concerned by the increase of duties of 1.1.2013
- COM to inform of any future developments regarding the safeguard investigation.

BRAZIL

- [] deletion
- Regarding the IPI regime, industry is continuously invited to share views and information on the scheme and its consequences.

COLOMBIA

- COM to follow any developments on the biofuels blends legislation. [BU] to write a letter to the Colombian authorities raising its concerns regarding the biofuels policy.

ECUADOR

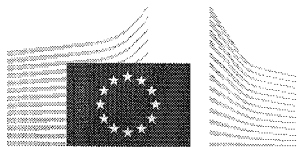
- [deletion

]

EGYPT

- [] deletion

The next meeting is still to be confirmed but it is likely to take place in spring 2013.



EUROPEAN COMMISSION

Directorate-General for Trade
Directorate G - Trade Strategy and Analysis, Market Access
Market Access, Industry, Energy and Raw Materials

Brussels, 14 June 2013

TRADE/G/3

Report of the meeting of the Market Access Working Group on Cars, Car parts and Tyres Thursday, 18 April 2013, 9:00 – 13:00

Chair: Michelangelo Margherita, Unit "Market Access, Industry, Energy and Raw Materials", DG TRADE

Participants:

- **COM: DG TRADE, DG ENTR, EU DELs in South Korea, China, India**
- **EU Member States: BE, LT, ES, FR, CZ, SK, RO, UK, PL, HU, EE, SE, PT.**
- **EU Industry: ACEA, CLEPA, EuroBat, ETRMA, ESCA, VDA, 12 companies**

South Korea

COM debriefed on the mission to Korea, where **consultations** took place with the Ministry of Land Transport and Maritime Affairs (MLTM) on car parts, under Article 9 of Annex 2-C of the FTA, on 20 March 2013. COM had previously raised this issue on a number of occasions, inter alia at Commissioner level, both in writing and during bilateral meetings, with the Korean authorities. [deletion

]

With regard to **sticker application**, [deletion

] As the two parties' positions differed, the Commission delegation had requested the continuation of discussions on this issue. COM is proposing to

hold the next Working Group on Automotives, Parts and Tyres with Korea before summer, although this is still to be agreed with the newly responsible Korean ministry (MOTIE).

[BU] all expressed disappointment that Korea is not keeping to the spirit of the FTA. [BU] emphasised that this relates not only to existing NTBs, but also to new measures arising and that there are systematic problems with the application of Annex 2-C.

[BU] raised three specific concerns: i) car **parts self-certification**, where UNECE type approvals should be accepted; ii) Korea's notification to UNECE that they intend to cease applying **UNECE Regulations 120 to 128**; and iii) Proposed amendments to the **Corporate tax and Income tax** acts which will negatively affect premium cars exports from the EU to Korea.

[BU] also raised the issue of parts certification and concerns that the measure may be extended to other car parts. They also mentioned [deletion

]

Regarding the acceptance of the **E-mark on tyres**, [BU] indicated that although E-mark is accepted in principle, the Korean authorities require completion of a customs form, namely form 23, together with listings of products imported, for all shipments from EU manufacturers. The authorities take about two weeks to validate each form, which slows down transactions. Alternatively, Korea accepts tyres with a KC mark sticker without any problem, but this is a pre-FTA arrangement. [deletion

]

[BU] also raised the Korean **tyre efficiency legislation**, which features cumbersome implementation processes (e.g. 5-months testing period for rolling resistance).

[BU] raised the possible issue of Korea's preference for Type 1 **connectors in e-vehicles**.

COM reassured participants that it was taking firm steps to improve the situation. It was looking at all options with regard to the FTA Annex and [deletion

]

On Korea's notification that they will cease applying UNECE standards 120 to 128, COM responded that this seemed to be contrary to the spirit of the FTA, [deletion

] Korea had indicated they will not apply conformity of production requirements, but they would only have to accept UNECE certificates for standards they are signed up to, which have been subjected to COP testing in the member country concerned, there was no requirement for them to carry out COP tests. As such their stated concern seemed unfounded. Their commitments on UNECE standards 121 and 123 included in the FTA Annex would stand. There had been no recent developments COM was aware of.

[deletion

]

With regard to the corporate and income tax act revision, COM indicated there is a second Korean draft Bill- the Min Bill, with reduced tax deductibility for higher priced cars over 2,000 cc. [deletion

]

With regard to the tyre marking issue, [deletion .]

On the extension of the car parts self-certification system to other products, [deletion]

Regarding the E-vehicle connector, DEL indicated [deletion

]

[BU], backed by [BU] emphasised that [deletion

] At the same time lessons should be taken on board for FTAs such as Japan currently being negotiated.

[MS] stressed the need to be firm and suggested this may be a matter to be raised in the TPC.

Russia

COM updated on the EU action regarding the **recycling fee**, especially on the exchanges of Commissioner De Gucht with his counterpart. The EU was still waiting for the Russian side to react and remove the discriminatory element of the system regarding the fee. Regarding a potential compensation scheme as a follow up to possible levelling of the fee, [deletion

]

[deletion

]

[MS] stressed the seriousness and urgency of the situation [deletion

] [MS] also expressed worries and [deletion

] [MS] also warned against a compensation mechanism which would possibly nullify the effect of the promised changes.

Regarding **certification and customs clearance**, COM informed it has been and would be still raising this issue. COM has received already from [BU] a list of the items subject to customs classification, [deletion]

The fate of the **Customs Union legislation on technical recycling** was also raised. The same legislation had been notified by Russia, and comments had to be issued by end April. [deletion]

Ukraine

COM took position on the problem of application of **safeguard measures** for passenger cars. EU was taken by surprise, as well as other WTO members, despite the rather re-assuring previous contacts with Ukrainian authorities and the lack of signals as to what was coming. The measures entered into force on 16April, and Ukraine had only issued a statement, together with an invitation to enter into meaningful consultations with partners. The latter however was done ex-post, contrarily to WTO obligations regarding safeguards. The EU and other WTO members were now in talks with Ukraine.

[BU] expressed strong concerns regarding the multiplication of problematic issues in Ukraine (duty hikes, safeguard clause, possible discriminatory recycling scheme, possible anti-dumping measures). [deletion]

[MS] and [MS]asked COM to push for a solution.[MS] asked to condemn Ukraine's move [deletion]

[BU] also raised the issue of a **possible recycling fee** scheme, which underwent a 1st reading in the Parliament. COM said that there has been no other news about this draft, [deletion] DEL has been asked to monitor the situation, but no other details seemed available.

COM also provided an update regarding the **Art.28 request**. Ukraine was asked to withdraw it again by several WTO members, as it was not in the spirit of the organisation's rule-making processes. [deletion]

]. Talks were to continue in Geneva.

India

[BU] raised the long-standing problem of **tyres certification**. [deletion] Indeed foreign producers are bound by the use of a guarantee and indemnity bonds, while foreign and domestic producers had to also pay the royalty fee and apply the IS marking (in the case of EU manufacturers it relates however to all tyres exported worldwide).

[MS] backed [MS]'s concerns.

DEL confirmed the bank guarantee concerned only foreign operators, [deletion]

[BU] responded that the marking fee [deletion]

COM explained that it has been raising this issue at all occasions – bilateral meetings with India, as well as recently in the TBT committee [deletion]). [deletion]

COM explained that in that context of defence by India [deletion] COM and [BU] will further liaise on the matter.

China

COM informed about the state of play regarding the **CO2 phase III** implementation. The issue has been discussed by Commission and the Chinese authorities during the preparatory phase, and will continue to be kept in the agenda of the Industrial Policy and Regulatory Dialogue. The draft law on the methodology for calculating fleet targets was notified in the WTO. EU commented on the draft, however [deletion]

An important aspect is however that the calculation method is now clarified, and there is still some time before effective implementation (e.g. on pooling). [BU] added that the debate in the matter has been on-going for years in China, [deletion]

]. Regarding targets, China has yet to gather historical data on consumption. [BU] invited the EU to contemplate sharing its experience regarding the monitoring of CO2 Regulation. [BU] shared its concerns on the possible establishment of a cap target. It also pointed to the fact that the new method does not provide for super-credits use.

Regarding the **CCC scheme**, DEL/COM informed that a [deletion]

].[BU] welcomed the news.

BU asked if there were plans in China for implementation of an **Energy efficiency labelling** scheme. DEL and [BU] stated that currently they were not informed of such an initiative.

Brazil

COM presented the **new automotive strategy** part of the Brazil Maior plan, which now awaits implementation. Several strands are will support this new policy, among others: rules on energy efficiency (including in public tendering or tyres manufacturing), rules on safety of vehicles, measures to boost the car parts industry (aiming openly at protecting the sector from foreign competition), and measures on tyres. COM also updated on the action carried out regarding the current INOVAR-Auto scheme, which included further meetings with the Brazilian authorities, and the EU's intervention at the WTO TRIMS Committee. [deletion

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BU underlined its opposition concerning the Brazilian measure. It noted sales have been dropping last year in the market, and that the level of innovation increase is now nil. Some manufacturers consider withdrawing from investing. BU qualified the measures as unacceptable. BU noted it was difficult to fulfil the requirement of the scheme. Specific arrangements were needed, and it was a complex process to deal each time with the government. [deletion

COM gave an outline of the possible non-compatibility of the measures.

]

As to **Inmetro regulation**, a reply from Brazil was still expected to the EU's last intervention. BU signalled that Inmetro was apparently ready to extend the certification deadline by 1 year for batteries mounted in vehicles, which would be a positive development.

Argentina

COM gave an update of the **WTO case** proceedings: Argentina repealed some of the measures before the Panel establishment, but many remained, and will be covered by the case (including the balancing system). [deletion

]

Israel

BU reported that Israel plan to **regulate EC-marked tyres**, implying the discriminatory application of specific provisions to the latter. There was no opportunity to comment on the draft, as it was not notified. COM explained it requested a notification, but none was received. Another request will be issued. [deletion

]

Subject

Market access working group on medical devices, organised by unit G3, 22 May 2013, 14:30-17:00.

Participants

- DG TRADE: Petros Sourmelis (HoU G3), Jocelyn Guitton (G3), Cristina Vasile (F3), Jane Amilhat (E2), Filip Deraedt (C1)
- DG SANCO: Laurent Selles
- Industry: COCIR [Art. 4.1(b)], EDMA [Art. 4.1(b)], Eucomed [Art. 4.1(b)]
- Member States:
 - Austria: [Art. 4.1(b)]
 - [Art. 4.1(b)]
 - Belgium: [Art. 4.1(b)]
 - Finland: [Art. 4.1(b)]
 - Estonia: [Art. 4.1(b)]
 - France:[Art. 4.1(b)]
 - Hungary: [Art. 4.1(b)]
 - Lithuania: [Art. 4.1(b)]
 - Netherlands: [Art. 4.1(b)]
 - Poland: [Art. 4.1(b)]
 - Sweden: [Art. 4.1(b)]
 - UK : [Art. 4.1(b)]

Discussions summary

1. Introduction

Petros Sourmelis introduced the meeting, reminding that the last Market access working group on medical devices was organised in 2010. Depending on the interest from the industry and the Member states we could do it on a more regular basis in the future. For this meeting, PS indicated that we had decided to focus on four countries, namely China, India, Brazil and Russia, given that these countries appear as the most problematic one.

2. China

On China, the discussions focused mostly on the revision of "Order 276", which is still going through a revision process. No TBT notification seems foreseen. Most concerns from the industry flow from this revision (standardisation, certification, dual certification process between CFDA / AQSIQ). The issue would be raised in June at the TBT Committee with US support.

SANCO debriefed on the latest development related to the Medical Devices Experts Roundtable.

The recent positive development related to the revocation of the requirement of China Compulsory Certification (CCC) to some of the medical device products was welcome. According to Regulations of the People's Republic of China on Certification and Accreditation, Regulations on the Supervision and Administration of Medical Devices, Regulations on China Compulsory Certification, as of the date of

promulgation of this announcement, CCC management shall no longer be implemented on 8 kinds of medical devices which will be charged under Registration and Management of Medical Devices.

3. Brazil

Two topics were discussed in the case of Brazil: ANVISA Good Manufacturing audits and refurbished equipment.

In the case of GMP audits, the discussions confirmed that overseas GMP inspections remain a key concern for the EU industry as in the absence of sufficient resources at ANVISA the backlog entails delays that have not been reduced.

[BU] indicated that delays keep increasing (contrary to information we had received from other sources). [BU] also quoted a company that won a case in court in Brazil, with an injunction to ANVISA to perform the audit within the standard 60 days delay.

[MS] confirmed the increase in delays due to the lack of resources.

CV asked about possible confidentiality agreement signed between Brazil and Member state. [MS] reacted by saying that this should not be a practice to incentivise, as this would create a discrimination in the discrimination. It would be much better to discuss through a single entity. CV indicated that this was simply to check information received in the margins of discussions with Brazil.

IT indicated that we should move beyond WTO procedure and raise the issue at a higher / political level.

In the case of refurbished equipment, the draft resolution (n° 34, June 28th 2011) on "*Used, refurbished, rented and lent medical devices*" is about to be adopted. Import, marketing, commercialization, exchange, donation and sale of used medical devices would be forbidden in Brazilian territory, unless the medical devices have been through a process of reconditioning, according to the criteria established in this Technical Regulation. The main problem is that the Regulation prohibits in addition the importation of medical equipment, reconditioned overseas and whose last place of installation, before reconditioning, was not Brazil.

COCIR confirmed the discrimination concern, and the limited credibility of the environmental argument.

4. India

On India, [BU] raised again the issue related to stents they had already mentioned a few weeks ago, namely the fact the Central Government Health Scheme (CGHS) issued a new memorandum regarding CGHS reimbursement prices for coronary artery stents (both "drug eluting" and "bare metal" stents).

CGHS unilaterally reduced reimbursement prices on these medical devices by, for some categories, about 60%. Although there are domestic producers of coronary artery stents, the majority are imported from both Europe (predominantly Ireland) and the US.

Amongst industry concerns are the fact that (i) these reimbursement price reductions took effect immediately and without any formal advance notice; (ii) there was no prior publication of the proposed changes, or opportunity for affected parties to submit comments; (iii) CGHS has published no rationale or methodology for determining reimbursement prices and/or the level of reductions ; (iv) there is no opportunity for affected parties to challenge or appeal the CGHS decision ; (v) although CGHS has indicated that other medical device product categories are under consideration for similar price revisions,

CGHS has not given any indication of those categories or the methods used in calculating their future reimbursement prices.

Member states made no further comments, neither on this issue not on the other usual concerns (clarity of the legal framework, pricing control, bar codes and shelf life requirements).

5. Russia

The main topic with Russia concerned the Draft Russian Federation Government Resolution “*Imposing Restrictions on the Supply of Medical Devices for State and Municipal Needs*” that is currently going through the legislative process in Russia.

This resolution could ban the purchase of medical devices which are not manufactured in the customs union, unless there is no equivalent medical device available, for all institutions funded partially or entirely through public funds.

JA explained that as this is a matter of public procurement, Russia has no directly binding obligations (as it is not a member of the Government procurement agreement), except through reciprocity commitments to which DG TRADE referred when meeting the Russian authorities in March.

6. FTA discussions

Finally, as several trade associations had asked for it, and although this is not foreseen as one the topics to be discussed in market access working groups, JG quickly debriefed on the latest steps in US and Japan FTA discussions, where medical devices are among the sectors specifically discussed.

EUROPEAN COMMISSION
Directorate-General for Trade
Directorate G – Trade Strategy and Analysis, Market Access
Market Access, Industry, Energy and Raw Materials

Brussels, 30 March 2012
TRADE G.3/BM

WORKING GROUP ON CHEMICALS
BRUSSELS, 15 FEBRUARY 2012

Chair: Madelaine Tuininga (TRADE G.3)

Attendance:

Member States – UK, FR, IT, ES, BE, NL, HU, FI (DE excused)

EU Business: CEFIC, VCI, BASF, Bayer, Dow Europe, ENA, ECPA

COM (DG TRADE, ENTR, TAXUD)

Summary: Well attended and constructive fifth meeting of the WG with good participation from MS and industry. COM gave an overview of the activities of the new unit G.3 following the re-organisation of DG TRADE. Follow-up action will be taken for many of the market access barriers.

1. Approval of the agenda

Upon request of [BU], it was decided to discuss Ukraine – illegal plant protection products after the agenda item Ukraine – customs valuation. The agenda was approved with this modification.

2. Overview of re-organisation DG TRADE and structure of new unit G.3

COM gave an overview of the structure and tasks of the new unit G.3 ("Market access, industry, energy and raw materials") following the re-organisation of DG TRADE. The unit is the result of a merger between the old unit G.1 (market access) and G.2 (industrial sectors) and will include four key areas of activity: (1) market access enforcement and monitoring activities, (2) sectoral policy development, (3) input to trade negotiations and (4) tools to inform MS and business.

As regards the chemical sector, within DG TRADE unit G.3 now combines the management of the Market Access WG Chemicals and market access cases with the overall sectoral responsibility for chemicals.

3. Update on implementation of EU- Korea FTA

COM presented an update of the ongoing implementation of the EU-South Korea FTA, including the continuing set-up of the institutional structure to monitor the FTA implementation. The first meeting of the EU-Korea WG on Chemicals is provisionally scheduled for the end of April. Industry will not be able to participate in the WG meeting, but was invited to provide input by the end of March.

Industry added that economic operators experienced problems to make use of preferences under the EU- Korea FTA for certain products exported to Korea via commercial hubs such as Singapore. COM replied that this issue was related to specific "direct transportation" rules contained in the FTA's Protocol on rules of origin. [deletion

].

4. Thailand – import restrictions on nitrocellulose

[BU] informed that due to the very burdensome and problematic import licensing procedure industry is not in a position to submit an application for an import licence, as suggested by the EU Delegation in Bangkok following a meeting with the Ministry of Defence of Thailand in September 2011.

[BU] encouraged COM and the EU Delegation to take further steps to increase pressure on Thailand to remove the import licensing requirement for industrial nitrocellulose. COM replied that next steps will be discussed with the EU Delegation and informed that the issue has also been raised at the WTO Trade Policy Review of Thailand in November 2011 and would be considered for the agenda of a possible EU-Thailand Trade & Investment WG later this year.

5. Brazil

5.1 Import restrictions on nitrocellulose

[BU] informed that Brazil continues to apply a de-facto import ban for industrial-grade nitrocellulose. COM explained that Brazil showed no movement in its position. There is still no timeline for the work of the Brazilian inter-ministerial study group, despite repeated requests by the EU Delegation. The issue was discussed bilaterally, most recently during the Joint Committee meeting of 2 February 2012. Industry supported the COM approach to raise this at the next Joint Committee meeting envisaged for June 2012, to include it in the Mercosur negotiations and to verify whether it could be raised at the WTO-TBT Committee.

5.2 EU-Brazil IPR Dialogue of 6 December 2011

COM reported on Brazil's progress in modernizing its IPR regime. Brazil is going in the right direction in shortening the processing of patent applications to a maximum of 5 years and to further increase the number of patent examiners. A new patent processing tool will go online in March 2012 and the veto right of ANVISA (the Brazilian National Health Surveillance Agency) in the patenting process has now been removed. COM informed that a second IPR Dialogue with Argentina is envisaged for September 2012 and invited industry to provide relevant information prior to this meeting.

6. Argentina - non-automatic import licenses and new trade restrictions

COM reported about increasing import restrictions in Argentina and explained that none of the bilateral and multilateral interventions had resulted in an improvement of the situation so far. With regard to non-automatic import licenses, alliance building with other WTO members continues and the issue will be on the agenda of the next WTO Council on Trade in Goods in March.

COM explained that the new sworn importer declaration for the importation of all products, introduced with Resolution 3252/2011, is in force since 1 February 2012. An approved import declaration must also be presented in order to transfer foreign currency for the payment of imports. The system is apparently used as an import control tool. Industry supported alliance building with other WTO members against protectionist measures in Argentina. It remarked that not much written evidence is available, but noted that reduced imports, published agreements with the government to balance imports with exports or investments could also be valid indications for protectionist measures. COM encouraged business to continue to provide relevant information on a regular basis.

7. Malaysia and Indonesia – export restrictions on crude palm oil

[deletion

]. COM ensured that the EU will continue to work towards an ambitious deal on export duties in the FTA and will also follow this approach horizontally when negotiating with Indonesia and other countries.

8. Japan

8.1 Maximum Residue Levels (MRLs) for agrochemicals

[deletion

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8.2 Bovine gelatine

On bovine gelatine, COM made clear that the issue remains high on the agenda and the EU continues to raise this issue constantly in its bilateral contacts with Japan. [deletion

].MS and business are invited to submit comments on this by 10 March at the latest. UK added that they are also concerned about similar problems concerning bovine hemoglobine; COM will look into this and get back to the UK.

9. China - Active Pharmaceutical Ingredients (APIs)

[deletion

]. In the case of APIs the submission of a Certificate of Pharmaceutical Product (CPP) is generally required. COM will request to discuss again at the next meeting of the DG SANCO/SFDA working group on pharmaceuticals which is provisionally scheduled for June/July 2012. Business asked COM to provide more feedback on the specific issue of mandatory APIs product quality testing for [deletion] imported into China.

COM also provided a brief overview of possible implications of China's 12th 5-year plan (2011-2015) for the chemical sector. China aims at further increasing the technological competence of its chemical industry to allow companies to move up the value chain. Stronger domestic consumption of chemicals and significant growth in R&D spending are other key elements. Industry added that the 5-year plan for the chemical sector includes five substrategies for the sectors of petrochemicals, olefins, fertilizers and pesticides and for dangerous chemicals. The strategy is aimed at a further consolidation of the chemical industry in China which is increasingly considering the acquisition of foreign chemical producers.

10. Russia

10.1 Cumbersome pre-import disclosure requirements

COM (DG ENTR) summarized discussions with Russia during the 7th meeting of the subgroup on chemicals of the EU-Russia Regulatory and Industrial Policy Dialogue held on 1 July 2011 in Moscow. [deletion

].But this new version is now being translated, and will be further examined, together with industry, in order to provide again EU comments.

10.2 Non-transparent and unclear customs procedures/Impact of the Customs Union

COM (DG TAXUD) shared the opinion that the arbitrary application of the new Customs Code of the Customs Union and the new Russian Law on Customs Regulation is still an issue, including in the area of customs classification. The situation is expected to improve in the latter area once Russia fully applies the HS 2012 classification system as a part of the WTO accession process. On SPS and veterinary controls, only two agencies - customs and border guards - are responsible for carrying out controls at the border since July 2011 and the role of other authorities is reduced. Since 1 January 2012, the concept of Authorized Economic Operator (AEO) is fully applied by Russia. Regular exchanges with Russia will continue in different customs related fora, including the EU-Russia Working Group on Customs Border Issues.

11. Ukraine

11.1 Customs valuation

COM (DG TAXUD) stressed that the Ukrainian customs legislation is subject to frequent changes and often not properly implemented. The situation improved until Q3 2011, but then the level of complaints reached again a very high level. [deletion

].

11.2 Illegal plant protection products

[BU]reiterated that Ukraine is still doing too little to combat large-scale illegal trade in pesticides. [BU] has raised this issue also with the IPR unit of DG TRADE and sent a letter to the Commissioner. COM will follow up with relevant units in DG TRADE.

12. Vietnam - difficulties for recruitment/management of foreign employees

COM debriefed on the various demarches undertaken concerning Decree 46. EU concerns have also been raised at the meeting of the EU-Vietnam Trade & Investment Working Group of 6 October 2011. Vietnam has only recently re-confirmed at high political level that the restrictions were targeted at low-skilled foreign employees, but due to the vague terminology of Decree 46/2011 only the future circular guiding the implementation will clarify the exact scope of the restrictions. Business added that as a precautionary measure one major company has started to relocate one employee to other countries in the region while other companies are still waiting for clarification and have so far not faced any problems. COM invited MS and industry to keep it informed about further developments.



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate G - Trade Strategy and Market Access

Market Access, Industry, Energy and Raw Materials

Brussels, 12 December 2012

TRADE G.3/BM

WORKING GROUP ON CHEMICALS

18 October 2012, 14.30 – 17.30

REPORT

Chair: Michelangelo Margherita (TRADE G.3)

Attendance:

Member States: DE, UK, FR, IT, ES, BE, NL, HU, FI, CZ

EU business: CEFIC, VCI, BASF, Bayer, Eastman, ENA, ECPA

COM: DG TRADE

Summary: Useful sixth meeting of the WG with a long list of market access issues on the agenda. This time, the WG had an interesting exchange on possible new EU FTA negotiations (US, Japan), put a strong focus on market access issues in Argentina and Brazil and dealt again with a number of long-standing concerns (e.g. Thailand – nitrocellulose, China – APIs, Russia – customs issues).

1. Approval of the agenda

Upon request of [BU], Ukraine's draft law aimed at increasing import duties on many tariff lines as of 1 January 2013 was added to the draft agenda. The agenda was approved with this modification.

2. EU-US HLWG: prospects for the EU chemical industry

COM outlined the current state of play of the HLWG (High Level Working Group on Jobs & Growth) process and reported on recent meetings with industry both in Washington D.C. [BU] and in Brussels [BU]. The chemical industry on both sides of the Atlantic is pushing strongly for the opening of fully-fledged FTA negotiations with the US. If negotiations with the US were to be launched, chemicals would be one of the priority sectors notably in the field of regulatory cooperation/convergence. COM asked industry to come forward with substantial, concrete recommendations for regulators. Industry [BU] confirmed that [BU] and [BU] will submit joint proposals for enhanced EU-US regulatory cooperation on chemicals before the end of October 2012.

Follow-up: The joint [BU] [BU] contribution has been submitted and is currently being analysed by COM services.

3. EU-Japan: possible FTA negotiations

COM thanked industry for strongly supporting the opening of EU-Japan FTA negotiations, as underlined in a recent joint letter [BU] and [BU]. The Council of the EU may be in a position to adopt negotiating directives before the end of the year. COM also referred to the chemicals-specific issue [deletion]

]Industry [BU] reiterated its

strong support for the process und stressed that as many chemicals-specific NTBs as possible should be tackled in future negotiations with Japan.

Follow-up: On 29 November 2012, the Council has given the COM a mandate to start FTA negotiations with Japan.

4. Argentina

4.1 Argentina – import licencing regime and other general import restrictions

[deletion]

]In this context, industry [BU] requested to receive an updated overview of the composition of the MATs in various countries and more specifically of how market access issues are being dealt with in those teams. This information will have a considerable value for the industry as it may have a positive impact on solving trade barriers locally.

4.2 Argentina – dividends policy

COM is aware of Argentina's informal measures to keep a positive trade balance and restrict repatriation of profits (e.g. via restriction of foreign currency purchases used to pay dividends [deletion

]Industry [BU]explained that the dividends aspect is only part of a broader set of restrictions on foreign currency purchases which will eventually backfire on the Argentinean consumer by driving up import prices. So far, EU industry has been able to limit the negative impact on its business on the ground [deletion
], but the outlook is clearly negative.

4.3 Argentina – new guidelines on patentability of inventions

COM explained that it is still unclear how these new guidelines will be implemented. This is part of a broader, worrying trend towards "patent erosion" in many countries (including also Brazil, India, and Indonesia). COM is looking into possible policy responses. [deletion

]

Follow-up action: [deletion

]

5. Brazil

5.1 EU-Brazil IPR Dialogue of 6 September 2012

COM reported on limited progress on the Brazilian side. The patent and trademark registration backlog in Brazil may be reduced with new staff being hired and more training for examiners. [deletion

]Industry [BU] informed about a meeting with the Brazilian customs authorities and outlined certain areas of improvement which may be brought forward via the IPR dialogue. The areas for improvement refer to the recordation system and the current legislation.

Follow-up action: Upon request of ES, COM promised to share a non-confidential summary of the meeting with the WG.

5.2 Brazil – import restrictions for nitrocellulose

COM informed that this long-standing issue was raised once again at the last Brazil-EU Joint Committee on 31 May 2012. Brazil is still not responsive and

continues to refer to very questionable dual-use arguments and the ongoing work of an inter-ministerial study group. Industry [BU] asked COM to explore further options such as raising the issue in the context of the Mercosur FTA negotiations and at the WTO TBT-Committee. [deletion

]

Follow-up action: [deletion

]

6. *Thailand – import licencing for nitrocellulose*

As regards this long-standing issue which is similar to the one in Brazil, COM stated that [deletion

]. The EU would have more leverage if FTA negotiations with Thailand were to be opened. The issue has also been added to the updated list of key barriers in Thailand. Industry [BU] urged COM to maintain pressure on Thailand to remove this protectionist measure which only benefits the Thai monopoly producer of nitrocellulose.

7. *China – discriminatory import requirements for Active Pharmaceutical Ingredients (API)*

On 10 July 2012, at the last meeting of the SANCO-SFDA (China State Food and Drug Administration) WG on pharmaceuticals, COM has raised again the long-standing issue of costly and burdensome multiple testing of API samples originating from the EU. The Chinese side claimed that the problems should have been overcome with the latest reviews of relevant Chinese laws and offered to assist affected EU companies. [deletion

]

However, the situation remains unsolved as regards pseudoephedrine. Industry [BU] commented that with regard to the latter API and contrary to the Spanish API, there is severe Chinese competition and this might explain why there are still barriers to import pseudoephedrine.

8. *Russia – update on customs issues*

COM gave a short debrief of the recent meeting of the EU-Russia Working Group on Customs and Border Issues in Moscow on 10 July 2012. DG TAXUD is involved for COM and reported that no major progress on key issues (e.g. non-transparent and unclear customs procedures, impact of the Customs Union/Eurasian Economic Community, status as AEO, i.e. Authorized Economic Operator) could be made. In this context, industry [BU] referred to a new Russian non-tariff barrier caused by the erroneous interpretation of the Customs Union dual-use regulation which leads to the prohibition of certain polymer imports. [BU] added that as regards the Russian non-tariff barriers in the customs area,

these were mostly related to the lack of proper guidance on the implementation of Customs Union regulations. [BU] asked COM to revert on the recommendations industry has provided.

9. India – difficulties with patent registration and data protection

[deletion

]

Follow-up action: [deletion

]

10. Korea – ongoing issues related to Rules of Origin

Industry [BU] confirmed that due to the "direct transport rule" in the EU-Korea FTA, some chemical exports which necessarily have to reach Korea via Singapore (e.g. because of API warehouses in Singapore) cannot benefit from preferential import duty rates under the FTA. In addition, industry [BU] referred to the existing burdensome process of obtaining an approved exporter status. This is of particular interest for SMEs. COM provided a summary of the first meeting of the EU-Korea Chemicals WG under the FTA which was held on 27 April 2012 and was largely focused on the state of play of the planned "K-REACH" legislation, a Korean draft chemicals registration and evaluation scheme that mirrors the EU REACH Regulation to a large extent.

Follow-up: In the meantime, industry has provided further useful input on this issue which will be considered by COM for future relevant exchanges with Korea.

11. Vietnam – industry priorities

COM thanked [BU] for its contribution to the public consultation and reported that it would be too early at this stage to provide feedback on the specific issues raised therein. Furthermore, COM reported on the first round of negotiations in Hanoi which took place in early October. [deletion

]

12. Malaysia – export restrictions on crude palm oil

[deletion

13. AOB

[BU] reported on a draft law of Ukraine aimed at import duty increases on many tariff lines up to the WTO bound level, including on agrochemicals where an increase from 0% to 6.5% was envisaged. COM took note and promised to follow up with responsible colleagues.

Follow-up: In the meantime, following exchanges between industry [BU] and COM it has been confirmed that certain agrochemicals (notably those falling under HS heading 3808) will be exempted from Ukraine's intended import duty increase as of 1 January 2013. However, other chemical tariff lines have not been exempted so far.



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate D - Sustainable Development; Economic Partnership Agreements - African, Caribbean and Pacific; Agri-food and Fisheries
Agriculture, Fisheries, Sanitary and Phytosanitary Market Access, Biotechnology

Brussels,
D(2012)

REPORT OF THE MEETING OF THE SPS MARKET ACCESS WORKING GROUP BRUSSELS, 8 FEBRUARY 2012

PARTICIPANTS: *EU Member States:* BE, CZ, DE, ES, FR, IE, LV, NL, PT, SE, UK, PL, SI, MT, DK

EU Business associations: AVEC, DDB, CELCAA, EXPLA, FEFANA, UECBV, EUCOLAIT, CLITRAVI, ECORYS, Touchdown Consulting, Nestle Purina, CEPS, EFPRA, FOODDRINKEUROPE, European seed association

Commission: DG TRADE, DG SANCO, DG AGRI

Summary: *The morning session focused on SPS market access issues in key markets (Australia, USA, Turkey), on a specific product (pet food), and on recent developments (e.g. Schmallenberg virus). The afternoon was dedicated to different aspects of electronic certification.*

The EU Delegation in Canberra presented SPS market access issues in Australia. Special mention was made to the Australian conservative approach to bio-security and quarantine.

The afternoon session confirmed the urgent need to support work on electronic certification for exports. Pilot projects were presented by an EU Member State, aiming at achieving a fast, low-cost, and flexible electronic application. Businesses confirmed the need to further study the potential of different electronic systems, warned to avoid a proliferation of different interfaces and business solutions in EU Member States, and underlined the importance of influencing international developments. Commission underlined that the scope for possible supportive action at international standard setting bodies, e.g. WTO, should be explored.

The Commission encouraged EU Member States and business associations to continue providing feedback on pending, new or solved SPS market access issues, and on topics of interest for future meetings of the SPS MAWG.

1. WELCOME AND ADMINISTRATIVE REMARKS

The Commission (COM) welcomed Member States and businesses to the meeting, and thanked EU Member States and business associations for sharing before the meeting very useful information to help prioritising and solving SPS market access barriers.

2. SPS MARKET ACCESS ISSUES IN AUSTRALIA

The EU Delegation in Canberra presented the situation in Australia on SPS market Access issues. Reflecting Australia's very conservative approach to bio-security and quarantine, SPS issues collectively make up the most significant set of market access problems with Australia. COM presented market access issues on animal and plant health issues. SPS issues are pursued locally in Australia through a SPS Working Group and, more formally, through the EU-AUS SPS Dialogue and other dialogue mechanisms, with significant support provided to Member State missions by the Canberra Delegation and DG TRADE. The main export issues of concern include bovine meat, chicken meat, pig meat and raw milk cheese.

3. SPS MARKET ACCESS ISSUES IN USA

COM presented market access issues on animal and plant health issues.

Businesses highlighted that it is essential to avoid any disruption, and specified that composite products and uncooked products still raise problems. Businesses were also keen to know the impact of the Food Safety Modernization Act, especially for small businesses. Businesses referred to fees for inspections which can be considerably high, and to the need to get an equivalence system to the EU inspections. COM informed that the implementing rules of the Food Safety Modernization Act were postponed. Fees have already been imposed, but applications to foreign facilities were postponed.

Member State [MS] pointed out to the disappointment created by the postponement of the comprehensive rule on BSE. COM informed that the review period is ending in mid-February and the rule could be published in March 2012.

[MS] was reflecting on how much trade irritants on both sides would be linked, and wondered about the prospects of moving our export issues forward if we would move on import issues. COM pointed out that there are frustrations at both sides, which are not easy to resolve. Careful attention needs to be maintained to all these issues, especially to those related to the WTO disputes.

Germany asked whether COM is keeping an eye on the request from the US to EU Member States about the Food Defence Strategy. COM informed that a letter was sent to Member States and agreed to follow-up on a harmonised manner.

4. SPS MARKET ACCESS ISSUES IN TURKEY

COM presented market access issues for animal products in Turkey. There has been a huge increase on meat exports. However, imports into Turkey are not yet allowed from all EU Member States. COM informed that a WG with the EU and Turkey on SPS issues would be held on 17 February, in the framework of accession negotiations.

Special attention was paid to lack of transparency of import requirements and requirements which are not justified. Problems were also mentioned about GMOs and the herbal food and feed requirement. Conditions for poultry imports to Turkey were also going to be clarified as well as conditions for importing seed potatoes. COM added that it would be ready to continue raising any issue with Turkey, and that it would need that EU Member States and businesses provide sufficient elements to support complaints.

[MS]informed about a possible problem if Turkey would not be able to send authorities for inspections. [MS] informed that Turkey had sent a letter about new rule about food of non-animal origin. [MS] requested Com to use its efforts to get open the market to other meat as well which go beyond 30 months of age.

Industry referred to Turkey's GMO- zero-tolerance which continues to be a problem. Industry also supported COM to seek the information about the Turkish import conditions for poultry

5. MARKET DEVELOPMENTS AND EXPORTS OF PET FOOD

A pet food company presented market situations, the potentials and restrictions when exporting pet food to third countries. Based on their experience major SPS barriers seemed to relate with animal diseases, especially where third countries do not apply the OIE standards (e.g. BSE). According to the company, the EU is in a good position to negotiate with trading partners about pet food as the EU has strict regulations on feed hygiene and animal by-products.

Businesses asked Commission to support them to address SPS market access barriers in the pet food sector while negotiating with third countries (especially priority markets). COM highlighted that this was a new specific topic discussed in the SPS Market Access WG and would not hesitate to continue discussions in the next meetings if considered necessary.

Exports of pet food from the EU to third countries have increased considerably over the last decade - from € 280 million to € 680 million. Businesses reported that for this growth to continue, opportunities will have to be found in fast growing markets close to the EU, e.g. Russia, Ukraine and Turkey, and further away, e.g. Argentina, Brazil. Businesses also report that exports are hindered by sanitary barriers, in particular full bans or partial trade restrictions on pet food containing materials from ruminant origin.

6. SHARING OF INFORMATION ON SPS MARKET ACCESS ACTIVITIES AND CONCERNS

COM briefly presented the issues related with market access. COM reminded the importance of harmonised messages to be given to third countries on Schmallenberg- virus and good channels of communication. COM informed about positive developments in China on discussions on Wood Packing Material and on standard setting for food additives.

The EU would soon start FTA negotiations with Moldova and Georgia. The first EU-Korea FTA SPS Committee is foreseen during May-June 2012.COM also informed about important upcoming SPS missions, e.g. Ukraine, Gulf cooperation countries, Malaysia.

Industry expressed its concern in relation to the planned methanol limit for alcoholic beverages in China. COM listed the opportunities and meetings in the near future to raise the issue with China. Industry also requested if COM has received information from China about their draft legislation on registration of establishments, especially if the scope of the legislation is already known. COM informed that it has not received so far any further clarification how the legislation would be implemented.

7-11. ELECTRONIC CERTIFICATION

COM asked Member States and businesses for their views, comments and experience on electronic certification. COM will welcome any additional feedback from MS and business on this matter.

8. PRESENTATION OF THE EU SYSTEM FOR VETERINARY CERTIFICATES (TRACES) WITH AN EMPHASIS ON ITS USE AND VALUE FOR EXPORTS

COM presented the EU system for veterinary certificates (TRACES) with an emphasis on its use and value for exports. COM explained that it is possible to integrate non- EU countries to the centralised system and that around 30 countries will already be in the system by the end of this year. Some countries are already using TRACES for their exports to the EU. Pilot projects also started on some EU exports.

9. EU MEMBER STATE EXPERIENCE ON THE IMPLEMENTATION OF ELECTRONIC CERTIFICATION FOR EXPORTS OF ANIMAL AND PLANT PRODUCTS

[MS] gave a presentation on [MS] co-operation on electronic certification, which started on the basis of a Chinese proposal.

[MS] also gave a presentation about a pilot project on phytosanitary matters for e-certification, i.e. export certification from Kenya to the [MS]. According [MS], these certification systems are easy to use to other products and other destinations. The system can handle last minute logistical issues but it was noted that actually the EU legislation does not currently allow for electronic certification.

10. VIEWS ON PHYTOSANITARY ELECTRONIC CERTIFICATION WITH AN EMPHASIS ON ITS USE AND VALUE FOR EXPORTS

COM also gave a presentation on phytosanitary electronic certification on its use and value for exports. COM also gave an overview of the state of play in the EU and possible perspectives.

COM also highlighted the international context (IPPC) and the revision of EU plant health regime. COM also informed that the plant health will also be included in TRACES, hopefully during 2012. System is foreseen to work for both imports and exports. The use of such a system will bring harmonisation and security.

11. TRADE FACILITATION VIA ELECTRONIC CERTIFICATION: NEEDS AND DEVELOPMENTS AND DISCUSSION

Businesses provided their views on needs for electronic certification. Industry [BU] considers that electronic certification will result to reduced error rates and referred to good experience with China.

[BU] informed about a small survey through their members. Sectors which had shown their interest were e.g. dairy, fishery, milk, pork, cold cuts, collagen, casings, chocolate and soft drink. According to the survey industry saw real benefit once papers would disappear and health certificates would go through electronic system. Major destinations for which

the members would see interest would be China, Hong Kong, US, Japan, Korea, Balkan and Mediterranean countries, South-America, etc.

Businesses indicated that electronic certification for exports will increase the competitive power of EU exporters by reducing administrative costs both for the exporting and importing party (administration and company). The use of international standards for exchange of information between the exporting and the importing country is crucial for the electronic certification to work, but the full efficiency will only be obtained once all accompanying papers disappear.

In general, European organisations welcomed the discussions and stressed that the EU should not be left behind in these developments.

It was concluded that many benefits could be listed for electronic certification: reducing administrative costs, adds security and authenticity. Many participants pointed out that it is the right time to embark on this when we see also international developments e.g. IPPC. It was also mentioned that the data protection needs to be taken into account as well as matching different systems together.

12. AOB, TOPICS FOR FUTURE MEETINGS, CLOSING REMARKS

The Commission encourages EU Member States and business associations to provide information directly to the following e-mail address: TRADE-SPS-EXPORTPROBLEMS@ec.europa.eu on:

- ***Pending, new or solved SPS market access issues***, mentioning the specific technical nature of the SPS barrier, its real or estimated value, and details about contacts established between authorities of the importing and exporting countries;
- ***Topics of interest for future meetings of the SPS MAWG***, with a direct impact on the EU exports of animals, plants and their products.

COM informed that the **2012** meetings of the **SPS MAWG** are tentatively scheduled for 30 (or 31) May, and 7 (or 8) November.

As usual, COM will confirm these dates approximately 6 weeks before the meetings.

SPS Market Access Team of DG TRADE
(DG TRADE/D3)



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate D - Sustainable Development; Economic Partnership Agreements - African, Caribbean and Pacific; Agri-food and Fisheries
Agriculture, Fisheries, Sanitary and Phytosanitary Market Access, Biotechnology

Brussels, 8 June 2012

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REPORT OF THE MEETING OF THE SPS MARKET ACCESS WORKING GROUP BRUSSELS, 30 MAY 2012

Participants:

EU Member States: BE, BG, CZ, DE, EE, ES, FR, HU, IE, IT, NL PL SE, SI, SK, UK, RO

EU Business associations: AVEC, CELCAA, CEFIC, Danish Agriculture and Food Council, Danish Dairy Board, Danish Bacon & Meat Council, EDA, ELC/ Federation of European Specialty Ingredients, EX PLA/FESASS, ESA/Europe Seeds Association, FRESHFEL, Nestle/Purina, UECBV, EUCOLAIT, CLITRAVI

Commission: DG TRADE, DG SANCO, DG AGRI, EU Delegation New Delhi

***Summary:** The Commission (COM) shared with EU Member States and businesses information about key SPS market access issues, WTO trade policy reviews, and future activities related to several third countries. A special focus was given by the Commission to India (together with the EU delegation), Ukraine, Korea and Gulf Cooperation Council.*

A business association presented the main market developments in the pig sector and suggested ways to improve the way the COM and EU Member States tackle SPS barriers to exports.

The COM presented the way it deals with regionalisation in the EU and how that experience could also be used by third countries to facilitate the EU exports of animals, plants and their products. The COM also suggested to gather more information about horizontal issues, such as pre-listing and born-and-bred, to better understand the different situations in different third countries and work on common messages to tackle them.

The Commission encouraged EU Member States and business associations to continue providing feedback on the horizontal issues (regionalisation, pre-listing, born-and-bred), on pending, new or solved SPS market access issues, and on topics of interest for future meetings of the SPS MAWG.

1. WELCOME AND ADMINISTRATIVE REMARKS

The COM welcomed Member States and businesses to the meeting which focused on main export markets and horizontal (across several third countries) SPS market access issues.

The COM thanked EU Member States and business associations for providing feedback before the meeting with very useful information to help prioritising and tackling their SPS

market access barriers. COM encouraged all EU Member States and businesses to continue doing so.

The COM thanked the feedback provided before the meeting, namely by EU Member States (including MS) and business associations (IBU

l)

The COM shared, for information, the latest list of third countries (27, at the moment) which have imposed restrictive measures or required additional conditions to allow imports from those EU Member States that have reported cases of Schmallenberg virus (SBV).

2. SPS MARKET ACCESS ISSUES IN INDIA

COM informed of the experience with EU applications on export to India of animals, plants and their products. The majority of the SPS barriers identified are now longstanding. They are often linked to a non-transparent approach of India and keeping unjustified measures in place which are stricter than international standards. In general, discussions with India have not been easy so far, and some progress has been seen in some of the files. The EU Delegation in India shared its experience on working on SPS related issues (in a difficult market). Details were made available during the meeting and included in the written presentation.

Some EU Member States shared their SPS concerns about regionalisation, born and bred and complained that India is very slow and not clear or quick in answering to their questions. Other EU Member States stated that they can export certain commodities (e.g. dairy) but that this market moves very slowly. In reply to one question, the COM clarified that Indian import conditions on bovine semen are being negotiated with India.

[BU] stated that Avian Influenza (AI) is causing many export problems to several third countries and asked whether the COM would join the USA in the AI WTO case launched against India. The COM clarified that it is and will continue following very closely this case. The dairy business association also showed its interest on further developments in the work carried out by the Indian Food Safety and Standards Authority (FSSAI).

3. REGIONALISATION, ANIMALS AND PRODUCTS OF ANIMAL ORIGIN

The COM introduced the topic, emphasized that the "country-free approach" belongs to the past, and that a good animal health status is fundamental to a proper functioning of the EU internal market. The presentation related to the EU animal health and zooning system (applied in the territory of the EU and for imports from third countries) and included detailed information about Classical Swine Fever and Avian Influenza. The EU expects that the EU experience on imports is also followed by third countries in the same comprehensive and transparent manner to avoid unnecessary trade disruptions.

One business association commented that there is confusion between compartmentalisation and regionalisation and that certain industries prefer the use of compartmentalisation. COM explained the differences between these two (related) concepts and that for compartmentalisation, based on biosecurity, is to be established in

advanced to support industry and veterinary services. One EU Member States shared that it has implemented compartmentalisation in poultry sector.

[MS] stressed that the EU needs to provide third countries (importing from the EU) clear messages about regionalisation. Like businesses, several EU Member States supported this statement and added that coordination and good communication are key issues.

4. MARKET DEVELOPMENTS IN THE PIG MEAT SECTOR

Representing [BU], a representative of the [BU] made a presentation about the global position of the pig meat sector. Highlights included: a) references to the limitations of an export strategy at EU level (where most of the EU Member States are importers and not exporters); b) references to the main challenges (including SPS barriers); c) recommendations to improve the current situation. Specific reference was made to the lack at EU level of the necessary resources, competence and power to properly tackle the growing challenges that are put by trading partners to EU exporters.

5. SPS MARKET ACCESS ISSUES IN UKRAINE

The COM informed of SPS barriers to trade with Ukraine, provided information on the ongoing process of redrafting the SPS legislation within Ukraine – a process holding the potential to substantially facilitate trade.

Highlights include import condition for bovines (BSE), and born-and-bred.

Some EU Member States shared that health certificates are being negotiated with Ukraine for the export of pork (the 12 months period of PRRS-freedom is a problem), and of bovine semen (negotiations are on hold because of Schmallenberg virus), and showed their interest in exporting cattle but found problems related to welfare animal.

Businesses expressed their satisfaction for the improvement of the text of the legislation in Ukraine, shared their concerns about the long list of animal diseases with the corresponding requirements asked by Ukraine but hope that they will disappear (in line with the international standards) during the process of reviewing the legislation.

6. SHARING OF INFORMATION ON SPS MARKET ACCESS ACTIVITIES AND CONCERNS

- **SPS market access issues** - During the meeting, the COM shared information about SPS market access issues and highlighted the following:

Third country	SPS market access issues
1. Brazil	<ul style="list-style-type: none">• The COM continues to work with the Brazilian competent authorities to make sure that they understand the importance of not delaying more the <i>visits to EU Member States</i> in accordance to the programme of visits proposed in 2010 by Brazil;• COM welcomed comments by <u>19 June 2012</u> to the WTO SPS Notification BRA/714/Add.3 - Phytosanitary requirements for the

	<p>import of <i>seeds</i>;</p> <ul style="list-style-type: none"> • Brazil informed that from 9 July 2012 new health Certificate for export <i>fishery and aquiculture products</i> to Brazil will be in force
2. China	<ul style="list-style-type: none"> • COM informed about the latest meetings and discussions with China, especially in March 2012 in Beijing in which issues related to <i>methanol limit, food additive authorisations, beef, Schmallenberg virus</i>, were discussed.
3. Egypt	<ul style="list-style-type: none"> • COM brought to the attention of EU Member States and businesses for the <i>Egyptian SPS measures regularly updated by the EU Delegation in Cairo</i>, which can be found at the following website: http://eeas.europa.eu/delegations/egypt/eu_egypt/trade_relation/import_into_egypt/sps/index_en.htm • COM will continue to follow-up on the <i>import conditions related to BSE</i> (WTO SPS notification ref. G/SPS/N/EGY/47), and welcomes any additional comment to this notification. • COM shared the positive (while partial) lifting by Egypt of the additional certification <i>SBV</i> requirements on <i>meat and dairy</i>. The conditions on live animals and genetic material remain.
4. Indonesia	<p>COM informed on an upcoming mission to Jakarta scheduled during last week of June to discuss on Indonesian import conditions. COM welcomes any input/update from EU Member States and businesses, in particular about on-going export difficulties of <i>dairy, meat and plant</i> (and its products).</p>
5. Japan	<ul style="list-style-type: none"> • COM informed about the Japan's intention to review the temporary Maximum Residue Limits that had been introduced for <i>pesticides and veterinary medicines</i> years ago. The Japanese authority (MHLW) has requested that if the EU would wish Japan to establish the same limits as the EU's maximum residue limits the requests should be accompanied by data supporting the limits. COM will send the list of all MRL's to be revised as received from Japan and asks Member States and industry to highlight which MRL's would be needed to kept maintained. The COM after having the list of those substances would try to make all its efforts to get the data and send to Japan.
6. Malaysia	<ul style="list-style-type: none"> • COM welcomes any input/update from EU Member States and businesses about the on-going exports of <i>pork</i>, in particular on working with the Malaysian prelisting process.
7. New Zealand	<ul style="list-style-type: none"> • COM welcomes comments by <u>1 June 2012</u> to the WTO SPS Notification NZL/479 - New import requirements for <i>tomato seed for sowing</i>
8. Philippines	<p>COM welcomes any input/update from EU Member States and businesses about:</p> <ul style="list-style-type: none"> • The recent discussions with PHIL authorities, in particular on import conditions related to <i>meat and meat products</i>. Main problem flagged to us is the burdensome and non-transparent accreditation process for foreign meat establishments.

	<ul style="list-style-type: none"> Recent positive development related to the lifting of the 100% testing measure on <i>offals and meat for salmonella</i>.
9. Taiwan	<ul style="list-style-type: none"> Taiwanese change of regulation for import of <i>pet food</i>. According to the new draft legislation pet food could have as an ingredient bovine meat from controlled risk countries. This was not possible before and can therefore be seen as a positive development.
10. Thailand	<ul style="list-style-type: none"> COM informed on the on-going process of Thailand to lift <i>BSE</i> measures <p>COM welcomes any input/update from EU Member States and businesses about the:</p> <ul style="list-style-type: none"> Exports of meat and plant (and its products), including the <i>accreditation/audit process</i>; Process of Pest Risk Assessment applied for the import of <i>plants</i>
11. Vietnam	<ul style="list-style-type: none"> COM informed on an upcoming mission to Vietnam scheduled during last week of June to discuss on Vietnamese import conditions, and welcomed any timely input/update from EU Member States and businesses about, in particular, the on-going export difficulties related to <i>dairy, meat and plants</i> (and its products).

- WTO Trade Policy Reviews of third countries** - COM highlighted the importance of the Trade Policy Reviews of the WTO as an important transparency and trade facilitating tool, and invited EU Member States and business associations to actively consult them.

COM explained that the TPR documents are reports by the WTO Secretariat and from the Member under review, which cover a full range of individual Member's trade related policies, practices (including legislation and import procedures) and their impact on the world trading system, including on SPS (market access) issues. During the TPR, other Members can submit specific questions on these reports and the Member under review has to provide written replies. All these documents - TPR reports, compilation of questions and replies, and minutes of the meetings are published after the review meeting in the WTO Trade Policy Reviews gateway at: http://www.wto.org/english/tratop_e/tptr_e/tptr_e.htm.

The COM also reminded that it informs EU Member States (through the Trade Policy Committee - TPC) and business associations (through the Market Access Advisory Committee – MAAC) about the calendar of future TPRs, and that it often receives comments related to specific TPRs. In 2012, TPRs of Saudi Arabia, Nepal, Kuwait, Turkey, Trinidad and Tobago, Philippines, United Arab Emirates, and Uruguay have been held and the EU has submitted very specific questions related to SPS market access issues to most of them.

7. SPS MARKET ACCESS ISSUES IN KOREA

The COM updated the SPS market access issues with reference to the first EU-Korea Free Trade Agreement SPS Committee. Highlights included beef (BSE), long approval procedures, born-and-bred- clause and pre-registration for fruit.

Member States and industry supported the topics to be included in the agenda in the FTA SPS Committee on 25 June: [MS] highlighted especially the born-bred-and-slaughtered- issue, regionalisation and beef (BSE). Business also supported to discuss the born, bred and slaughtered- issue for the animal products and on the plant health side the industry highlighted the sanitary protocols and the problems and costs derived from inspections in Member States (pre-clearance).

COM gave a brief summary concerning the South Korean imports of agricultural products from EU27 based on GTA (Global Trade Atlas) data. In comparison to January - April 2011, the Korean imports from EU27 during the first quarter of 2012 have increased by 23%. The EU share of Korean total agricultural imports increased during the quarter from 9.14% to 10.33%. The following four products represent nearly 50% of South Korean total imports from EU27: pig meat (28%), ethyl alcohol (8,5%), corn (8%) and chocolate (4,3%). The Korean imports of EU pig meat increased by 62% during the quarter, imports of corn had increased by 145%. Overall the positive trend has been visible already during the 2nd quarter of 2011, after the entry into force of the FTA.

8. PRE-LISTING AND BORN-AND-BRED" (COUNTRY OF ORIGIN) REQUIREMENT OF THIRD COUNTRIES – ANIMALS AND PRODUCTS OF ANIMAL ORIGIN

The COM introduced the topics, understanding that a significant number of third countries insist in only inspecting establishments exporting products of animal origin (and therefore not applying to EU Member States a pre-listing system), and too often also require that these commodities entirely originate in the EU Member State of export (limiting therefore the choices in the EU internal market).

- **Pre-listing** – The Netherlands undertook to share with the COM a study about the prelisting system followed by several third countries.
- **Born-and-bred** - The COM introduced the topics, understanding that a significant number of third countries require that these commodities entirely originate in the EU Member State of export. Under these conditions, and according to the feedback already received from EU Member States and businesses, the COM considers that this requirement is an effective barrier to exports of certain commodities whenever it limits the possibility of sourcing products in any EU Member State. It also undermines the confidence that third countries have in the EU SPS system as a whole, which should be sufficient to provide third countries that only complying commodities are exported – provided that they comply with the import conditions of third countries.
- **Follow-up on horizontal SPS market access issues** – The COM intends to continue to gather information about country/commodity specific problems related to regionalisation, pre-listing and born& bred to the export of animals and regionalisation to the exports of plants and their products. COM will share the work already done on this and, as suggested by some EU Member States (e.g. France) will share it with EU Member States and businesses to facilitate the gathering and completion of the

information.

9. SPS MARKET ACCESS ISSUES IN GCC

The COM informed of the recent meetings in GCC countries. The experience gained by those EU Member States who succeeded in (re)opening markets shows that concrete results can only be obtained with long term projects, persistence, and personal contacts. Joint efforts with and sharing of updated information between EU Member States, EU Delegation and businesses are therefore of vital importance.

COM highlights SPS export issues related to BSE, the possible coordination of more joint missions to the EU, and enhanced sharing of information. COM also shared information about the recent registration of companies by the Saudi Food and Drug Authority (SFDA).

Some EU Member States and businesses informed that it is possible to export beef to Saudi Arabia but only from animals below 30 months, and that Bahrain sometimes requires import licenses for the import of plants and plant products.

10. REGIONALISATION, PLANTS AND PRODUCTS OF PLANT ORIGIN

The COM introduced the topic, and shared information about the international standards and EU legislation related to regionalisation. In this context, COM made specific reference to the revision of the EU plant health regime.

11. AOB, FUTURE EVENTS, TOPICS FOR FUTURE MEETINGS, CLOSING REMARKS

- **Gathering of information and coordination** - The COM emphasized that all efforts should and go in the same direction to gather good quality information about specific SPS market access issues and conveying the same messages to third countries.
- **Other topics than SPS to be covered in the SPS MAWG** – Businesses and EU Member States (e.g. MS) suggested to also address also TBT and IPR issues in this working group and to make it group more global. The COM replied that it remains available to receive information about any market access issue related to agriculture and fisheries and that it would immediately convey them to the relevant COM services.
- **Future events and on-the-spot missions** – The COM encouraged EU Member States and businesses to make the best possible use of future events and on-the-spot missions to third countries to provided updated information about SPS market access issues that may be discussed with the competent authorities of third countries.

During the meeting, the COM shared the following information about future events, including missions of COM officials to third countries:

Location	Event / On-the-Spot SPS market access mission
Australia	• SPS Dialogue, in Brussels by the <i>end of 2012</i> (tbc)

China	<ul style="list-style-type: none"> • Meetings in June in Brussels and in China on <i>12 June</i>
Brazil	<ul style="list-style-type: none"> • SPS Mechanism, planned to take place during the Autumn (tbc)
Indonesia	<ul style="list-style-type: none"> • Mission to Jakarta, planned to take place during the <i>last week of June</i>.
Philippines	<ul style="list-style-type: none"> • Mission to Ha Noi, planned to take place during <i>last week of June</i>.
Uruguay	<ul style="list-style-type: none"> • Joint Committee meeting, scheduled to take place on <i>11 June</i>
Geneva	<ul style="list-style-type: none"> • WTO SPS Committee – <i>week of 9 July</i>

- **Standing point on the follow-up of presentations made in previous meetings of the SPS MAWG:** COM encouraged EU Member States and businesses to keep updating in future meetings of the SPS MAWG the presentations that they have made in previous meetings of the PSS MAWG. The main objectives of this work is to make sure that problems raised, the recommendations for action and the expectations communicated in previous meetings are updated by EU Member States and businesses and properly followed-up by the COM.
- **Next meetings of the SPS MAWG** – [BU] suggested that future meetings of the SPS MAWG should refocus on particular commodities and urgent problems (that damage EU exports), emerging and legislation issues. COM replied that it welcomes these suggestions for presentations in future meetings, and it may combine these product specific topics with horizontal (systemic) issues of concern in several markets.

COM stated that it continues to count on the most valuable and necessary contributions from businesses and EU Member States, and that the COM remains ready to assist in (re)opening markets by solving SPS market access issues.

COM informed that the next meeting of the SPS MAWG is tentatively scheduled for **7 (or 8) November 2012**. As usual, COM will confirm these dates approximately 6 weeks before the meetings.

- **Feedback** - The COM encouraged EU Member States and business associations to provide information directly to the following e-mail address:
TRADE-SPS-EXPORTPROBLEMS@ec.europa.eu on:
 - *Pending, new or solved SPS market access issues*, mentioning the specific technical nature of the SPS barrier, its real or estimated value, and details about contacts established between authorities of the importing and exporting countries (including copies of letters exchanged between competent authorities);
 - *Topics of interest for future meetings of the SPS MAWG*, with a direct impact on the EU exports of animals, plants and their products.

SPS Market Access Team of DG TRADE
(Unit DG Trade.D3)



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate D - Sustainable Development; Economic Partnership Agreements - African, Caribbean and Pacific; Agri-food and Fisheries
Agriculture, Fisheries, Sanitary and Phytosanitary Market Access, Biotechnology

Brussels,

D(2013)

REPORT OF THE MEETING OF THE SPS MARKET ACCESS WORKING GROUP BRUSSELS, 7 NOVEMBER 2012

Participants: *EU Member States:* BE, BG, CZ, DE, ES, FR, FI, HU, IE, IT, LV, NL, PL, SE, SI, UK

EU Business associations: ASSICA, AVEC, CEFIC, CLITRAVI, Danish Agriculture and Food Council, Danish Dairy Board, European Potato Trade Association - EUROPATAT, ELC/ Federation of European Specialty Ingredients, EUCOLAIT, EX PLA, European Pet Food Industry - FEDIAF/Nestle, FEFANA, Food Drink Europe, FRESHFEL, Mondelez International, UECBV, Union Fleurs

European Commission: DG TRADE, DG SANCO, DG AGRI, EU Delegation in Cairo

Summary: *The Commission (COM) shared with EU Member States and businesses the results of the WTO SPS Committee of October 2012, key SPS market access issues, and future activities related to several third countries. A special focus was given by the COM to SPS market access issues in Egypt (together with the EU Delegation in Cairo), and to positive and negative developments in third countries.*

Representatives of business associations presented the main market developments in the bovines (beef), fresh fruits and vegetables, food additives, and pig sectors. They also made references to previous presentations and suggested ways to improve the way the COM and EU Member States tackle SPS barriers to exports.

The COM encouraged EU Member States and business associations to continue providing feedback on pending, new or solved SPS market access issues (to maintain a solid negotiation position of the COM), on topics of interest for future meetings of the SPS MAWG.

The COM further encouraged EU Member States and business associations to provide feedback of concrete SPS market access issues before each of the meetings of the WTO SPS Committee or other contacts with trade partners, which may be raised in the Committee's informal bilateral or plenary meetings. The COM will keep EU Member States and business associations informed of planned contacts and events.

1. WELCOME AND ADMINISTRATIVE REMARKS

The Commission (COM) welcomed Member States and businesses to the meeting which focused on main export markets and horizontal (across several third countries) SPS market access issues.

The COM thanked EU Member States and business associations for providing feedback before the meeting with very useful information to help prioritising and tackling their SPS market access barriers. COM encouraged all EU Member States and businesses to continue doing so.

2. SHARING OF INFORMATION ON SPS MARKET ACCESS ACTIVITIES AND PRIORITIES

WTO SPS Committee

The COM reported about the WTO SPS Committee of October 2012, its informal sessions and bilateral meetings, and the plenary session which, for the first time, took place with Russia as a Member of the WTO.

The main themes of the discussion were the status of observers, the ad-hoc- mechanism for the resolution of SPS problems, and private standards, with little progress in any of these.

As for the specific trade concerns raised in plenary and in the numerous bilateral meetings, Russia attracted most of the attention, and delivered the most evasive and unspecific answers, only equalled by China's stern reply as regard beef/BSE. For the rest, the contacts proved useful again to inject fresh impetus into our bilateral discussions, to update information, and to make progress.

During the formal session of the Committee, the EU raised two concerns against Russia, namely on Russia's import ban on live animals and on Russia's barriers related to the listing of EU establishments. On beef/BSE, the EU made specific reference to the import bans of China, Japan and South Korea, emphasizing in particular that specific and tangible progress was expected from China and Korea. The EU welcomed the steps taken by Japan which should lead to market opening soon, and expressed the expectation that the US and Australia would now make further progress towards real trade market access, soon. The EU repeated its request on a rapid lifting of Vietnam's remaining ban on offal, raised the issue of Indonesia's import restrictions on horticulture, and raised concerns on Malaysia's import restrictions related to pork and pork products.

Informal bilateral meetings in the margins of the Committee were held with Brazil, China, Egypt, Indonesia, Japan, Malaysia, Saudi-Arabia, South-Africa, South Korea, Russia, the Dominican Republic, the Philippines and the USA where the COM continued to push for EU export interests.

DG TRADE Framework Contract – AD-hoc visits

The COM informed that under a framework contract, the COM will be able to organise 4 study visits of one to two weeks each, in the EU, mainly for officials/policy makers from trading partner. Visits would consist of seminars, presentations on EU practice in SPS areas and should be accompanied by field trips to demonstrate different aspects of the food chain. Field trips could include laboratories, institutes, agencies, food producing facilities, etc. These visits should be in relation to unjustified trade barriers in the SPS area that EU

exporters have with trading partners. The language for the visit should be English, French or Spanish.

The COM services will select and invite officials/policy makers from trading partner(s), and welcomes input from EU member States and business associations to prepare such visits. For 2013, two visits are already scheduled one each for officials from South-Korea (General SPS matters) and Thailand (focus on exports of animals and animal products).

General communications submitted to the WTO SPS Committee

The COM will continue to present general papers like the ones already submitted to the WTO SPS Committee about pre-listing (G/SPS/GEN/1095, of 23 June 2011), and the EU's regionalization policy for animal diseases (G/SPS/GEN/1159, of 29 June 2012)^[1]. These papers serve as reference to support market access discussions with trade partners. The COM would welcome suggestions by EU Member States and businesses for possible subjects to address in such papers.

WTO Trade Policy Reviews of third countries

The COM highlighted once again the importance of the Trade Policy Reviews of WTO Members as an important transparency and trade facilitating tool, and invited EU Member States and business associations to actively consult^[2] and comment them. The COM reminded that it informs EU Member States (through the Trade Policy Committee - TPC) and business associations (through the Market Access Advisory Committee – MAAC) about the calendar of future TPRs, and highlighted the TPR of the USA to which, as usual, comments on SPS matters will be made by COM.

Additional SPS market access (export) issues

During the meeting, the COM shared information about SPS market access issues and highlighted the following:

Third country	SPS market access issues
AUSTRALIA	<ul style="list-style-type: none">– Technical discussions are foreseen still in 2012.– Raw milk cheeses, an update of the process will be discussed in Brussels with an official of FSANZ (Food Safety Australia New Zealand). In May this year, FSANZ has approved a proposal recommending permission for the sale in Australia of raw milk hard to very hard cheeses. FSANZ also had announced further work to assess a possible permission of other types of raw milk cheeses (shorter cured). A revision of Australian very strict microbiological criteria is also expected.– BSE, MS has been granted by Australia a negligible risk status, following an inspection mission focused on food safety issues. An Import Risk Assessment

^[1] General **WTO documents** (G/SPS/GEN/...), can be found in the following Internet website: http://www.wto.org/english/tratop_e/spse/work_and_doc_e.htm

^[2] See **WTO Trade Policy Reviews** gateway at: http://www.wto.org/english/tratop_e/tpre/tpre_e.htm

	<p>is expected to start early in 2013, to assess animal health issues in relation to the export application. The COM encourages the other EU Member States to put forward their applications, building on the on-going work carried out for [MS].</p> <ul style="list-style-type: none"> - Discussions on possible recognition of animal health control systems, zoning and regionalization are foreseen to start still this year. Pig diseases (Classical Swine Fever, African Swine Fever and Swine Vesicular Disease) will come as a priority for the EU.
BRAZIL	<ul style="list-style-type: none"> - A bilateral meeting was held in the margins of the WTO SPS Committee. The EU raised, in particular, the calendar of inspection missions to EU Member States (presented by Brazil in July 2010) and the BSE related import ban by Brazil. Up to now, real progress by Brazil has been limited. A formal SPS meeting is foreseen to take place in Brussels, and a technical mission to Brasilia will follow up on pending issues. Other points under priority for discussion will be the labelling and product registration requirements, import procedures, and Schmallenberg virus related import conditions.
CHINA	<ul style="list-style-type: none"> - Wood Packing Material: In response to the EU letter stating the interceptions of longhorn beetles and the concerns of the EU about imports from China, China replied stating that almost 1000 cases of non-compliances had been found of lacking ISPM marking 15, but also cases where organisms had been found. The COM has already requested Member States to see if these claims are founded and in cases there have been identified failures, to follow-up. <p>It seems indeed that certain exporters (textiles, machinery, electronics, etc.) might not be aware of these requirements. <i>Therefore there is a need for remind different industry and authorities of their responsibilities on exports.</i> The COM considers that the main issue remains the risks found in Chinese imports but it does not help the discussion when China can also identify non-compliances of EU exports.</p> <p>The COM is going to respond to the Chinese letter and therefore would be grateful for any information from the Member States on their follow-up (and thanked those Member States which already have given this information). The COM also had a meeting with the Chinese AQSIQ Plant authorities where COM had requested China to notify the Member States immediately of any non-compliant findings so that the MSs can do their investigation and react.</p> <ul style="list-style-type: none"> - Study visits are planned from China: (1) on Schmallenberg (end Nov-beginning of December)- Chinese officials also visiting MSs and laboratories (hopefully after this visit conditions can be negotiated to export). (2) Another study visit for AQSIQ to explain EU harmonised legislation and risk analysis (including visits to FVO and EFSA for AQSIQ officials)- starting 26 November. Following the study visit- Discussion on EU as single market, discussions on possible pilot project for harmonised certificates – EU still requesting to happen before the end of this year in Beijing.
INDIA	<ul style="list-style-type: none"> - Bovine semen: In close cooperation with EU industry and EU MS, the COM negotiates with India for having an EU export certificate in line with international standards of OIE. India declared in March 2012 that all EU comments would be accepted and that the new import certificate would now be ready for publishing. Despite multiple reminders by the COM towards India, India has still not published this new certificate. Latest info received from India is that it will be published soon and that all EU comments have

	<p>been taken on board.</p> <ul style="list-style-type: none"> - Animal rennet: COM highlighted that India intends to ban the imports of cheese where animal rennet has been used in its production. The latest contacts with India (Food Safety authority) revealed that India does not want to step back nor wants to look at any possible alternatives such as labelling. Therefore, EU industry is invited to contact their Indian importers to identify any possible options for that this export could still continue. Any views, comments are welcome when continuing the discussion with India.
INDONESIA	<ul style="list-style-type: none"> - During the informal bilateral meeting with Indonesia the following 2 issues were discussed: a) Indonesian import conditions on milk and milk products/meat and meat products: The COM referred to non-transparent import conditions of Indonesia which is overall considered unnecessarily burdensome and lengthy and thus not trade friendly. The COM urged Indonesia to follow-up on all applications received from several EU MS (as an illustration, the applications from [MS] and [MS] were mentioned). With regard to BSE, the COM urged Indonesia to amend its legislation in line with the OIE standard and to treat EU Member States not in a discriminatory manner as they have at least the same or higher country risk status as the countries allowed to export beef to Indonesia (such as USA, Canada). The COM requested Indonesia to provide a status report on the outstanding applications of EU Member States together with an overview of all legislative requirements. Indonesia committed to follow-up on these issues. - Indonesian import conditions related to plant and plant products (incl. horticulture): The COM referred to non-transparent import conditions of Indonesia which is overall considered unnecessarily burdensome and lengthy and thus not trade friendly. In particular the recent legislative changes which have led to a non-justified limitation of entry points for EU exporters. The EU requested Indonesia to reassess the information already received on the EU's food safety/plant health system in order to accept the safety of EU exports. This would be a solution to use again all of Indonesia's entry points for EU exporters and also for having reduced checks of EU exported consignments. The COM also called for more transparency and more trade friendly import conditions in line with WTO rules. Indonesia stated to follow-up on these issues and to consider the option of accepting the recognition of EU's food safety and plant health system.
JAPAN	<ul style="list-style-type: none"> - Beef: The COM updated on recent positive developments in Japan. - Food additives: 3 additives soon to be approved, 10 more remain to be done (slow progress but going on). - Regionalisation: Japan is willing to do regionalisation for Member States, but interested MSs need to apply and have bilateral discussions for specific products and diseases. The COM encouraged Member States to do so.
MALAYSIA	<ul style="list-style-type: none"> - Import conditions of pork/pork products. EU has placed this issue on the recent agenda of the WTO SPS Committee as a Specific Trade Concern as a sudden trade stop was seen on 1 July 2012 where Malaysia no longer issued any import permits. The reason which Malaysia provided was that administrative irregularities were seen at Malaysian imports for products coming from EU. COM urged MY to have a more transparent system, without import permits and import conditions in line with international standards. MY has published amended import conditions on its website (DVS) and stated the following: Non WTO compatible Quota system is no longer applicable; all types of pork/pork products can now be imported; importer no longer needs to

	<p>be Member of one specific business association in MY to be allowed to receive import permits for pork/pork meat. According to information received from MY, trade has resumed end September 2012. However, contradictory information was received from other sources. Many questions still remain - COM continues to follow this issue up with MY and will be discussed during an upcoming meeting with MY still taking place this month (week of 19 Nov). Industry and EU MS are invited to share information they may have.</p>
SOUTH AFRICA	<ul style="list-style-type: none"> - A bilateral meeting was held in the margins of the WTO SPS Committee. The COM raised the issue of the PRRS related import conditions for pig meat and Phytosanitary import procedures by South Africa. On PRRS, there is no further developments while South Africa is still waiting for the result of a court decision. On Phytosanitary issues, South Africa committed to pay full attention to EU MS' export applications. The COM has asked MS and stakeholder to signal any undue delays or trade disruptions to the COM and to the EU Delegation in Pretoria.
SOUTH-KOREA	<ul style="list-style-type: none"> - Beef: Korea has announced that Korea would start looking at MS applications, questionnaires to arrive in future. - Long approval process: EU Delegation in Seoul has requested MSs to update a table of current applications so that it can be shared with Korea in order to see where applications stand and where the problem lies so that process could be accelerated.
THE PHILIPPINES	<ul style="list-style-type: none"> - Avian influenza. PHIL puts in place trade restrictive measures whenever AI (LPAI or HPAI) has been notified to OIE. Each time a WTO SPS notification is published which announces the restrictive trade measures. Although PHIL recognises regionalisation, the OIE Standard is not respected. COM urges PHIL to follow the international standard of OIE and not to put always import restrictions in place which are considered stricter than the international standard of OIE – in particular for an LPAI outbreak. - Accreditation of meat establishments: COM discussed recently with PHIL: COM referred to the slow process of carrying out audits and the non-reply or slow reply to EU Member States' applications. The COM requested the Philippines to respond promptly to applications from EU Member States and to reply to a recent letter submitted by the EU Delegation on this issue (May 2012). The Philippines indicated that some delays were due to changes of resources and resource constraints. The Philippines referred to the recent creation of the Accreditation Review Body with representatives from NMIS (National Meat Inspection Service: http://nmis.gov.ph) and BAI (Bureau of Animal husbandry: http://www.bai.ph). The Philippines indicated that audits will again resume but not before 2013 and provided an updated overview of status of some EU MS applications without any precise timelines: For [MS], audits are envisaged at the expense of the Philippines. [MS] is requested to submit a letter to the Philippines to set up the necessary arrangements. [MS] (beef/pork/poultry): an audit visit is in the planning (dates not yet known). [MS]: Audit carried out in May 2011 – [MS] is considered for individual establishment accreditation not system audits. The report of the audit mission is awaiting its approval. [MS]: (pork/beef/poultry) are accredited [MS]: inspection has been carried out in April 2011. For other EU Member States the delegate could not provide further details but committed to provide more information to the COM and EU Delegation in Manila when it becomes available. COM invites industry and EU MS to be kept informed in order to intervene timely when process is delayed by PHIL.

VIETNAM	<ul style="list-style-type: none"> - Sweeteners: With regard to the Vietnamese import ban on artificial sweeteners for normal dietary uses, VN confirmed that this longstanding ban (since 2005) will be lifted soon and that new legislation will be published soon (November 2012). COM insisted in receiving a WTO SPS notification on this new legislation. - Import ban on offal: This point been raised in latest WTO SPS Committee as a specific trade concern. The EU, together with the US (supported by Australia and New Zealand), repeated its request on a rapid lifting of Vietnam's remaining ban on offal. Vietnam stated that it is a temporary measure aimed to protect public health. In that regard Vietnam has now strengthened its measures and increased human capacity. With regard to the remaining ban on white offal, Vietnam announced that the lifting of this measure is under consideration. Subsequently, COM submitted an overview on the general principals of the EU food safety regime in operation with a view to lift the remaining ban. The EU is not aware of any safety problems detected in offal exported from the EU to Vietnam.
UKRAINE	<ul style="list-style-type: none"> - A mission is foreseen latter this year to discuss EU SPS export issues. Any notice of export problems should be communicated to the COM. Possible points for the discussions include: Import permits for animal products; "Born, raised and slaughtered"; Import conditions for EU beef, sheep meat, pork, poultry meat, gelatine, bovine semen; Schmollenberg virus; International standards and guidelines.
USA (Plant Health)	<ul style="list-style-type: none"> - Tuta absoluta – During the EU/US PHTWG meeting (23-24 October) EU expressed the concerns about the new restrictions proposed by the US on Tuta absoluta [deletion] - Apples and pears: [deletion]

Further exchanges between the COM, EU Member States and businesses

[BU] requested clarifications about *regionalisation*. [MS] clarified that health certificates contain references to compartments as a way to prevent outbreaks.

[BU] asked information about the latest developments of the EU-US Plant Health Technical Working Group and about *Canada*. The COM informed that indeed the US had committed to review the list of 34 plant pests of concern. On Canada, the COM informed that the SPS Chapter is not yet closed and that SPS discussions with Canada continue in the context of the EU-Canada Comprehensive Economic and Trade Agreement (CETA).

On *Brazil*, the COM informed that difficulties persist, with significant lack of progress on the implementation by Brazil of their 2010 mission programme to EU Member States. Furthermore, inspection/audit visits already made by Brazil to the EU did not yet result in real trade. The COM informed that EU and Brazil would meet again in November 2012, in the context of the SPS Mechanism. The COM expects that Brazil implements without further delays the calendar of visits to the EU and lifts in 2013 the BSE related ban for beef. The COM will continue working on all the SPS market access issues and intends to visit Brazil during the first quarter of 2013. To be able to have a stronger negotiation position with Brazil, the COM requested EU Member States and businesses to continue and promptly informing the COM as soon as possible about visits, reports of visits, real exports and granting of pre-listing.

[MS] stated that it expects concrete results in *Japan* (BSE) and agreed that the BSE seminar to be organised in 2013 by the COM in *Korea* is a good idea. [MS] further expressed general concerns about the negotiations with the USA and Canada. COM replied that intense discussions continue taking place with both countries.

3. HEALTH CERTIFICATES TO EXPORT BEEF TO THIRD COUNTRIES

Presentations made by the [BU]

Representing [BU], a representative of the [BU] made two presentations about a beef study that was made in 2012 with the participation of business federations from [MS] The two presentations included an explanation about the process followed by the study (over a period of approximately 7 months), and the status of 161 health (veterinary) certificates that are used to export beef and beef products to 78 third countries.

Highlights of the study included the fact that different import conditions (related, for example, to the age of animals and product coverage) are requested by third countries from different EU Member States - even those with a similar OIE risk status. The majority of certificates include requirements related to the national origin of products, i.e. products can only be exported from the country of dispatch. These requirements limit the options of exporters to source animals and products in other EU Member States, and fail to acknowledge the fact that EU Member States follow the same EU rules (which include strict certification and traceability requirements).

Given the difficulties caused to exporters by the multitude of requirements included in health certificates (with the additional unnecessary costs of having to comply with different import requirements), it was suggested that the COM should: a) include the issue of EU (rather than national) certificates in future negotiations of free trade agreements; and b) expand the SPS part of the Market Access Database to include information about health certificates for beef.

[BU] further stressed that the big number of different import conditions pose a major problem to producers and exporters (additional, unnecessary costs), namely in EU neighbouring countries. They stated that even if exports are not very big they represent extremely important market opportunities.

Certain EU Member States (e.g. [MS]) and business associations (e.g. [BU]) agreed with the idea of joining efforts and acting together because production and export sectors in the EU do not always compete among each other but always compete against third countries.

There was a general understanding about the need for increased transparency at EU level (e.g. to make information about import conditions of third countries and health certificates

more easily accessible). There also was a general understanding about the need to acknowledge the benefits and the difficulties of managing existing databases at national level, mostly because: a) different countries have different ways to interact with their own businesses; b) different authorities make available to the public different levels of information (with some of them making some health certificates fully available to the public); c) there may be problems of confidentiality and conflict of interests between different countries and production sectors. Suggestions were then made to start with gathering Internet links from national databases (listing third countries by alphabetic order). The database would be a tool, and the objective would be greater transparency about and consistency of requirements set by third countries, whenever possible.

COM agreed to start collating the Internet links of EU Member States and possibly making them available through the SPS part of the Market Access Database (MADB).

4. SPS MARKET ACCESS ISSUES IN EGYPT

Communication by video-link with the EU Delegation in Egypt

The EU Delegation in Cairo (DEL) informed about the role of the trade section of the DEL, which is based on requests filed by EU Member States (demand driven). This includes the active monitoring of SPS market access problems, informing the public about import conditions through the Internet website of the DEL ^[3] (to compensate the lack of transparency in Egypt), contacts with the Egyptian authorities, and routine exchanges with EU Member States in Egypt and the COM services in Brussels. As usual, the DEL is open to receive any comment or feedback related to SPS market access matters directly to the following e-mail, which can be addressed to the trade section of the DEL: delegation-egypt@eeas.europa.eu.

The DEL further informed about the work done with the two main institutional interlocutors belonging to the Ministry of Agriculture and Land Reclamation of Egypt, the: a) General Organisation for Veterinary Services (GOVS) and Central Administration of Plant Quarantine (CAPQ).

Longstanding difficulties with GOVS and the access to the Egyptian market persist, e.g. lack of transparency (import requirements are not publicly available), lack of alignment of Egyptian import requirements with international standards, lack of their scientific justification. Despite the progress observed in 2012, there are still difficulties related to BSE and Halal requirements.

The technical cooperation with CAPQ has been generally positive. In the past, the main problem related to trade in ware and seed potatoes imported from the EU. On potatoes, the situation improved but there is work still to be done to improve the scientific justification and proportionality of the SPS import conditions recently issued by CAPQ, and the notification of such measures to the WTO SPS Committee. These were acknowledged in the meeting in particular by EUROPATAT.

^[3] EU Delegation in Egypt – Imports into Egypt, including sanitary and phytosanitary measures: http://eeas.europa.eu/delegations/egypt/eu_egypt/trade_relation/import_into_egypt/index_en.htm

EU Member States present in Cairo and in Brussels during the videoconference praised the coordination work of the DEL over the years, and its importance to provide a stronger EU position that is directly beneficial to EU Member States.

5. MARKET DEVELOPMENTS AND EXPORTS OF PLANTS AND PLANT PRODUCTS

Presentation made by the [BU]

[BU] stated that the only part of the business of fruits and vegetables that is growing is exports, and specified that exports doubled from 2004 to 2011, with exports to Russia, Ukraine and Belarus representing about 50 % of total exports. Their presentation included references about the international trade of fresh fruit and vegetables, explored the current export markets as well as possible future markets. It built upon historical references, export problems and previous presentations made in the SPS MAWG. It recommended improvements regarding:

- *Transparency* – The SPS part of the Market Access Database needs to be expanded to include more information, e.g. details about protocols, legislation of third countries, WTO notifications;
- *Reciprocity* including in international negotiations;
- *Coordination*, i.e. coordination at EU level is a must, by involving TRADE, AGRI, SANCO, Member States and businesses. In this context, it was suggested that the SPS MAWG is an embryo of what is needed, it is necessary to adopt an holistic approach to market access challenges in the different multilateral or bilateral fora.

6. FOOD ADDITIVES AROUND THE WORLD

Presentation made by the company [BU]

A member of the business association [BU], a representative of [BU] made a presentation about the global legislation on food additives. It included references to import and export opportunities for food, and trade barriers in this economically important sector worldwide.

7. ITALIAN DELI MEATS AROUND THE WORLD: SPS ISSUES

Presentation made by the [BU]

A member of the business association [BU], a representative of [BU] made a presentation about non-tariff barriers hampering the export of EU pig products. Such barriers include bureaucratic burdens, lack of transparency, lack of recognition by third country authorities of the principle of regionalisation, different microbiological criteria, and lack of recognition by third country authorities of the EU as a single entity (arbitrarily restricting trade and not allowing indirect imports even from Member states from which direct imports are allowed).

8. AOB, FUTURE EVENTS, TOPICS FOR FUTURE MEETINGS, CLOSING REMARKS

- [BU] raised a point on export restrictions related to **Schmallenberg virus**. [BU] believes that the strategy followed by the EU has not contributed to successfully eliminate import restrictions put forward by several third countries, and asked Member States and the COM to quickly find realistic export solutions. In some Member States, the discussion arrived at the political level. MS explained that they had to reach some level of understanding with importing countries to enable exports of live cattle (heifers), and that the situation with genetic material is difficult. COM stated that pressure on business is well recognised and agreed on the need to find ways for trade to continue.
- **Future events and respective input** – The COM encouraged EU Member States and businesses to make the best possible use of future events and on-the-spot missions to third countries to provide updated information about SPS market access issues that may be discussed with the competent authorities of third countries.

This includes the **WTO SPS Committee in Geneva**. The COM invited EU Member States and businesses to provide feedback before the (tentative) date of the meetings in Geneva (indicated below). *New issues or fresh details about outstanding SPS market access issues may be raised by the COM in bilateral meetings with third countries or in the plenary (open) meetings of the WTO SPS Committee.*

As announced during the meeting, the COM here informs that the next meetings of the SPS MAWG are tentatively scheduled for *10 or 11 April, 3 or 4 July, and 6 or 7 November 2013*. See the annexed summary table for events in 2013 (below).

- **Standing point on the follow-up of presentations made in previous meetings of the SPS MAWG:** COM encouraged EU Member States and businesses to keep updating in future meetings of the SPS MAWG the presentations that they have made in previous meetings of the SPS MAWG. The main objectives of this work is to make sure that problems raised, recommendations for action and expectations communicated in previous meetings are properly addressed by the COM.
- **Feedback** - The COM encouraged EU Member States and business associations to provide information, whenever appropriate, directly to the following e-mail address: TRADE-SPS-EXPORTPROBLEMS@ec.europa.eu on:
 - *Pending, new or solved SPS market access issues*, mentioning the specific technical nature of the SPS barrier, its real or estimated value, and details about contacts established between authorities of the importing and exporting countries (including copies of letters exchanged between competent authorities);
 - *Topics of interest for future meetings of the SPS MAWG*, with a direct impact on the EU exports of animals, plants and their products.

2013 SUMMARY TABLE - Meetings and feedback about SPS market access issues

WTO SPS Committee^[4] (Geneva)	Feedback^[5] to be provided to the Commission by	SPS Market Access Working Group (Brussels)^[6]
Week of 18 March	4 March	10 or 11 April
Weeks of 24 June	10 June	3 or 4 July
Weeks of 14 October	1 October	6 or 7 November

EUROPEAN COMMISSION

SPS Market Access Team of DG TRADE
(Unit DG TRADE.D3)

^[4] For more information about the World Trade Organisation (WTO), including the agendas and summaries of the regular meetings of the **WTO SPS Committee**, see http://www.wto.org/english/tratop_e/sps_e/sps_e.htm

^[5] For more information about exports to third countries and SPS market access matters, including specific SPS barriers brought to the attention of the European Commission, see the **SPS part of the Market Access Database (MADB)** at <http://madb.europa.eu/madb/indexPubli.htm>.

^[6] As usual, approximately **6 weeks before** these tentative dates, the Commission confirms the final date of the SPS MAWG.



EUROPEAN COMMISSION

Directorate-General for Trade

Directorate D - Sustainable Development; Economic Partnership Agreements - African, Caribbean and Pacific; Agri-food and Fisheries
Agriculture, Fisheries, Sanitary and Phytosanitary Market Access, Biotechnology

Brussels,
Trade/D3/PL/pds D(2013)

REPORT OF THE MEETING OF THE SPS MARKET ACCESS WORKING GROUP BRUSSELS, 11 APRIL 2013

Participants:

EU Member States: BE, BG, CZ, DE, ES, FR, FI, HU, IE, LT, LV, NL, PL, PT, SE, SI, UK

EU Business associations: Agriculture and Horticulture Development Board - AHDB, AVEC, CLITRAVI, COPA-COGECA, Danish Agriculture and Food Council, Danish Dairy Board, Dutch Flower Auctions Association – VBN, European Dairy Association – EDA, European Potato Trade Association - EUROPATAT, ELC/Federation of European Specialty Ingredients, EUCOLAIT, EX PLA, Novozymes/DSM, European Pet Food Industry - FEDIAF/Nestle, Food Drink Europe, FRESHFEL, PROFEL, spiritsEUROPE, Tessengerlo, Union Fleurs

European Commission: DG TRADE, DG SANCO, DG AGRI, EU Delegation in Brasilia

Summary:

The Commission (COM) presented some highlights of the WTO SPS Committee of March 2013, key SPS market access issues, and future activities related to several third countries. A special focus was given by the COM to the SPS market access work in Brazil (together with the EU Delegation in Brasilia), and the Free Trade agreements with the USA, Japan and Colombia/Peru. Other highlight of the meeting included a presentation about the Dutch export strategy related to animal products and live animals.

Representatives of business associations presented the main market developments and market problems related to the Schmallenberg virus (affecting the export of cattle and genetic material), fresh fruits and vegetables, additives, and mushrooms. They also made references to previous presentations and suggested ways to improve the way the COM and EU Member States tackle SPS barriers to exports, including by sharing more information via the SPS part of the Market Access Database (MADB).

The COM encouraged EU Member States and business associations to continue providing feedback on pending, new or solved SPS market access issues (to maintain a solid negotiation position of the COM), on topics of interest for future meetings of the SPS MAWG – especially in relation to the FTAs with USA, Japan and Colombia/Peru (different deadlines were provided by the COM to receive the requested feedback. The COM further encouraged EU Member States and business associations to provide feedback of concrete SPS market access issues before each of the meetings of the WTO SPS Committee or other contacts with trade partners, which may be raised in the Committee's informal bilateral or plenary meetings. The COM will keep EU Member States and business associations informed of planned contacts and events.

1. WELCOME AND ADMINISTRATIVE REMARKS

The Commission (COM) welcomed Member States and businesses to the meeting which focused on main export markets and horizontal (across several third countries) SPS market access issues.

The COM thanked EU Member States and business associations for providing feedback before the meeting with very useful information to help prioritising and tackling SPS market access barriers. COM encouraged all EU Member States and businesses to continue doing so.

2. SHARING OF INFORMATION ON SPS MARKET ACCESS ACTIVITIES AND PRIORITIES

COM described its on-going focus on the negotiation of additional SPS commitments in bilateral Free Trade Agreements (FTAs). This will require increasing attention, not least since the launch of the FTA negotiations with Japan, and with possible negotiations with the US in preparation. These two negotiations in particular also demonstrate that the dynamics which they create offer an opportunity for the trying to solve specific market access concerns. This requires the full attention not only of the Commission, but also by Member States and industry. Early 2013, the EU has also started negotiations with Thailand and Morocco, both of which are important from an SPS perspective. This adds to the number of on-going FTA negotiations.

The second plank of activity is the enforcement of these bilateral and the multilateral SPS rules and to the make best use them in order to maintain and create market access opportunities for EU agri-food exports. The WTO SPS Committees under the bilateral agreements and WTO SPS Committee offer the fora for pushing EU export interests. Later in 2013, there will be the first SPS Committee meetings under the agreements with Central America and Colombia/Peru, and there will be another SPS Committee with South Korea.

At the same time, the WTO SPS Committee remains important for targeting many partners and increase the visibility of key issues: The COM reported about the WTO SPS Committee of March 2013, its two informal sessions and fourteen bilateral meetings, and the animated discussions in the plenary session. Russia had expressed, in the plenary of the SPS Committee, a **specific trade concern** about the EU's import conditions for plants and plant products. The EU responded to these concerns, to the US questioning measures taken by France on bisphenol A and the EU's possible measures on neonicotinoids (to protect bees). On the **offensive side** (exports to third countries), the EU raised its concerns about China's unjustified measures on phthalates which disrupt shipments of alcoholic beverages, and about beef/BSE, with positive mention of Japan, Thailand, and Taiwan, negative mention of China, a call for determined action by Korea, and the expectation that also Australia and the USA deliver soon. Other issues discussed in the plenary meeting included China's reference to the horsemeat incident, the Chinese BSE import conditions, the Vietnam/offals issue, the India/fruits and vegetables approval procedures, the Indonesia port closures for horticulture products, the China methanol limits in spirits. Emphasis was also put by the EU on providing information about the recent case of fraud related to the labelling of horsemeat in meat products.

Additional SPS market access (export) issues: The COM informed that it will continue actively working with EU Member States, businesses, EU Delegations and the competent authorities of third countries until all SPS market access (EU export) issues, namely the following, are resolved:

Third country	SPS market access issues
AUSTRALIA	a) Regionalisation for certain pig diseases; b) raw milk cheeses: The process to review the domestic and import conditions for raw milk cheeses is on-going and may include product specific conditions; c) BSE: processed beef products can be exported and there is a continued push supporting the pending export applications submitted by an EU Member State.

Third country	SPS market access issues
BRAZIL	<p>a) Technical assistance (COM will continue to provide technical assistance to the Brazilians in different SPS areas, including on the EU inspection system; b) calendar of missions to the EU (Brazil is gradually making missions to Member States to process the export applications submitted by EU Member States. Updates by EU Member States and businesses are key for COM to maintain pressure on Brazil); BSE: Brazil has recently aligned part of its BSE import conditions to those of the OIE. The conditions set under the <i>Sanitary Requirements</i> ref. RIG.CR.BO.JAN.13 allow imports of bovine meat and bovine meat products from countries with a BSE “negligible risk” and “controlled risk”. The conditions set under the <i>Instrução Normativa</i> ref. IN 4 (of 7 February 2013) allow imports of live breeding bovine animals. These texts are publically available in the Internet website of the RISREC (<i>Sistema de Informação de Requisitos e Certificados da Área Animal</i>) at http://sistemasweb.agricultura.gov.br/sisrec/manterDocumento!abrirFormConsultarDocumento.action; d) Schmallenberg virus (SBV): Brazil is open to establish a scientific discussions with the EU before progress is possible.</p>
CHINA	<p>a) Import conditions on Phthalates: The recent Chinese measure on phthalates had not been notified by China to the WTO and lacks scientific justification. A seminar on phthalates will be organised by the COM in Beijing on 17 April; b) ban on beef and other bovine products (BSE): The import conditions of China are not aligned with those of the OIE. China informed that it started risk assessments based on the applications submitted by certain Member States but did not provide specific details about the process of evaluating the applications and related timelines; c) Schmallenberg virus: China has imposed restrictive measures (under AQSIQ’s Notice 67) on bovine semen due to Schmallenberg virus; d) methanol limits in alcoholic beverages: The very low limit of 2 g/L of methanol in alcoholic beverages lacks a scientific justification; e) copper levels in chocolate: The maximum limit for copper in chocolate is based on an old Codex standard, which is no longer applicable because it has been demonstrated that there is no public health concern in this respect. China is reviewing this maximum limit and informed that once there will be new draft legislation would notify to trading partners for comments; f) legislation on dairy imports and exports: The new legislation, which was notified by China to the WTO in 2011 (and afterwards substantially changed, includes unclear requirements on testing and registration) will enter into force on 1 May 2013. China was asked to allow a transitional period of 1 year.</p>
INDIA	<p>a) Bovine semen and pig meat and its products: Work is ongoing in India to establish import conditions, and new bovine semen import conditions will be made available soon (no timelines are available); b) food Safety standards, in particular to alcohol, wine, mineral water, mushroom, energetic drinks: These standards are not aligned with international standards; c) plants and plant products: India has no list of regulated pests, excessively delays the processing of applications submitted by exporting countries (with long Pest Risk Assessments), and does not recognise alternatives to the use of methyl bromide; d) milk and milk products: India forbids the use of animal rennet in the production of cheese. In this regard, India did not reply to the EU comments sent on the WTO SPS notification ref. G/SPS/N/IND/75 of 2012.</p>
JAPAN	<p>a) Beef (BSE): Japan lifted the ban from two EU Member States and is reviewing the applications submitted by other three Member States; b) food additives: The new general “designation process” to approve additives is expected to take one year, excluding the time required for collection of data and documents. There is an updated list of the remaining food additives of the EU priority list of 46 food additives to be authorised. EU businesses also suffer delays with applications for food and feed enzymes. A technical seminar might soon be organised on food additives and food /feed enzymes; c) regionalisation for animal diseases: Japan is willing to assess the EU MS applications for regionalisation for different commodities and animal diseases, if they receive more formal applications from EU Member States; d) other orange varieties: Japan is in the final stage of reviewing the import requirements to allow the import of other orange varieties than <i>Tarocco</i> varieties.</p>

Third country	SPS market access issues
MALAYSIA	Pork and pork products: Longstanding difficulties persist in relation to the Malaysian import conditions on pork and pork products. Difficulties relate to the application and listing of establishments' procedures (lack of transparency), the recognition of importers, the import quantity limitations and the import licence system.
PAKISTAN	Bovine and bovine products (BSE): BSE related import conditions are not aligned with those of the OIE, and applications submitted by EU Member States are not swiftly processed.
PHILIPPINES	a) Accreditation of foreign meat establishments: Ongoing work and programming is taking place in relation to the establishments' accreditation, to future visits to Member States (including, perhaps, consecutive visits to several Member States), and health certification; b) mechanically deboned meat draft administrative order of The Philippines (February 2012): There are too prescriptive requirements regarding packaging, the (one year) limitation of the usage of the mechanically deboned meat from the production date, and the restriction from meat markets and confinement to meat processors only. On the other hand, Philippines included references to the EU legislation in the draft microbiological standards.
RUSSIA	a) Import ban on live animals: Russia bans, from the whole EU (since 20 March 2012), the import of non-breeding pigs and ruminants. The ban is reviewed after Russia audits the interested Member States; b) barriers related to the listing of EU establishments: Russia argues that there is a lack of trust in the guarantees provided by the EU and in non-compliances, and that reliance on guarantees would be reconsidered after audits have taken place; c) import restrictions against Germany: Russia argues that Germany is still inspecting establishments, that a significant percentage of those already inspected by Germany were found non-compliant, that Member States laboratory tests were not performed under Customs Union requirements, and that it found in Russia several non-conformities related to the controls of Salmonella, Listeria and antibiotic residues. Not all Russia requirements are aligned with international standards or scientifically justified.
SAUDI ARABIA	a) Poultry products: Saudi Arabia bans the import of poultry from Germany since 2002, and is reportedly in the process of lifting it; b) bovine and bovine meat: The Saudi Food and Drug Authority (SFDA) maintains its BSE ban in place – against the OIE standards, and without a scientific justification – as long as there are BSE cases in the country of origin. Saudi Arabia stated earlier that it has also some concerns on Schmallenberg virus in the EU; c) inspections and foreign establishment fees: The SFDA authorises imports on the basis of inspections of exporting establishments (rather than of competent authorities), demands the exporting countries to fully pay the costs of such inspections, and demands an inspection fees per establishment (arguably on a cost-recovery basis). This approach is not based on the WTO SPS Agreement, and on the relevant international standards.
SOUTH AFRICA	New import requirements for pork (PRRS): The new requirements, notified by South Africa to the WTO (ref. G/SPS/N/ZAF/31), will come into force on 31 May 2013. COM suggests Member States to do everything to mitigate the effects of these measures effects, mainly by using the negotiating margins given by South Africa to exclude as many product types as possible from the scope of the new PRRS related import.

Third country	SPS market access issues
SOUTH-KOREA	<p>a) Ban on beef and bovine products (BSE): Korea have sent questionnaires to one MS to start the approval process for beef, and informed that due to lack of human resources, they could not review other EU MS applications. A BSE seminar might take place in 2013; b) long approval procedures: Korea committed to give a response to the applications submitted by Member States and to indicate where action needs to be taken by Member States so that the approval processes can smoothly progress; c) origin of the animal in its import conditions ("born, bred and slaughtered in one Member State): Korea informed that it would be keen to receive information from the EU on its rules on traceability, animal identification, etc. (which could assist Korean authorities while revising its legislation on import animal health requirements), and that they can already revise the import condition for individual Member States (including animals born and raised in other EU MSs) after having completed its evaluation - on the basis of a formal request from Member States.</p>
THAILAND	<p>a) Import conditions on bovine and bovine products (BSE): Thailand informed that the text notified to the WTO is applicable since 21 April 2012, but did not reply to the comments made by the EU to the notification; b) Thai import fee on offal: Thailand had commitment to abandon import fees on certain types of animal products such as offal and requested an update on the state of play, and informed that a process to amend its legislation is on-going; c) accreditation process and system audits: Thailand has the intention to carry out system-audits in the EU (for imports of animals and animal products), on a country-by-country basis, following its current legislation. In the longer term, Thailand has the intention to carry out system audits on an EU wide basis. Audits can take place very soon if applicant countries are pay the costs. As from October 2013 onwards, Thailand will cover its costs of audits for up to 5 countries. Thailand committed also to provide a detailed overview on its SPS import conditions together with indicative time lines on the assessment process; d) import conditions related to plants and plant products (imports of apples from the EU): Thailand has an import system which is very burdensome and unnecessarily strict. Pest risk assessments (PRA) are finalised after several years, and several pest mitigating measures imposed by Thailand represent unjustified trade barriers.</p>
TAIWAN	<p>Taiwan's import conditions related to phthalates. The NTA is in the process of reviewing these measures, which are not aligned with the WTO SPS Agreement, are not supported by a scientific justification, are not linked to any possible non-compliance found in products imported from the EU, and are not related to any existing standard or legislation in Taiwan.</p>
UKRAINE	<p>Revision of the Foodstuffs Law: Ukraine has notified the new draft legislation to the WTO – in Ukrainian only – to further align it with EU SPS rules (ref. G/SPS/N/UKR/80/Rev.1). The COM invited EU Member States and businesses to work together to translate the text. The main current difficulties faced by exporters include import permits for animal products; "born, raised and slaughtered" issue; import conditions for EU beef, sheep meat, pork, poultry meat, gelatine, bovine semen; Schmallenberg virus; international standards and guidelines. The COM would appreciate to receive any comments no later than <u>2 May 2013</u>.</p>

Third country	SPS market access issues
USA	<p>a) Food Safety Modernization Act (FSMA): Enacted in January 2011, the FSMA has been presented as the most extensive change in US food safety legislation since 1938, when the Federal Food Drug and Cosmetic Act was adopted. In 4 January 2013, the FDA announced the first two major implementing rules of the FSMA, which were notified for comments to the WTO SPS Secretariat on 10 January 2013. Additional implementing rules are expected to be published soon. All these regulations might have serious consequences for the EU exports of FDA regulated commodities. Therefore, the COM encourages MS to have a close look at the proposed rules and provide comments as soon as possible and within the deadlines established in the notification made by the US to the WTO SPS Committee; b) pesticides residues of chlorpyrifos-ethyl in olive oil: At the border, the US is stopping consignments of olive oil because this pesticide has been detected and its use is forbidden in olives production (it is allowed in the US for other crops only). In the EU, the MRL is 0.05 ppm. The COM encouraged Member States and businesses to keep the COM informed of any possible problem related to these exports.</p>

3. REVIEW OF SPS MARKET ACCESS PRIORITIES

In the meeting, the COM reiterated this request and invited Member States and businesses to provide background information and concrete recommendations for action.

The COM made a presentation about the main trends in EU agricultural exports and about the prospects for agricultural markets from 2012 to 2022. Highlights of this presentation were the following: a) high-value products (a speciality of the EU) represent approximately two-thirds of the EU exports of agriculture products; b) USA and Russia are the main markets importing products from the EU, but China is the destination growing fastest.

As regards the market prospects, they were carried out under a status-quo policy scenario, which means that e.g. scenarios of ongoing negotiations of bilateral agreements were not taken into consideration in the analysis. The COM uses the statistical model of the OECD-FAO, which has a partial coverage of agricultural products (i.e. does not cover some important agricultural products, such as fruits and vegetables, olive oil, wine).

The COM added that the EU became a net exporter of agriculture products, and that most of these (high-value) products are the target in importing countries of SPS measures that cause problems to EU exporters. As part of the market access work, the COM stated that it needs to revisit the SPS priorities established in 2008. It will be necessary to ensure hard-nosed priority setting, take into consideration the additional attention required by FTAs (newly launched or to be launched in the future), and pay close attention to follow-up the negative consequence for exports caused by emergencies in the EU (to protect existing trade) – like the one related to horse-meat in 2013 and with Schmallenberg virus in 2012. The COM very much relies on feedback provided by Member States and businesses, and for that is developing the SPS part of the MADB to be able to share more information. As part of this reflection, the COM asked if there are possibilities to use changes in the EU legislation to more actively sell to trading partners the EU SPS system and its good examples – too often and unfairly put in question by third countries.

After these presentations, [BU] mentioned that there are changes in the world market, as imports are not as easy as before because third countries are targeting other markets as well (increased world competition). This results in changes in the mentality of traders in the EU. [BU] raised its concerns about certain policies in third countries and the fact that trade growth abroad is getting more important. [BU] (pet food business association) stated that health certificates sometimes work for one Member State but not for all, and that their life is easier when there are harmonised (EU wide) certificates. Therefore, [BU] encouraged the work on more EU certificates.

COM concluded by stating that it tries to maximise best outcomes and results from one Member State to benefit all Member States.

4. SYSTEMIC AND COUNTRY-SPECIFIC PHYTOSANITARY MARKET ACCESS ISSUES IN THE NEGOTIATION AND IMPLEMENTATION OF FREE TRADE AGREEMENTS

The COM reiterated this request for information related to phytosanitary issues and the implementation or ongoing negotiation of Free Trade Agreements between the EU and in particular the **United States, Japan and Colombia/Peru** and requested the following feedback:

Free Trade Agreement (FTA) – Exports of plants and plant products	Your feedback
Implementation of the EU- Colombia/Peru FTA : The FTA is applied with Peru as of 1 March 2013; the exact date for Colombia is not yet established; the first meeting of the FTA's SPS Subcommittee is planned for the autumn 2013, before the 1 st trade committee meeting (which is planned to take place before the end of 2013). In the context of the coming implementation of the FTA, a seminar is planned to take place on 10-11 June 2013 in Lima, and on 13-14 June 2013 in Bogota. The COM encouraged Member States and businesses to provide – by 1 June 2013 – updated information on phytosanitary market access issues, for the preparation of the 1 st SPS subcommittee meeting	As soon as possible (ASAP) and by 1st June 2013
Upcoming EU/USA TTIP : The negotiations are due to start in the beginning of the Summer 2013. COM recalled that the preparatory work of the EU-US High Level Working Group (HLWG) had been accompanied by confidence building actions in the SPS field. The same process is to be expected in parallel with actual negotiations, as announced in the HLWG final report. This process also holds the opportunity for the EU to also seek resolution of outstanding specific SPS concerns. Therefore, the Commission calls on Member States and industry to urgently update the current list of SPS market access concerns towards the US. by 24 May 2013 [date corrected after meeting!].	ASAP and by 24 May 2013
Upcoming EU/Japan FTA : The negotiations were launched on 25 March 2013; the first round of negotiations will be held from 15 to 19 April 2013; COM requested Member States and businesses to inform and keep COM up-dated about market access issues. COM highlighted that it will be necessary to monitor the progress of approval procedures and reminded that it will be vital for Member States to submit export applications and test real progress.	ASAP and by 1st March 2014

5. MARKET DEVELOPMENTS AND EXPORT PROBLEMS RELATED TO THE EXPORT OF PLANTS AND PLANT PRODUCTS

[BU] updated the meeting with information on fresh fruit and vegetables export barriers, building upon the presentation made in the meeting of the SPS MAWG of November 2012. Case studies were presented by third countries, including the USA, Chile, Peru, Mexico, Indonesia, Thailand, China, Vietnam, Tunisia, Turkey, Israel, Russia, South Africa and Australia. [BU] closed its presentation with a number of conclusions and recommendations. [BU]'s emphasis was put on the need to “work collectively and become efficient together (public and private)”.

[BU] made a presentation about the export problems that its members face with the export of mushrooms to Singapore and India. The mentioned bans and problems related to levels of radioactivity (below those of the *Codex Alimentarius* and of the EU legislation), legal confusion in relation to frozen and dried mushrooms.

6. SPS PART OF THE MARKET ACCESS DATABASE (MADB)

The COM had asked (when circulated the agenda for the meeting) Member States and businesses to consult in particular the SPS part of the Market Access Database (MADB), at http://madb.europa.eu/madb/sps_crossTables.htm, and let the COM know how it can make it even more useful to Member States and businesses.

COM made a presentation (distributed with the minutes of these meeting) about the on-going changes in the SPS Market Access Database (MADB) and in particular in its SPS part. COM invited EU MS and businesses to provide to the mailbox TRADE-SPS-EXPORTPROBLEMS@ec.europa.eu any suggestion about its content – especially on the type of documents that are going to be made available to the public and business associations, including in a section of the MADB that will not be available to the public.

COM confirmed that it intends to continue to intensify the level of information that is shared with EU MS and businesses, including on SPS market access matrixes (which summarise, on a third country basis, the evolution of specific market access applications). This work should enhance transparency (more information will be exchanged between the COM, EU Delegations, Member States and businesses), and improve efficiency of the market access work and the negotiation position of the COM and Member States.

7. SPS MARKET ACCESS ISSUES IN BRAZIL

The COM and the EU Delegation in Brasilia (DEL) (connect by video-conference) listed the main SPS related export issues with Brazil, namely those mentioned in point 2 of the minutes of this meeting (above). The DEL further informed about the role of its trade section, which is based on requests filed by EU Member States (demand driven). This includes the active monitoring of SPS market access problems, contacts with the Brazilian authorities, and routine exchanges with EU Member States in Brazil (including Chambers of Commerce) and the COM services in Brussels. As usual, the DEL is open to receive any comment or feedback related to SPS market access matters directly to the following e-mail, which can be addressed to the trade section of the DEL: delegation-brazil-comercio@eeas.europa.eu

[MS] welcomed the positive developments in Brazil and stated that it is looking forward to see measurable progress translated into concrete actions. MS gave an insight about the recent inspection mission on dairy sector, and informed that a solution was found for hog casings and that regionalization for Low Pathogenic Avian Influenza was accepted by Brazil in relation to day-old-chicks. [BU] recalled that pet food still suffers with the Brazilian BSE related ban.

8. MARKET PROBLEMS RELATED TO SCHMALLEMBERG VIRUS

[BU] made a presentation about the difficulties that its member face with the exports to third countries due to restricted related to the Schmallerberg virus (SBV). [BU] wished to continue to be informed by the COM on developments related to SBV in third countries, and on research studies.

COM restated its views that the disease should not be given more importance than the one given by the OIE, regrets that third countries take measures beyond the OIE considerations, and informed that research studies will continue. Further discussions will take place in the future with Member States and business associations. COM also highlighted the need to continue cooperating and exchanging information with EU Member States and businesses. COM stood available to continue facilitate discussions and explore ways for reaching solutions, as much as possible.

[MS] expressed sympathy for the problems faced by business on exports due to SBV and mentioned the importance of key markets, like US for the EU bovine semen industry.

9. [MS] STRATEGY ON EXPORTS OF ANIMALS AND ANIMAL PRODUCTS

A representative of [MS] made a presentation about the [MS] strategy on exports of animals and animal products. The presentation provided an overview about the exports policy, strategy and goals of [BU] in this sector, organisation of market access work, and priority third countries.

The UK further shared its views about the need to use resources in the best possible way by, for example, jointly drafting pre-mission questionnaires required by third countries.

10. SYSTEMIC AND COUNTRY-SPECIFIC SANITARY MARKET ACCESS ISSUES IN THE NEGOTIATION AND IMPLEMENTATION OF FREE TRADE AGREEMENTS

The COM reiterated this request for information related to sanitary issues and the implementation or ongoing negotiation of Free Trade Agreements between the EU and in particular the **United States, Japan and Colombia/Peru** and:

Free Trade Agreement (FTA) – <i>Exports of animals and animal products</i>	Your feedback
Implementation of the EU- Colombia/Peru FTA : Further to the information of point 4 of the minutes of this meeting (for phytosanitary issues), the COM encouraged Member States and businesses to provide – by 1 June 2013 – updated information on sanitary market access issues, for the preparation of the 1 st SPS subcommittee meeting	ASAP and by 1st June 2013
Upcoming EU/USA FTA : COM recalled that the preparatory work of the EU-US High Level Working Group (HLWG) had been accompanied by confidence building actions in the SPS field like the EU approval of lactic acid, or a number of US decisions recognizing EU regionalisation decisions. The same process is to be expected in parallel with actual negotiations, as announced in the HLWG final report. This process also holds the opportunity for the EU to also seek resolution of outstanding specific SPS concerns. Therefore, the Commission calls on Member States and industry to urgently update the current list of SPS market access concerns towards the US. 24 May 2013.	ASAP and by 24 May 2013
In relation to the upcoming EU-Japan FTA : Further to the information of point 4 of the minutes of this meeting (for phytosanitary issues), the COM requested Member States and businesses to inform and keep COM updated about sanitary market access issues. In addition, the business association [BU] gave a presentation on the safety evaluation system of food and feed enzymes in Japan highlighting the cumbersome review procedure and unpredictable safety evaluation.	ASAP and by 1st March 2014

11. AOB, FUTURE EVENTS, TOPICS FOR FUTURE MEETINGS, CLOSING REMARKS

- [BU] informed about the challenges that it anticipates for importers and exporters with the new legislation that is being drafted by the EU on electronic certification which will include horticulture products. [BU] is in contact with the COM and would like to make sure that compatibility of electronic systems is ensured (keeping the interoperability of national and EU systems, and paying attention to complex technical issues). [BU] also raised questions about the recent phytosanitary measures announced by Russia which that may affect mostly the export of cut flowers. COM replied that the scope of the measures seems not to include cut flowers and reassured that it will continue closely following up the issue. [BU] raised serious concerns about the exports of pet food to Russia if the new registration rules are applied to this sector. [BU] raised concern about the limits of phthalates in alcoholic beverages in China and in Taiwan. COM gave the state of play.
- [BU] raised its concerns about the Turkish draft regulation banning some categories food additives not in compliance with EU regulations and Codex Alimentarius. COM thanked the presentation and reassured that it will be followed by the relevant COM services dealing with TBT matters.

- **Future events and respective input** – The COM encouraged EU Member States and businesses to make the best possible use of future events and on-the-spot missions to third countries to provided updated information about SPS market access issues that may be discussed with the competent authorities of third countries. This includes the **WTO SPS Committee in Geneva**. The COM invited EU Member States and businesses to provide feedback before the (tentative) date of the meetings in Geneva (indicated below). *New issues or fresh details about outstanding SPS market access issues may be raised by the COM in bilateral meetings with third countries or in the plenary (open) meetings of the WTO SPS Committee*. As announced during the meeting, the COM recalled that the coming meetings of the SPS MAWG are tentatively scheduled for *3 or 4 July, and 6 or 7 November 2013*.
- **Standing point on the follow-up of presentations made in previous meetings of the SPS MAWG**: COM encouraged EU Member States and businesses to keep updating in future meetings of the SPS MAWG the presentations that they have made in previous meetings of the SPS MAWG. The main objectives of this work is to make sure that problems raised, recommendations for action and expectations communicated in previous meetings are properly addressed by the COM.
- **Feedback** - The COM encouraged EU Member States and business associations to provide information, whenever appropriate, directly to the following e-mail address:
TRADE-SPS-EXPORTPROBLEMS@ec.europa.eu on:
 - *Pending, new or solved SPS market access issues*, mentioning the specific technical nature of the SPS barrier, its real or estimated value, and details about contacts established between authorities of the importing and exporting countries (including copies of letters exchanged between competent authorities);
 - *Topics of interest for future meetings of the SPS MAWG*, with a direct impact on the EU exports of animals, plants and their products.

2013 SUMMARY TABLE - Meetings and feedback about SPS market access issues

Feedback to be provided to the Commission by	WTO SPS Committee (Geneva)	SPS Market Access Working Group (Brussels) ^[1]
4 March	Week of 18 March	11 April
10 June	Weeks of 24 June	4 July ^{Confirmed}
1 October	Weeks of 14 October	6 or 7 November

EUROPEAN COMMISSION
SPS Market Access Team of DG TRADE
(Unit DG TRADE.D3)

For more information about trade matters see

- Trade policies, import and export rules and market access work in the EU: <http://ec.europa.eu/trade/>
- SPS market access barriers, SPS newsletters, useful links, latest news in the **SPS part of the Market Access Database (MADB)** of the European Commission: <http://madb.europa.eu/madb/indexPubli.htm>
- Agendas/summaries of meetings of the **WTO SPS Committee**: http://www.wto.org/english/tratop_e/sps_e/sps_e.htm

^[1] Approximately **6 weeks before** these tentative dates, the Commission confirms the date of the SPS MAWG.