



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

MAAC 2017-07

Brussels, 24 February 2017

All redactions marked with "\*" are made under Art. 4.1(a)  
 All redactions marked with "\* \*" are made under Art. 4.2.

***DRAFT MINUTES***  
***MARKET ACCESS ADVISORY COMMITTEE***  
***Conference Centre Albert Borschette, room 3C***  
***Wednesday 15 February 2017, 10:00 – 13:00***

**1. APPROVAL OF THE DRAFT AGENDA**

Following issue was requested to be added to the Agenda:

\*, supported by \*, \* and \*, asked to raise the issue related to Algeria's import restriction for steel products.

The Agenda was adopted with this addition.

**2. ANNOUNCEMENTS FROM THE CHAIR**

**Chair** announced the upcoming WTO Trade Policy Review of Mexico on 5 and 7 April 2017, and indicated the deadline of 28 February to send input to DG Trade.

The Chair informed the Committee of its intention to present the main initiatives of the **EU Economic Diplomacy (EED)** in a forthcoming MAAC meeting to discuss the priorities and potential synergies with the Committee in the context of its work on the removal of barriers to trade.

The Chair also announced that there will be a discussion on the Commission's draft **Trade and Investment Barriers Report (TIBR) 2017** in the MAAC in March. Although the TIBR remains a Commission document, the idea is to focus the report on the work done in the MAAC in 2016 as recorded in MACFLOW and with the blessing of the Committee.

**3. KEY BARRIERS EXERCISE**

**Update and adoption of the key market access barriers list for China:**

**COM** presented the final updates of China's key barriers list following a first discussion in the MAAC in February, which was then adopted. The updates and the final list were broadly welcomed by MS and industry.

\* requested feedback on information it had sent on shipbuilding. COM clarified that although local content in scraping and new building scheme are not included in the key barriers list, the COM is well aware of the issues that it has raised in several fora including bilateral dialogues with China and at the OECD level. \* asked whether the EU-China connectivity platform could be included as an action on the list. COM agreed to consult with relevant colleagues.

The Committee agreed to focus short term MATs action on:

- SPS: Monitoring the implementation measures of China's Food Safety Law
- Technical Regulations, Standards and Conformity Assessment: Special focus on China's standardisation reform as well as the possible upcoming reform of the Compulsory Certification System (CCC)
- Pharmaceuticals: Follow-up on the draft Drug Registration Regulation (DRR)
- Medical Devices: "Buy China Policy".

### **Review of the Key Barriers list for Brazil:**

COM presented as introduction an overview of EU-Brazil trade and investment relations, the state of play of EU- Mercosur Association Agreement negotiations and the new EU funded project on regulatory convergence, where MAAC members agreed to the list of seven sectors which were selected for in-depth studies (food industry, chemicals/pesticides/fertilisers, machinery, electronics, information technology, medical devices, vehicles). COM informed that the EU Delegation is following-up all trade barriers with specific teams of interested Member States.

COM then presented the key barriers list with updated information. COM proposed to downgrade to a "normal barrier" the key barrier on "Customs issues" (as it is not enforced by BR), to merge the three services cases into one case and to merge the two taxation cases once the final rule of the dispute settlement on "Indirect taxation" (WTO DS472) is published. COM proposed to delete two of the SPS cases as progress is under way (Labels and BSE).

■■■■ expressed interest and support for the Regulatory Cooperation project and the list of 7 priorities. It raised the long-standing issue on nitrocellulose, which represents a significant economic loss for EU exporters. COM replied that the issue is systematically raised at the WTO Import Licensing Committee meetings in Geneva. It was also raised at the JC Trade meeting held in Brasilia in 2015, where Brazilians reiterated their position that nitrocellulose is a dual-use product, therefore requiring non-automatic licensing, and that the issue was being reviewed in consultation with Brazilian military authorities.

■■■ insisted on the importance of SPS irritants with Brazil, also pointing to the need to keep BSE on the list. ■■■ also raised the issue of wine and spirits. ■■■ stressed the unsatisfactory situation for meat exports, pointing to the € 1.6 bn trade deficit the EU has with Brazil in this sector. The organisation asked to keep BSE on the list and stressed that Mercosur negotiations need to take into consideration EU interests in this field. ■■■ pointed to problems for the dairy sector – barrier Nr 10, labelling of products of animal origin and suggested to proceed to the evaluation of this new electronic system before removing this barrier from the list. ■■■ also stressed the problems faced by the dairy sector, referring to registration procedures and labelling. The organisation insisted on the need to keep SPS / animal products as a key barrier, and complained about anti-dumping duties on milk powder imposed (and renewed) by Brazil for five years. ■■■ expressed support for the seven priorities under the Regulatory Convergence project, with "food industry" as a key sector.

■■■ called for more ambition on SPS by Brazil. ■■■ put taxation issues as top priority and demanded progress on all SPS issues and a strong coordination of MS position.

■■■ referred to the issue of discriminatory taxation in Brazil (covered by WTO DS 472) and to SPS restrictions (certificates for ■■■ pork and beef; pest risk analysis procedures for ■■■ apples). ■■■ suggested the EU coordinates a common position on the issue of fruits and vegetables.

■■■ listed, as priorities, public procurement, export taxes, IPRs (counterfeiting of Portuguese olive oil), and SPS. ■■■ suggested to create a new barrier on the "recognition of academic

qualifications”. In response, COM referred to the discussion held during the last JC Trade meeting and to subsequent contacts of the EU Delegation with CONFEA.

\* informed that besides the listed key barriers, customs procedures and local content requirements in the telecom sector are becoming major issues. \*\* pointed to wine-related issues, in particular draft legislation on quality requirements and content analysis / additives.

\* referred to the backlog in SPS audits and inspections, the backlog at ANVISA, and “non-transparent customs procedures”.

\* stressed the SPS barriers on plant and plant products. \* highlighted the export problems related to meat, wine rules and GIs. \* underlined the barriers of local content in the automotive and oil sectors, of administrative procedures for medical devices and drugs, IPRs, procurement, SPS and the high taxes for spirits.

In response COM pointed to the best practice of MAT meetings launched by EUDEL Brasilia. MAAC members were requested to provide written comments to the key barrier list by 24 February COB at the latest. In addition, the issues on wine, non-transparent customs procedures, local content requirements, professional qualifications and nitro-cellulose will be followed-up.

#### **4. MARKET ACCESS CASES**

##### **4.1. Saudi Arabia: minimum customs value for ceramic tiles products**

\* reported on applied minimum prices of ceramic tiles of certain dimensions which discriminate some countries due to different values, seven \* companies are affected. \* informed that no complaints from Italian companies were received but that the new standard poses problems with regard the labelling in Arabic on each tile, which applies immediately and includes also tiles in stock. \*\* will provide more information on labelling. \* supported the concerns of the ceramics sector. \* added that there were hikes in customs duties without advance information for 193 products. COM informed that the EU Delegation will undertake appropriate steps in close coordination with interested MS and COM services, in particular with regard to WTO rules (MFN, Customs Valuation Agreement).

COM asked for evidence of rejected value declarations and how customs has granted a dialogue with companies to establish customs values.

##### **4.2. Brazil: Draft TR G/TBT/N/BRA/649 on Food Additives and Technology Supporting Authorised to use in Wine**

\* presented the issue and was supported by \*, \* and \*\*, expressing persisting concerns of their wine-makers about the Brazilian Technical resolution, published on 7 November 2016. The EU and industry's comments on the TBT notification of 2015 (BRA/649) hadn't all been taken on board in the final version and remaining divergences in relation to OIV standards should also be aligned. In addition, clause on exhaustion of stocks should be introduced to the Brazilian regulation.

COM asked for more information that would help the follow-up with the Brazilian authorities, in particular the estimated economic impact for wine exports, comparison to already existing obligations in the Brazilian law and concrete provisions in the resolution that would cause difficulties.

##### **4.3. Turkey:**

COM reported on **meetings held with Turkish authorities at the beginning of February in Ankara**, during which a number of trade irritants were discussed. COM also underlined to

Turkish authorities that progress on trade irritants needs to be made in view of the currently on-going preparations for the update of the modernisation of the Customs Union. COM recalled that the draft mandate has been adopted on 21 December 2016 and that currently discussions are on-going in Council. \*

As regards various **additional duties which have recently been imposed by Turkey**, COM informed that the issue has been raised with Turkish authorities during the recent mission, both stressing the economic and systemic concerns. \* referred to various additional duties which have been imposed by Turkey over the last months, with a particular increase in the last months of 2016, and which are affecting many sectors. Industry considered launching a \*, but in the end did not pursue it due to possible retaliatory measures and .

\* supported \*'s concerns and inquired about a possible new NTB related to further chemical tests for two substances. \*\* mentioned a recent decree imposing additional duties between 17-25% on certain products based on the place of manufacturing and not on the placing on the market. \*\* also expressed its support to \*\*'s concerns, especially with reference to the inclusion of automotive components, like tyres. \*, \*, \* also supported the interventions. \* also referred to a note on additional duties send to the COM on 17 January 2017, \*, and \* to recent disinvestments in Turkey due to the worsening business climate and \* also mentioned the need for a new strategy to tackle additional duties and remove barriers before the negotiations. COM took note of the comments and stated that \*

. However, COM will continue raising the issue with Turkey in the run-up to the negotiations, including in the upcoming Customs Union Joint Committee (CUJC) in May.

As regards problems linked to the **import of machinery into Turkey**, COM referred to previous discussions in MAAC in March, May and July 2016 as well as in the Machinery Administrative Cooperation Group (AdCo) in May 2016. The issue was also raised during the recent meetings in Ankara and as a follow-up the Delegation had a specific meeting with the Ministry of the Economy and the Turkish Standards Institution to go through the issues which have been reported by \*\* last April. Turkey has stated that some issues have been solved (such as the size of the CE marking) and confirmed that TAREKS works well and will provide further data on conformity assessment checks.

\*\* welcomed COM's support and referred to additional duties on automotive parts, tyres and mirrors as well as continuous problems with the ATR certificate. In reply to \*, COM confirmed that customs procedures and trade facilitation will be covered by the CU modernisation negotiations. \* stated that, whilst problems remain, some progress has been made on trucks. \*, \*, \* supported previous interventions and mentioned that difficulties persist for their companies, whilst \* highlighted the need to have an effective DS mechanism. COM invited participants to provide information on possible improvements based on recent discussions and to continue reporting existing or new problems. Furthermore, the issue will be discussed in the upcoming Machinery Directive Working Group meeting in March as well as with the Turkish authorities during the AdCo and CUJC meetings in May.

At \*'s request COM explained the issue related to **Turkey's notification system for cosmetics products** which is very burdensome and does not follow the EU *acquis* (EU Cosmetics Regulation). The issue was brought up by industry beginning of last year and it was discussed bilaterally with the Turkish Authorities. Since EU industry stopped complaining, the COM was interested in knowing whether the issue was still problematic.

Several MS confirmed they had received complaints from their industry (\*, \*, \*, \*). \* said that Turkey is now asking for confidential information on the composition of cosmetics products as a condition for registration. \* also said that Turkey is asking for excessive information, there is lack of transparency and the system is disproportionate and burdensome. Moreover, it was published without any official text. \*\*. informed that Turkey is asking for a social security number (so only Turkish citizens would in principle be allowed to register cosmetics), registration is done through barcodes (and not all cosmetics products have one), and confidential information is being asked such as the exact concentration of ingredients in the cosmetics formulae. COM agreed that they issue should be raised again with Turkey. It was already raised at the CUJC of last year and it could be put in this year's CUJC agenda taking place in June if there is no occasion to raise it earlier with Turkey.

Chair concluded the discussion on Turkey barriers to trade by committing to develop a new key barriers list for discussion in March or April, the purpose of which would be to clarify MAAC priorities prior to a possible launch of the negotiations.

#### **4.4. Korea: Draft Regulation G/TBT/N/KOR/664 on the labelling of alcohol beverages**

\*, supported by \* and \*\*, expressed its concern regarding Korea's Draft Regulation G/TBT/N/KOR/664 on warning messages with regard to smoking and drinking which was notified on 29 July 2016. COM explained that the EU submitted comments in September 2016 asking the Korean side to consider re-drafting the 3 health warnings to better reflect the absence of a direct link between drinking alcohol and the occurrence of certain diseases, seeking clarification on whether operators could choose a warning to apply or had to rotate them, seeking a reasonable time (18 months) to implement the requirements and exhaust the stocks and indicating that the notification was not made at a sufficiently time to take comments into account.

The COM further noted that Korean side provided a supplementary response dated 8 December 2016 to which the EU replied on 8 February 2017 indicating it welcomed the revised text concerning drinking during pregnancy and requesting reconsideration of a similar approach for the other health warning labels.

COM indicated that the EU might raise this concern again in the coming TBT Committee meeting on 29-30 March.

### **5. KOREA: DEBRIEF ON EU-KOREA FTA TRADE COMMITTEE**

COM presented the key points of the EU-Korea Trade Committee that took place on 16 December in Brussels on Commissioner/Minister level. Over 5 years, the agreement has shown very good results (trade increase of 47 % for the EU, 11% for Korea; 2,6 bn € EU trade surplus).

The EU underlined in particular the need to advance on trade and sustainable development and on beef, but also on respect of SPS regionalisation, IPR public performance rights and geographical indications. Furthermore, problems related to car homologation, shipbuilding subsidies, electronics and postal services were raised by the EU side, and the Korean 2 years' prolongation of duty exemptions for repaired goods was welcomed. Exploratory FTA amendment discussions, the preferential duty utilisation rate and adaptation to technological change were also raised.

The COM also informed the MAAC that Korea would soon apply – as in previous years – agricultural safeguard measures on (the small quantity of) chilled pork meat exports in line with art. 3.6 EU-Korea FTA, increasing the tariff from 10.2 % now to 22.5 % under the

safeguard (Tariff item number (HSK 2017): 0203-19-1000, 0203-19-9000, trigger level: 176 M/T, date of exceeding trigger level: 17 Jan. 2017).

Finally, the COM informed about further steps and upcoming evaluation reports in 2017, and about the political situation in Korea.

\* expressed its particular interest in the issue of the duty utilisation rate. \*\* noted that there is a trade surplus in value terms on passenger cars for the EU, but a trade deficit in numbers.

## 6. AOB:

\* required an update on the issue related to **Algeria's quota and non-automatic licencing regime for imports of steel products** and referred to \*\*'s presentation in the MAAC in January 2016. MS expressed their concerns (\* in relation to the imports of wire rod, \* stressed the lack of predictability, \* underlined that Algeria was an important export market for steel product).

The **Chair** took note and agreed to debrief on this issue in the MAAC meeting in March. The Chair also suggested to set up a dedicated local Market Access Team to address this trade concern.

## FOLLOW-UP ACTIONS:

- **Key Barriers review for Brazil: MS and BU** to provide written comments by 24 February COB at the latest;
- **Saudi Arabia – minimum customs value for ceramic tiles products: MS and BU** to provide evidence of rejected value declarations and how customs have granted a dialogue with companies to establish customs values;
- **Brazil – draft TR on Food Additives and Technology Supporting Authorised to use in Wine: MS and BU** to provide information on the estimated economic impact for wine exports, a comparison to already existing obligations in the Brazilian law and concrete provisions in the resolution that would cause difficulties.

## FOR MEMBER STATES ONLY:

### 7. APPROVAL OF THE DRAFT MINUTES OF THE MAAC MEETING OF 19 JANUARY 2017 (MAAC 2017-02)

The minutes of the MAAC meeting in January 2017 were distributed on 30 January 2017, and a revised version was sent on 10 February following comments from \* and \*. The minutes were adopted with those changes.

*DG TRADE, Unit G.3*