



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

MAAC 2016-004

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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 AB-1B
Thursday 21 January 2016, 10:00 – 13:00

1. APPROVAL OF THE DRAFT AGENDA (MAAC 2016 – 002)

Following issues were requested to be added to the agenda:

- * - India's food additives Regulation
- * - raise of tariffs for the imports of sweet corn into Turkey

The agenda was adopted with these additions.

2. ANNOUNCEMENTS FROM THE CHAIR

The **Chair** notified the Committee of the WTO Trade Policy Review of Turkey on 15 and 17 March 2016 and indicated the deadline of 22 February to send input to DG Trade.

3. POSITIVE MARKET ACCESS DEVELOPMENTS:

3.1 Argentina

Elimination of DJAIs for goods

COM informed that the new Argentine administration terminated the system of prior sworn importer declarations (DJAIs) for goods in December 2015, within a "reasonable period of time" in line with the ruling of the related WTO dispute settlement ruling. However, DJAS for importation of services remain in place. DJAIs for goods were replaced in December 2015 by the introduction of i) a new Import Monitoring System (SIMI) and ii) of automatic licences for all final product imports and of non-automatic licences for around 1000 tariff lines. *, *, * and * congratulated COM services for resolving this key trade barrier and asked to keep pressure that the measures replacing the DJAIs would not become again trade restrictive measures. Now non-automatic licenses would cover over 12% of imports. More information is needed on the new measures.

COM explained that the General Resolution 3823 on SIMI replaced the DJAI system since 23 December 2015. Importers must electronically submit specific information for import approval in a webpage of the Federal Tax Authority ("AFIP"). Government agencies have 10 days for making observations. Once approved, the declarations are valid for 180 days. The SIMI identification number must be included in the filing for the subsequent import that customs can control with their IT system "MALVINA (SIM)" the consistency between the SIMI and import information. The Ministry of Production established with Resolution

5/2015 a system of import licenses on 23 December 2015 which are valid 90 days. All imports of final products need a prior automatic import licenses and about 1,000 tariff lines non-automatic import licenses. Importers must file the required information in SIMI. Goods imported under the sample, donations and diplomatic franchises regime, and under the courier regime are exempted from the licensing requirements if the importer is the final user of the goods. The EU is watching closely the new measures which are similar to the previous DJAI system and requests feedback from industry about the application of the new rules.

Elimination of restrictions on access to foreign currencies for payment of imports and transfers

COM reported that one of the first measures of the new Argentine administration was to lift most of the currency controls and allowed the peso to trade freely on the markets in mid-December 2015. The peso devaluated immediately about 30 percent to the rate of the parallel market. This measure aims at increasing inflows of foreign currency and investments which help to bolster reserves and facilitates importers to pay suppliers without delays.

Elimination of export taxes for almost all products

COM mentioned that the Decrees 133/2015 and Decree 160/2015 of December 2015 revised almost all export taxes and eliminated or reduced export tariffs on agricultural and industrial products. These export taxes were a long standing key barrier for the EU economy with regard to open and secure access to raw materials. This policy change of the new Argentine administration is a positive signal for establishing a more liberalised economy and international trade. The main exceptions are soybeans, which are important for fiscal revenues, where the rate was reduced by 5% to 30% and soy by-products to 27%. The EU will monitor if import discriminating measures would be introduced to support local industries which suffer from higher prices for local products due to the termination of export taxes.

Elimination of discrimination of imported cars in the luxury tax

COM announced that the Decree 11/2016 published on 6 January 2016 modified the internal tax on these products for the first six months of 2016. The new tax rates of 10% and 20 % respectively, depending on the sales price bands, on higher priced vehicles remove the de jure discrimination against imports, although the 0% tax rate remains for cars below those thresholds. At **'s request, COM indicated the thresholds for the import duties on cars. * thanked the COM for its support and expressed hope for further opening of Argentina's trade policy.

3.2. Brazil:

Discriminatory taxation of some spirits

COM provided an update on the case related to the discriminatory nature of Brazil's Decree 85/12 which came into force provisionally on 1 December and laid down tax rates of 25% for cachaça and 30% for all other spirits. The issue had been raised in the MAAC meeting in December 2015. The COM informed that President Dilma Rousseff passed the draft measure into law, but at the same time vetoed the reduced taxes on Industrialised products proposed by the Congress of 17% for cachaça and 5-6 % for wine. COM indicated that this was positive news for EU exporters because, although it is still apparently discriminatory in view of the 30% rate for other spirits, it is considerably less discrimination than would have resulted if the President had accepted the reduced rate for cachaça.

*, **, * and * thanked the COM for its actions and asked to remain vigilant in regard to discriminatory taxation in Brazil.

4. KEY BARRIERS EXERCISE

China: presentation of the final key barriers list

COM explained the main changes proposed in the draft key barriers list as presented in the MAAC meeting in December 2015, after having received the submissions from MS and industry.

MS and industry were largely satisfied with the list that many of them considered as a balanced list that reflects EU market access priorities in China (*, *, *, **). * and * stated that they would like to have labelling for cosmetics (overstickering) on the list again as it is an issue that could reappear in the future. COM explained that China has suspended the prohibition of overstickering after the pressure exerted by the EU among others. China has confirmed this in the TBT Committee and the Commission has indications from cosmetics exporters that this is the case. Nonetheless, the COM explained it will continue monitoring and asked the Committee to report any incidents in this respect. COM also explained that after having received a late submission by ** on discriminatory import requirements on API (Active Pharmaceutical Ingredients) it will consider whether to re-introduce this issue under the pharmaceuticals barrier. * was supportive on this.

** asked whether *

** asked to specifically include China's standard about double testing. The Chair replied that this issue is to be considered as covered by the first bullet of barrier No 5 (burdensome certification procedure).

* and ** requested to mention China's food safety law.

** will send further information about an issue related to the approval number for imported drugs.

* asked if the COM could send a planning of the forthcoming Key Barrier reviews in the MAAC in order to better prepare their intervention in the meeting. COM agreed.

5. EARLY WARNING CASES

Egypt: mandatory registration of factories

** expressed its concerns about Egypt's Decree 992/2015 on rules governing the registration of factories eligible to export certain goods to Egypt and which will enter into force on 1 March 2016. It concerns 24 products ranging from agricultural products, bikes, toys, cosmetics, textiles and garments. As ** members work with a network of trusted vendors, they would have to submit hundreds of requests.

COM explained that *

. The EU Delegation in Cairo held several meetings, both with the Minister of Trade and with the Ministry of Trade's officials. During these meetings the Delegation conveyed EU concerns over the recently introduced measures. COM informed that on 18 January the Egyptian Ministry of Trade adopted a new decree allegedly modifying the aspects in Decree 992. Accordingly, international brands/trademarks would not need to submit hundreds of requests for approving each factory exporting to Egypt, instead, they would have to register its distribution centre, instead of each factory.

*, *, *, *, *, *, * and ** supported ** and expressed their concerns.

6. MARKET ACCESS CASES

6.1. Turkey: duties and testing requirements for footwear

** presented the Joint Statement on Turkish Duties and Testing Requirements for Footwear updating the costs of the measures for 12 EU brands of footwear and sports shoes during the first year and asked COM to raise the issue at highest level with Turkey. ** hoped for new positive developments with the new government in place and mentioned a returned shipment of boots due to phthalates.

COM clarified that the impact assessment on the enhanced EU-Turkey Customs Union would only be launched by end of 2016. ** mentioned that the export of toys to Turkey also encountered problems (they provided a Joint Position Paper in autumn 2015) and asked the Commission about an update. * reminded about the restrictive surveillance regime that obstructed trade with its neighbour. * added that garments were also affected by additional duties and asked the Commission to raise the issue at highest level. * supported ** and ** and urged COM to do whatever it could and pointed also to a new case regarding CE marking for machinery. * also urged COM to intervene at highest political level. * remarked that a British company even stopped its exports to Turkey. * enquired about COM's further actions and underlined it was also having problems in exporting machinery to Turkey. * and ** supported the other participants. ** added that besides footwear also leather bags, hand tools, rugs and a series of other products were affected. * supported ** asked *

COM thanked **, ** and ** for the update and assured that the case was being treated as a priority: it had been discussed at several MAACs, MAWGs on textiles, Commissioner Malmström discussed the issue with the Turkish Minister of the Economy on 9 January 2015, it was raised at the last EU-Turkey Customs Cooperation Committee on 20 March 2015, CUJC on 27 April, its follow-up meeting on 9 July 2015 in Ankara and the Commissioner mentioned also trade irritants during her discussion with the Turkish Minister for EU affairs Mr Vokan Bozkir. COM will continue raising the additional duties on footwear and textiles, as well as the testing requirements for footwear at all relevant fora. COM will follow-up on the returned shipment of boots and the export of toys, machinery and surveillance measures.

6.2. Belarus:

* reiterated its concerns about numerous measures which limit the access to the Belarusian market for EU operators and asked the COM to provide an update. * mentioned notably the restrictions related to the import of construction materials and plasterboard products, new rules for hygienic certification in imports of goods, the ban on exports of wood. *, * and ** mentioned that they had already raised these issues in previous MAAC meeting. ** supported *'s intervention in regard to the wood ban.

COM informed that the Commission took part in a mission to Minsk in December 2015, where DG TRADE raised the problem of the trade irritants applied by Belarus, including **restrictions related to import of construction material, the new rules of hygienic certification in imports of goods and the ban on exports of wood.** DG TRADE invited the

Belorussian side to reconsider use of these measures, in light of the ongoing process of Belarus' accession to the WTO. However, no signal was received from Belarus' side that these measures would be removed. The COM indicated that it plans to meet again in Minsk in the first week of February to discuss trade irritants, among others.

COM further indicated that it was agreed with Belarus to open trade dialogue which will provide opportunity for intensified contacts with the Belarussian side. This is seen as a positive move.

* asked about the entry into force of the ban on exports of wood. COM replied that the measure should be in force as of 1 January, however nothing had been announced so far. The **Chair** took the opportunity to remind MS and BU that the negotiated quotas for exports of wood to Russia were still available.

6.3. Angola:

COM raised two market access issues. The first concerns a Presidential Decree 5/15 that sets a **higher consumption tax rate for imported products** than for the same products domestically produced. *

The second concerns the Presidential decree of February of 2014 that requires **shipping agencies to be exclusively owned by Angolan nationals** for it to receive a license to operate in Angola.

* it will force European companies, who account for 90% of the Angolan market, to divest or sell their companies against their will. DG TRADE informed the MAAC that both issues were raised in a letter from Commissioner Malmström and that both issues were put on the table by Foreign Minister Asselborn at the occasion of the Joint Ministerial on 19 November 2015.

COM further informed that in a follow-up meeting between the EU Head of Delegation and the Angolan Vice-Minister, Angola agreed to organise a meeting between the Ministers of Trade, Transport and Foreign Affairs and the EU Heads of Mission. The result of that meeting would determine any future actions.

*, *, *, ** thanked the COM for its actions related to the consumption tax issue. * also supported the COM efforts regarding the shipping issue. ** supported by * suggested .

** signalled worrying developments in South Africa and Ghana hoping that this is not the start of a 'trend' to target foreign logistics/maritime services spreading over the African continent.

6.4. Algeria: new import quotas

** expressed concerns about Algeria's introduction of a quota and non-automatic licence regime applicable on imports of rebar. Algerian customs have blocked temporary the importation of rebar pending the implementation of the measure. ** informed that they had sent a letter to Commissioner Malmström in this regard. * supported ** and indicated that a dozen products, with great significance in Algeria's trade balance, would be subject to quotas.

COM confirmed that it is aware of these latest developments in Algeria affecting a number of products and is sharing industry's concerns that the measures will make conditions of access more difficult for EU exporters and that they are potentially in breach of the partners' respective obligations under the Association Agreement. COM further noted that EUDEL in Algiers has already been actively engaged – with MS representatives on the ground – in

seeking additional information/conveying EU's concerns to the Algerian government authorities.

MS and Industry expressed their concerns: ** (cars), * (cements, criteria not known, asked about the situation regarding orders done in 2015), * (Import licences for cement and cars, fears spill over to other products such as meat, wood), *, *, *, * (cars, food products), * (lack of transparency, bureaucracy), * (cement), *. ** mentioned that it will provide feedback on the situation on the ground.

6.5. Tunisia: alleged telecom roaming cartel

* had shared a complaint from ** on an alleged roaming cartel in Tunisia. COM informed the Committee that it had internally assessed the complaint together with other services, who also received similar information from the Belgian operator **. The implementing measures of Art. 36 on anti-competitive behaviour of the Association Agreement with Tunisia were never agreed. A new FTA with Tunisia could provide for such binding provisions. In the meantime more evidence will be collected via the DEL and EMERG. MS were also requested to enquire and share information with the COM.

7. AOB

The COM informed the MAAC of the upcoming **High Level Conference on Energy Intensive Industries taking place on 15 February 2016**, open for all stakeholders. The agenda and registration can be found on DG GROW's website (http://ec.europa.eu/growth/tools-databases/newsroom/cf/itemdetail.cfm?item_id=8612).

Other AOB:

* asked to raise its concerns about **India's food additives Regulation** and highlighted the difficulties that the final list of food additives published by the FSSAI in December 2015 is causing for French and European exporters of food products and wines into India. The final rules had been drafted without taking into account the EU's comments provided following India's notification to the WTO SPS Committee a draft which had been the subject of numerous comments from * and the EU.

** and ** supported FR.

COM indicated that meetings with FSSAI were taking place that week in Delhi. COM will debrief on the outcome of the discussions in the next MAAC.

* complained about the **raise of tariffs for the imports of sweet corn into Turkey** following the application of Decree 2015/8306. According to the Decree the agricultural contribution for HS 07104000 increased 2,91 €/100kg to 23,32 €/100 kg for the EU, Iran and other countries, while for other FTA partners, namely South Korea and Malaysia, the duty is lower. This radical change has a huge impact on * imports of sweet corn into Turkey which is their biggest market for this product.

COM noted that this issue had not yet been raised with the Turkish authorities. EUDEL in Ankara is still analysing how best this issue could be addressed. COM will remain in close contact with the EUDE to follow-up on it.