



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

MAAC 2017-02

Brussels, 30 January 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
Berlaymont building, room Walter Hallstein
Thursday 19 January 2017, 10:00 – 13:00

1. APPROVAL OF THE DRAFT AGENDA

Following issues were requested to be added to the Agenda:

- ** : Mozambique- Duty Stamps Regulation for alcoholic beverages
- * : Jordan – Non-implementation of tariff cut
- COM added the issue related to South Africa's Delays/restrictions in issuing and /or modifying import permits and veterinary health certificates for meat and meat products under point 6.1.

The Agenda was adopted with these additions.

2. ANNOUNCEMENTS FROM THE CHAIR

Chair announced the upcoming WTO Trade Policy Review of Japan on 8 and 10 March 2017, and indicated the deadline of 27 January to send input to DG Trade.

3. PRESENTATION BY * ON BEST PRACTICES IN TERMS OF AWARENESS RAISING ON FTA IMPLEMENTATION

* referred to the low utilisation rate of FTAs by * companies which, according to a survey, is mainly due to a lack of knowledge about EU FTAs; lack of clarity/misunderstanding of the respective roles of the exporter, importer or the "middle man" (forwarder or shipping company) in taking care of export formalities; relative high administrative costs for SMEs compared to potential savings. In order to better inform companies on preferential treatment from FTAs the * Ministry of Foreign Affairs published a 4-page * for companies on its website. The guide was distributed via social media and distributed to * business organisations, * Embassies, trade promotion organisations and key account companies. * underlined the importance of also reaching out to the tax/customs authorities, who tend to be focused more on the import rather than the export side. *, supported by *, would wish more statistics on the utilisation of FTAs on DG Trade's website; less complicated and more uniform rules of origin in new FTA negotiations and a more user-friendly website in particular on rules of origin. DK also suggested that COM develops a similar user guide for FTAs. Finally * underlined the need to better promote existing information material on FTAs in MAAC and/or TPC.

Chair stressed the importance of this exercise in the MAAC, and encouraged other MS to share their experience in regard to the implementation of EU FTAs. Chair also mentioned the

MADB to find out preferential tariffs and applicable rules of origin at tariff line level and confirmed that we are looking into the issue of the rules of origin.

** noted the increased imports of ceramics in South Korea since the entry into force of the EU-Korea FTA. In fact, European ceramics are very valued in South Korea for their quality, to the extent that certain manufacturing was brought back to the UK. * is preparing a similar guide and suggested that, if an EU guide should be drafted, it would be useful also to include services. * has similar experience with its exporters and agreed on the importance of information also on services. * highlighted the importance of continuously communicating and reminding the advantages of FTAs. ** agreed to the lack of knowledge issue, underlined that sector specific information is essential, as for instance textile sector has a complex value chain. ** also recommends to cut paper work (and suggest that Trade liaises with TAXUD for this purpose), for ex. in relation to certificate requirements. ** is currently setting up a project on FTA dissemination in particular for the textile sector with DG GROW. ** will provide statistics about its sector. Chair explained that we are continuously trying to improve information in MADB, in particular on rules of origin and that we will continue working on this and adapting as new FTAs enter into force, but MS must step in to make sure the information reaches business. Chair also confirms that Trade will liaise with GROW and TAXUD on the rules of origin and other whether the model of textiles can be reproduced for other sectors. In this context, Business Organisations are invited to express if they have particular interest for their sector.

4. KEY BARRIERS EXERCISE

- Wrap up of the discussion on the Key Barriers list for Australia and New Zealand

COM presented the final list of key barriers for Australia following the first discussion in the MAAC in December and comments received from MS and BU. **, *, *, * thanked the COM for keeping the luxury car tax in the Key Barrier list. * indicated that it will provide more information on the collagen casings, casein and caseinates for fodder. ** thanked the COM for including the barrier on standards for dairy products and will supply more information. * thanked COM for keeping the Wine Equalisation Tax Rebate (WET) in the table and will provide more details on barriers regarding apples, shallots and smoked salmon. * thanked COM for including barriers on pig meat and bovine products. supported the luxury car tax and WET.

COM then presented the final list of key barriers for New Zealand. * will provide further information on barriers regarding the annual renewal of import authorizations, onerous testing requirements, quarantine for seeds, import restrictions/bans on 1117 tariff lines, commercialisation of financial services and standards. * supported the KB list with reference to long procedures for establishing import risk assessments for plant products. * noted that due to the phytosanitary import regulations in New Zealand requiring the procedure of risk analysis (PRA) for products of plant origin (fruit and vegetables) exports of goods of plant origin from * to that country are very limited, also due to the long distance (high transportation costs).

- Review of the Key Barriers list for China

COM gave a short overview of the main changes proposed in the draft key barriers list compared to the 2015 version. COM explained that, although the key barriers remain substantially the same, priority actions have been introduced as a new feature in the areas of SPS, standards and compulsory certification, pharmaceuticals and medical devices. These areas will have a special focus, including via the market access teams in the Delegation, as

potential progress could be achieved in the short term. COM will follow up and report to the MAAC on developments. COM also clarified that work will of course continue in other areas such as public procurement where progress is expected more in the long term.

MS largely agreed to the list as it reflects their market access priorities in China and welcomed the introduction of specific priorities. A large number of MS (*, *, *, *, *, *) as well as industry (**, **, **) raised the importance of the SPS key barrier and agreed with putting the focus on following up closely on the implementing measures of the Chinese Food Safety Law. Industry (**, **) supported by a number of MS (*, *, *) requested to also introduced furniture as a sectoral priority within the barrier of standards and compulsory certification requirements. **, * and * welcomed the inclusion of the New Energy Vehicles Regulations in the key barriers list and expressed concerns over this new issue. ** and * confirmed that the free sales certificate is no longer an issue but the requirement to prove manufacturing and sale in the country of origin continues to be an issue. Several MS and industry associations promised to follow up with comments in writing by the 3 February.

5. FOLLOW-UP OF PREVIOUS MAAC MEETINGS:

5.1. China - CHN/1187 - Tentative Administrative Rules on Enterprises Average Fuel Consumption and New Energy Vehicle Credits and CHN/1188 – Access Rules for New Energy Vehicle manufactures and products

COM introduced the EU reaction to the two Chinese notifications. China 1188 introduces requirements for manufacturers and importers of 'New Energy Vehicles'. With the exception of a general reference to the use of Chinese standards, the requirements apply to the market operators rather than to the goods placed on the market, therefore it largely falls outside of the scope of the TBT Agreement. The Commission has sent EU comments requesting clarifications with regard to the location of R&D capacity, the ownership of testing facilities, and the reference to Chinese standards versus international standards.

China 1187 sets requirements on fuel-consumption and other characteristics of vehicles and therefore falls within the scope of the TBT Agreement. COM explained that it was finalising EU comments taking into account industry comments with regard to the mandatory NEV credit targets, the relation with subsidies available to Chinese manufacturers, the necessary flexibilities for companies in diverse situations, and the specificities of small volume manufacturers. COM further intends to suggest amendments leading to a less trade-restrictive measure compatible with ambitious objectives in the area of fuel-consumption and emissions.

* requested a translation of CHN/1187, * referred to the short period provided by China for comments to CHN/1188 and the hasty entry into force on 1.1.2017; on CHN/1187, * referred to the need to obtain a delay in the application of the targets for NEV vehicles and/or a reduction of those targets. * offered to share a letter on the issue sent by the * Ambassador in Beijing to the CHN Vice-Minister; * insisted on the extension of the transition period for CHN/1187; * referred to the discrimination of subsidies for NEV vehicles and on the importance of further specific measures for Small Volume Manufacturers.

** stressed the high impact of both measures, ** insisted upon the need for further specific treatment of Small Volume Manufacturers in draft CHN/1187, which includes fuel-consumption reductions they would not be able to comply with, and insisting on 'reciprocity' of exceptions with China

COM took note of the comments and referred to the intention of sending EU comments on CHN/1187 before the deadline of 4.2.2017.

5.2. Indonesia: import restrictions for tyres (Regulation Nr 77/M-DAG/PER/11/2016)

This issue was raised in the MAAC in December 2017. **COM** informed that the EU reacted immediately to the announced entry into force of the restricted measures on tyres with a letter addressed to the Ministry of Trade which was sent on 21 December 2016. The EU will convey its concerns again bilaterally at the forthcoming Working Group on Trade and Investment on 28 January in Bali.

*** expressed its concerns about the hasty entry into force of this regulation, and the lack of information on how it will be implemented. *, *, *, *, * supported the COM. * and * asked whether the EU letter could be shared and * suggested identifying possible “allied” countries to join efforts in addressing the issue. * thanked the COM for the list and explanations given on SPS issues, which are important. * asked whether the barriers on the list are already classified in order of priority. The COM answered that this is not yet the case. * also observed that certain obstacles relate to cases discussed in the WTO TBT and SPS Committees and are recorded in the SPS and TBT databases. Whereas the SPS database shows the status of the cases dealt with in the SPS Committee (problem solved, problem solved partially, etc.), it does not appear to be the case in the TBT database. Based on the information given in the TBT database, the state of play of 43 cases concerning China and the EU’s offensive interests is unclear. * asks the COM to investigate the matter. COM replied that it will verify this with its TBT unit.

6. MARKET ACCESS CASES

6.1. South Africa: issue related to the imports of Cognac

* expressed its concerns about difficulties to import Cognac in South Africa due to the South African legislation requiring a minimum of 43% alcohol content and 3 years ageing. **COM** replied that this issue had existed for many years. As no solution was reached in time on this and other issues relating to wines and spirits during the negotiation of the SADEC EPA it was decided to review them after the entry into force of the agreement. COM indicated that the Protocol foresees the establishment of a Special Committee which will meet for the first time in mid-February and in that Committee a group on GIs and trade in wines and spirits will be set up, in which issues related to trade in spirits GIs, of which Cognac is one, could be discussed.

*, * and *** supported *.

COM then took the opportunity to ask MS to document their cases in relation to **South Africa’s Delays/restrictions in issuing and /or modifying import permits and veterinary health certificates for meat and meat products** in order to follow-up with the South African Department of Agriculture Forestry and Fisheries.

7. AOB

7.1 Reference list for pharma products and recognition of Good Manufacturing Practices (GMP) of pharma and veterinary products

* explained briefly the issue of Reference list for pharma products and recognition of Good Manufacturing Practices (GMP) of pharma and veterinary products in third countries (only a handful of MS appear in those lists. The ones that are not included have to follow more burdensome procedures to import in specific countries) as well as the problems with obtaining the GMP certificate in certain third countries. **COM** explained that the COM will continue to raise these issues bilaterally, if justified, on an ad hoc basis. However, after explaining in detail the marketing authorisation procedures for pharmaceuticals in the EU, COM clarified that these products are primarily regulated at national level and mutual

recognition between MS is not automatic. This lack of harmonisation in the EU puts the COM in a difficult position when requesting automatic granting or recognition of MS pharma compendia in third countries. Therefore, although COM will continue to raise these issues, there are limits to what can be achieved.

COM gave an update on the GMP certificates in Russia.

* supported * and confirmed similar restrictions on 'reference lists' in the past with Israel and currently taking place with Egypt, including for baby milk powder.

7.2. Mozambique: Duty Stamps Regulation for alcoholic beverages

** asked to raise the issue related to the new Duty Stamps Regulation for alcoholic beverages in Mozambique. COM informed that according to a preliminary analysis the prices of fees to buy stamps are higher for imported products than for like domestic products and that certain domestically produced goods (e.g. beers) are excluded from the obligation to use the duty stamps. COM indicated that it intends to raise these concerns, as well as the restriction of only being allowed to apply tax stamps in the country of origin, with the Mozambique authorities at a meeting scheduled for mid-February.

COM asked ** to send details by filling in a NTB fact sheet which should include the economic analysis.

7.3. Jordan: non-implementation of tariff cut

In response to *, COM indicated there are two legal provisions covering tariffs for spirit drinks (CN 2208). Firstly, the Association Agreement of 2002: Article 11.2 providing for a 50% reduction of the basic duty for heading CN 2208 and secondly, a subsequent agreement with Jordan which entered into force in 2006 and covers agricultural, processed agricultural and fishery products. In the second agreement, products of CN 2208 (spirits) are listed under Annex III, list G: 'List of products for which customs duties shall not be abolished. The EU first raised the issue with Jordan in the 2013 EU-Jordan Sub-Committee on Agriculture and Fisheries in Amman. Jordan responded in writing that in their view, following the 2006 Agreement, spirits are excluded from any liberalisation. COM plans to analyse this further and continue to raise with the Jordanian authorities at bilateral opportunities.

FOLLOW-UP ACTIONS:

- **Review of the Key Barriers list for China:** MS and BU to provide comments by 3 February
- **South Africa's Delays/restrictions in issuing and /or modifying import permits and veterinary health certificates for meat and meat products:** MS to document their cases
- **Mozambique - Duty Stamps Regulation for alcoholic beverages:** ** to send details by filling in a NTB fact sheet which should include the economic analysis
- **Indonesia – import restrictions for tyres:** COM to share letter addressed to the Ministry of Trade which was sent on 21 December 2016.

FOR MEMBER STATES ONLY:

8. APPROVAL OF THE DRAFT MINUTES OF THE MAAC MEETING OF 15 DECEMBER 2016 (MAAC 2016-54)

The minutes of the MAAC meeting in December 2016 were distributed on 22 December 2016. The minutes were adopted.

DG TRADE, Unit G.3