



EUROPEAN COMMISSION

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

MAAC 2016-025

Brussels, 1 July 2016

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 2A Tuesday 21 June 2016, 14:30 – 17:30

1. APPROVAL OF THE DRAFT AGENDA (MAAC 2016 – 022)

Following issues were requested to be added to the agenda:

- * : Issues related to customs procedures in Russia and in Egypt (raised by DE)
- * : EU funded project on Market Access Barriers in India
- ** : Blocked imports of fox-derived products at Indian customs

2. ANNOUNCEMENTS FROM THE CHAIR

The **Chair** recalled the upcoming WTO Trade Policy Review of China on 20 and 22 July 2016 and indicated the deadline of 24 June to send input to DG Trade.

3. CHINA: NEW FOOD SAFETY IMPORT CERTIFICATE

The **COM** explained the background of this issue: the Chinese administration informed all exporting countries in a letter dated 25 April that they will require official certification for all foods, including pasta or pastries etc. This would create an immense burden. The COM provided the state of play of the actions taken: the EU Ambassador wrote to the Chinese AQSIQ Minister, signalling his grave concerns; EU Delegation and ten MS met with the AQSIQ administration on 16 June. COM noted that the Chinese side signalled openness to discuss the issue in detail and suggested that the EU should organise a seminar with industry and MS, preferably before end July. COM indicated that this event is now being organised and that the issue will also be raised in a bilateral meeting in the margins of the SPS Committee in Geneva on 1 July.

*, *, *, *, *, *, *, *, **, **, **, **, welcomed and supported the activities taken so far and underlined the urgency of finding a viable solution. COM asked the participants whether they can estimate how many consignments would require official certificates. Data available in trade statistics list the value and weight of exports but not the number of consignments shipped.

4. PRESENTATION OF THE COMMISSION REPORT ON TRADE AND INVESTMENT BARRIERS AND PROTECTIONISM

The **COM** announced that the Report had been published on the same day. The COM explained that this report merges two previous reports that complemented each other, namely

the Commission's "Trade and Investment Barriers Report" (TIBR) and DG Trade's "protectionism". COM noted that the Report covers an 18 months period.

The COM explained the three main chapters and stressed that it includes a section on the Market Access Strategy. This section in particular refers to the need of an "enhanced partnership" with the MS and the stakeholders for the implementation of trade agreements, as called upon in the new Communication on "Trade for All". The Chair informed that a point on this topic is planned for discussion in a next MAAC.

MS welcomed the report and stressed the importance of continuing the exercise, in particular in regard to the listing of protectionism trends.

5. KEY BARRIERS EXERCISE

Malaysia: presentation of the final Key Barriers list

COM recalled the key barriers discussed during the MAAC meeting of April: Investment, Public procurement, Services, and a number of SPS barriers in the agro-food sector.

Taking into account the comments provided by MS and Industry since then, the COM has envisaged to adding two more barriers on the list:

- Automotive: restrictive import licensing system of "Approved Permits". They act as de facto quota and are administered in a non-transparent manner;
- Wines and spirits (to be confirmed): potential discrimination on excise taxes in favour of the locally produced Compound Hard Liquor and no respect of the OIV definition of wines. This barrier is still in "tbc" mode pending some details requested from FR and Industry.

** supported the addition of the barrier on wines and spirits and indicated that the issue related to labelling was of less concerns.

* confirmed that they will send their answer to the COM's query soon and stressed the importance of the question of discriminatory excise taxes as many Asian countries tend to use this tool to discriminate against EU imports.

*, *, * and * supported the addition of the 2 new barriers.

* mentioned difficulties in getting halal certification of meat export to Malaysia (in reference to key barrier Nr 5 of the list).

* thanked the COM for introducing the barrier on automotives.

In conclusion COM (Chair) recalled that the COM was still waiting for feedback from MS and Industry on alcohol taxation, in particular on the issue of "likeness".

6. DEBRIEFING OF THE TBT COMMITTEE, 15-16 JUNE 2016, GENEVA

COM informed about the new cases discussed in the TBT Committee in June:

Egypt: registration of importers, which is a combination of two decrees (G/TBT/N/EGY/114 and G/TBT/N/EGY/115);

China's new standards for furniture: EU raised the issue related to the testing methods which in EU's view are not mature. COM noted that the standards are not yet in force and some limits of the earlier version would not to be made mandatory.

Kenia's and Eastern African Community standards on alcoholic beverages: COM reported that Kenia indicated that they were open to discuss bilaterally, but meanwhile, the measure will continue to apply.

Taiwan's new organic agricultural act which implies the need for the recognition of organics, to sign an agreement within one year: Taiwan indicated that the Organic Agriculture Act continues to be in draft state and that it would only enter into application after a period of one

or more years. In the meantime, EU organic products continue to be recognised under existing legislation.

MS and **BU** took the floor and requested an update on cases of their particular concerns:

- Thai issue related to alcoholic drinks (THA/437) (*, **). The COM informed that this case could not be discussed bilaterally. At the TBT Committee, the EU reiterated its concerns on this measure and asked in particular, whether Thailand had the intention to review and amend the Thai regulation, in order to clarify it. The EU also asked for information on graphic health warnings. Thailand in its reply at the TBT Committee could not confirm whether the legislation will be amended and just confirmed that the measure had been implemented since April 2015, and was currently enforced. Thailand reiterated that, in case of doubts, exporters are welcome to send an example of alcoholic drinks labels to the Department of Disease Control at the Ministry of Public Health, for their advice and consultation.

- Thailand-Milk Code draft Act (THA/471) (supporting statement): The EU joined other Members to express concern on the draft act on Controlling the Marketing of Infant and young Child Food and related products, as regards certain definitions which would deviate from Codex standards. The EU submitted comments to Thailand on this issue in February 2016.

-India, alcoholic drinks (IND/51) (FR): The COM raised this trade concern at the TBT Committee and signalled several inconsistencies of the Indian measure on alcoholic beverages standards with current international practices (oenological practices and definitions as set by the International Organisation of Vine and Wine (OIV) and Codex. The EU has expectation that India aligns its draft with those practices and standards (for instance, as regards maximum alcohol content for wines and beer, as well as spirits, labelling provisions, the list of additives permitted in the production of alcoholic beverages. The EU also asked for a reasonable transition period for manufacturers to comply with the new provisions. India clarified both at the TBT Committee and at the bilateral meeting that the measure is still under consideration and that the numerous comments from Members will be taken into account, with the aim to finalise it within this year. The list of food additives permitted in alcoholic beverages has been recently adopted by the competent Indian authorities and will be appropriately notified to WTO.

- Indonesia-SNI Standards (**): The EU raised this concern at the bilateral meeting with Indonesia, stressing in particular, the recent proliferation of mandatory standards for a broad range of products (such as baby clothing, toys, ceramics, and more recently biscuits) whose compliance would be verified through burdensome third party audits. Indonesia pointed that there is a list of SNI standards in the Ministry of Industry's website.

-Russia's new rules for imports of cement (*): COM informed that this issue could not be raised bilaterally, as Russia was not available for a bilateral meeting on the margins of the TBT Committee. COM informed that the issues were raised by the EU at the plenary of the TBT Committee. Russia answered there that the measure was needed in view of the sharp increase of low-quality cement in Russia. Russia indicated that the certification bodies and the certificates issued are available on the Internet. Russia stated that 230 certificates were already issued, including for companies from other WTO Members.

- China IT banking/insurance measures (*): COM informed that China indicated at the plenary session that the process for the finalisation of the measures on IT for insurance will be transparent and concerns will be addressed; at the bilateral meeting, China questioned that the draft measure on 'IT for insurance security requirements' would actually fall within the scope of the TBT Agreement, indicating that it had been notified 'for the sake of

transparency'. On the IT for banking security requirements, the EU requested an update. China indicated that the revision of the suspended requirements is on-going, no fixed timeline is available. China did not provide any update on the other IT measures (OSCCA certification, MLPS)

- China Infant Formula Registration Regulation (** , **): COM reported having raised the issue together with Korea, with the support of * and *. The EU raised the issues of the limitation to a maximum of 9 recipes per manufacturing company, as well as the apparent entry into force of a modified measure on 1.10.2016. China indicated that the modified measure recently published at the website of the CFDA would indeed enter into application on 1.10.2016. Nevertheless China agreed to convey our concern for the need for an adequate transition.

* asked about United Arab Emirate's control scheme to restrict the use of hazardous materials in electronic and electrical devices. COM replied that the EU reiterated its concerns. However, no progress was achieved due to the absence of the UAE at the meeting. COM noted that this issue should be followed-up through other channels.

7. EARLY WARNING CASES

7.1. Tunisia: New Law 2016-16 – implementation of the “new approach”

* expressed concerns about Tunisia's new Law 2016-16 which modifies the Law Nr 38 and delays the timeframe for the implementation of the EU's "new approach" to the Tunisian law system. Pending this implementation, the current regulatory regime requires obligatory certification of EU products when entering the Tunisian market.

COM explained that *
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7.2. Canada: new pricing policy applied by LCBO (Liquor Control Board of Ontario)

*, supported by *, * and **, expressed concerns about Ontario's intended new pricing policy managed by LCBO (Liquor Control Board of Ontario) introducing flexible mark-ups. * stressed that this would breach the transparent and predictable system with is currently in place and lead to discrimination between imported and local products and exclude certain brands from the market. The issue raises WTO compatibility questions.

COM confirmed that the COM has been made aware of this measure recently, and thanked for the details provided. COM indicated that this issue will be on the agenda of next EU/Canada Wines and Spirits Committee; COM will ask Canada to clarify the case.

** (supported by * and *) stressed that Canadian measures were also affecting beers. ** also expressed their concerns about problems related to limits of importation of MPCs, due to the change of class pricing in Ontario. ** fears that provision agreed in CETA could be undermined by this measure.

8. MARKET ACCESS CASES

8.1. Ecuador: excessive registration requirements for imported food products

* raised this issue, which relates to Ecuador's Resolution ARCSA - D-067-2015-GGG - RO 21 establishing the requirements for registering an imported product which entered into force in December 2015. * explained that although it slightly relaxed the registration procedures, importers are still asked to provide a very long list of documents which is not

standard international practice. * stressed that in practice this means that it takes approximately two years to register one brand while registration procedures for locally produced spirits take on average two weeks.

The COM thanked the * for the details provided in written, which the COM took into account for the discussion in the TBT committee and assured that the COM will keep the pressure, also through the EU Delegation but admitted that the progress is limited.

8.2. Chile: limitation on fishing vessels operations in Chile

* asked for an update on this issue which relates to Chile's application of an outright prohibition on the landing, transhipment and transit of swordfish by foreign vessels, including EU vessels in Chilean harbours. The COM indicated that the COM and the Chilean authorities have engaged in a constructive dialogue to solve this matter. The COM further explained that Chile was invited to become a member of the Inter American Tropical Tuna Commission, which is also responsible for the conservation of swordfish, in order to solve the swordfish irritant. The COM stressed to the Chilean authorities that a positive solution of this matter is also conducive for the successful conclusion of the modernisation of the Association Agreement.

8.3. Cameroun: minimum threshold for levying taxes on certain wine imports

This item was on the agenda of the MAAC meeting in April. At *'s request, the COM provided an update on the actions undertaken and noted that the current situation remains unclear and that there was no clear information on the renewal or not of the Cameroonian Decision 4941.

The Chair also indicated that the Decision 4941 was being reviewed internally on the basis of information available, with regard to its compatibility with WTO rules and the EU-Cameroon EPA. If warranted, the COM will then consider appropriate follow up action, such as a letter to the Ministry of Finance in Cameroon.

9. AOB

9.1. India: blocked imports of fox-derived products

** informed that Indian customs is blocking European imports of tanned skins containing arctic fox fur (*vulpes lagopus*). ** is of view that the Indian Wildlife Protection Act 1972, which prohibits trade of four other fox species and the non-endangered species of red fox, might be the reason for the import restriction.

COM informed that the EU Delegation in New Delhi is looking at the issue and would come back with more information.

9.2. Issues related to customs procedures in Russia and in Egypt

* complained about difficulties faced by * exporters at the customs in Russia and Egypt, due to refusal of EU documents and non-acceptance of preferential documents. * will provide detailed information in written.

9.3. EU funded project on Market Access Barriers in India

* referred to the presentation of the launch of the EU funded project on MA barriers in India in the previous MAAC and complained about the fact that * could not send any experts for that project as they had already been chosen and the budget for the study was exhausted. * mentioned that a written note will be addressed to DG Trade.

FOLLOW-UP ACTIONS:

Malaysia's Key Barriers list: * and **BU** to provide feedback on alcohol taxation, in particular on the issue of "likeness".

FOR MEMBER STATES ONLY

10. APPROVAL OF THE DRAFT MINUTES OF THE MAAC MEETING OF 26 MAY 2016 (MAAC 2016-021)

The minutes of the MAAC meeting in May 2016 were distributed on 15 June 2016. Revised minutes were sent on 16 June following comments from *. The minutes were adopted.

DG TRADE, Unit G.3