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COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS

ON THE EXTERNAL DIMENSION OF THE LISBON STRATEGY FOR GROWTH AND JOBS:

Reporting on market access and setting the framework for more effective international regulatory cooperation

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1. INTRODUCTION

Open markets matter. They create opportunities for growth, employment and investment. They are important for EU businesses as well as for those in developed and developing economies around the globe. Open markets are of particular importance for the EU since it is the largest trading block in the world. There is a risk that the ongoing financial and economic crisis will bring about more protectionism. It is important to learn from the past and counter such tendencies. In their recent Washington meeting Heads of State and government of the G20 placed a clear emphasis on realising the full potential of the trade agenda[1].

In this context, removing remaining trade barriers – first and foremost through the successful and swift conclusion of the Doha Round of global trade talks, but also through bilateral and regional approaches - acquires further importance in order to unlock business potential and growth, particularly for SMEs which account for over 99% of EU enterprises and 67% of private sector jobs. Regulatory convergence and cooperation, including for the financial sector, can be an effective path to pursue international stability and enhance trade opportunities.

The Global Europe strategy, launched at the end of 2006[2], is an essential part of the external pillar for the European Union's Lisbon Strategy for growth and jobs and sets out an ambitious agenda for opening the markets that matter most, particularly in Asia. A key strand of this has been taken forward since April 2007 through the EU's renewed Market Access Strategy[3]. The importance of these efforts to open markets was recognised last year in the Commission's Lisbon strategy Report to the Spring European Council[4], and endorsed by European leaders, who proposed to report each year on market access, identifying countries and sectors where significant barriers remain.

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1 Heads of State and Government of the G20 agreed on 15 November 2008 not to raise new barriers to investment or to trade in goods and services within the next 12 month and to reach agreement in 2008 on modalities that lead to a successful conclusion of the WTO's Doha Development Agenda with an ambitious and balanced outcome.

2 COM(2006) 517, 4.10.2006.

3 COM(2007) 183, 18.4.2007.

4 COM(2007) 803, 11.12.2007.

Two main thrusts were defined:

- The EU should use all its instruments to ensure that its openness is maintained and to increase access to third country markets for its companies.

- The EU should upgrade its strategic dialogues with key third countries to develop mutually beneficial solutions, promote higher standards and greater regulatory convergence.

The European Economic recovery plan adopted on 26 November 2008 by the European Commission[5] confirmed these objectives and proposed concrete actions to maintain and increase market openness and support employment[6], during the current difficult economic times. Improved market access and regulatory convergence and cooperation are major elements of this plan. In the current economic context efforts towards regulatory convergence in financial sectors become critical.

This Communication provides a first reporting on Market Access, and proposes how the Union can best achieve its objective of openness at home and abroad, and especially how it can ensure fair and open access to those third country markets that matter most to EU businesses, including through regulatory co-operation.

It is a further step in developing a stronger external dimension of the Lisbon Strategy for growth and jobs after 2010. This will draw on the contribution of other Lisbon policy fields and address the links between the policies we pursue at home and abroad which was also highlighted by the Single Market Review[7] and the renewed Social Agenda[8]

2. NON-TARIFF BARRIERS TO TRADE

2.1. The changing nature of barriers to trade

While high border tariffs still hamper trade in some sectors and must be tackled multilaterally and bilaterally, non-tariff barriers in the markets of our trading partners are increasingly important. Successful reduction of tariffs can be rendered meaningless if non-tariff barriers (NTBs) hinder European companies' access to the market or significantly increase the cost of their exports[9]. The 2008 Competitiveness report[10] showed that EU firms perceive that NTBs and lack of information (e.g. lack of knowledge on export markets) are becoming more important than the traditional policy-based trade constraints of import tariffs and duties[11].

5 COM(2008) 800, 26.12.2008.

6 In its renewed Social Agenda - COM(2008) 412 -, the Commission had already underlined that it will pay increasing attention to the projection of its social policies externally and the social impacts of its internal policies globally.

7 COM(2007) 724, 20.11.2007.

8 COM(2008) 412, 2.7.2008

9 The overall costs of Non-Tariffs Barriers to European operators in China alone have been estimated at € 21.4 billion. See http://trade.ec.europa.eu/doclib/docs/2007/february/tradoc _133299.pdf

10 COM(2008) 774 and SEC(2008) 2853.

11 Although these results hold generally for all broad sectors of activity considered in the analysis, for particular sectors and countries import tariffs are still major trade barriers for European firms exporting abroad.

The **most frequent non-tariff barriers** are burdensome customs procedures as well as discriminatory tax rules and practices, technical regulations, standards and conformity assessment procedures, sanitary and phytosanitary measures (SPS), restrictions on access to raw materials, poor protection/and or enforcement of intellectual property rights, barriers to trade in services and foreign direct investment, restrictive and/or non-transparent public procurement rules as well as abusive use of trade defence instruments or unfair use of subsidies.

However, addressing these barriers is complicated, technically challenging and time consuming. Responding to barriers is not a straightforward matter. Much depends on where the barriers originate and whether they are burdensome but in pursuit of legitimate aims or if they can be considered as unjustified measures. There are broadly speaking two categories of barriers. Some of these barriers simply result from differences, e.g. in the regulatory approach and different social, labour, environmental, public health and consumer objectives. Others are used in a more systematic way with the effect of favouring or protecting domestic production, e.g. special standards, testing requirements or excessive documentation needs. While the latter will need a strong, focused response from the EU, using more assertive instruments, the former can be addressed through more systemic, long-term cooperation and dialogues. This is especially valuable in the area of regulatory differences.

2.2. Illustration of barriers faced by European exporters

An increasing number of successful barrier removals demonstrate that the strategic approach set out in the Commission's Market Access Strategy is effective. However, significant remaining barriers in the EU's main target markets show the potential for further improvements of market access and call for focused actions.

Non-tariff barriers in the goods area

In the area of trade in goods, differences in regulations can create hurdles for market access since they may cause additional costs for manufacturers, for example where products must be tested by independent laboratories and certified in the target market before they can be sold, or special versions of products must be developed to comply with detailed technical regulations. This means that **transparency** and **predictability** of regulatory regimes are of primary importance for companies active in third countries. EU action for regulatory convergence and cooperation in this area focuses on addressing the second category of obstacle highlighted above.

The following examples drawn from sectors which are economically important for the EU illustrate potential areas in which action may be needed to address significant trade barriers[12].

As regards the **automotive sector** (including car parts like tyres) major barriers related to standards are encountered, e.g., in Brazil, China, India, Taiwan, Korea and Indonesia. The **chemical sector** encounters major obstacles to exports in Asia, and in particular in China, (for example with regard to registration of some chemicals and burdensome import procedures). Furthermore, irritants in chemicals trade include customs clearance and lack of transparency in the regulatory sphere.

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[12] See Commission's report on EU performance in the global economy, October 2008 http://trade.ec.europa.eu/doclib/html/141196.htm

For **pharmaceuticals**, market access in potentially important markets like China, Korea, Taiwan, Japan, Russia, and several ASEAN countries is severely hampered by measures regarding registration procedures (including standards, approval, licensing arrangements, financial guarantees and testing), reimbursement and pricing of imported products and lack of sufficient data protection. For **medical devices**, the non-alignment with the international guidelines and practice established by the Global Harmonisation Task force (GHTF) or the differences in regulatory practice of countries like Brazil, India, Japan, China, Taiwan and Korea is a major barrier to unhindered trade. In the case of medical devices, delays in registration of products are another serious concern.

Horizontally, several important sectors (in particular electrical, electronics and ICT, automotives, machinery and toy industry) are concerned by the Chinese Compulsory Certification System (CCC), which creates a serious, disproportionate burden on EU exporters. In addition, a broad range of IT products is concerned by new draft Chinese legislation concerning security standards. In other third markets, European exports of **electrical and electronic equipment,** also encounter significant barriers in Korea and the US, where product standards are not always aligned with international standards. In the US, divergent technical regulations and standards at federal, regional and state level split up the market even more.

The greatest impediment for **exports of major agrofood** products is represented by sanitary and phytosanitary (SPS) measures, which in some sectors constitute significant barriers in several important export markets. Numerous third countries including key markets in Asia, Eastern Europe, the Mediterranean and the Middle East, as well as the Americas set standards that go beyond international standards without providing the necessary scientific evidence. These barriers become the more difficult to surmount when countries are non-members of the WTO and thus are not bound by multilateral rules which prohibit discriminatory and non-science based measures and practices. Another difficulty arises from the establishment of private standards, which have become an increasingly important trade barrier in the SPS field.

Regarding fair **access to raw materials** on which European industry is highly dependent, an increasing number of export restrictions, like duties and quotas, hamper the competitive performance of EU industry (more than 400 product lines consisting of various raw materials concerning countries such as China, Russia, Ukraine, Argentina, South Africa and India)[13].

On a cross cutting basis, burdensome customs procedures as well as excessive documentation and registration requirements pose significant problems for EU exporters in a broad range of important export markets. This would potentially be the case for the proposed U.S. legislation on 100% scanning of all containers, due to national security concerns.

Barriers related to services and establishment

Trade in services and foreign direct investment (FDI) plays a key role in the world economy. As the world's largest exporter of commercial services and a major source of outward direct investment, the EU has an obvious interest to improve its access to foreign markets and to free the full potential of the EU's internal strength in services and establishment. This is often also in the direct interest of our partners. Those seeking to attract FDI and to develop infrastructure

13 COM(2008) 699, 4.11.2008.

have much to gain from liberalising FDI and trade in services, in particular in sectors such as telecommunications, transport, energy (i.e. access to resources) and financial services.

Various entry barriers still hamper trade in services and act as a brake on economic growth. Barriers to trade in services involve many sectors ranging from banking to express courier. Detecting, analysing and removing these is often more complex than tackling tariff barriers because they concern a large range of regulations and controls. The EU is working to improve the free trade of services as well as FDI within the multilateral framework of the General Agreement on Trade in Services (GATS) and through bilateral Free Trade Agreements.

Major obstacles in the area of services and establishment are entry barriers such as nationality requirements, residency requirements, limits on foreign ownership or shareholding, limits on the type of legal entity or entry being subject to an economic needs test. Restrictions on investment and foreign ownership exist in a majority of markets of interest to the EU, e.g., in Brazil, Russia China, Japan, India, and most of the ASEAN countries as well as in the US where acquisitions by foreign companies are subject to a “national security review process” (CFIUS). Financial services, including insurance, encounter numerous restrictions in such markets as the U.S., Canada, Brazil, India, Russia, China, Japan, and South Africa. Further, significant barriers to trade in services exist in many sectors and many partner countries of interest to European business like for legal services, for instance, in India, China and Singapore, distribution services in India, China and ASEAN countries, postal and courier services in India, Brazil, China and Egypt, transport services in Brazil and India as well as in Canada, South Africa and Singapore, while barriers to telecommunication services exist in China, Korea, Japan, India, Mexico and, to a lesser extent, Brazil.

Restrictions regarding public procurement

The value of public procurement is estimated to make up an average of 15% of the total GDP of OECD countries and even more for developing countries. Despite the high value of public procurement, further work is needed to promote open and non-discriminatory access. EU suppliers can rely on the Agreement on Government Procurement (GPA), which provides for common disciplines and public advertising of major contracts. While the EU, US, Japan, Canada, Korea and a few other countries have signed up to the GPA, and China has applied to join, many other WTO members have not. The Commission is seeking to enlarge GPA membership and actively encourages new members to the WTO to join by stressing the benefits of open and competitive procurement markets and through more attractive accession procedures, in particular for developing countries.

However, coverage is not complete and several procurement areas and contracting entities are not bound by the rules, e.g. non-national small businesses are often excluded from procurement in the US, Japan and Korea among others. At the same time, the EU’s own procurement market is relatively open to foreign competition, which provides clear benefits in terms of value for money and a wider choice of competitive bids, but reduces the EU’s leverage to prise open foreign procurement markets.

Barriers related to insufficient IPR protection and enforcement

European industry remains deeply concerned by the extent to which its intellectual property (IPR) is infringed in certain regions of the world, by lack of legal protection or effective enforcement. Significant barriers related to insufficient IPR protection and enforcement, including insufficient protection of geographical indications remain in a number of third country markets. IPR problems have been signalled in particular in China, Russia, Brazil and several ASEAN countries. In some cases, such as in the case of industrial design, stronger co-operation in the area of R&D could facilitate reinforcement of IPR protection.

A study carried out by the OECD in 2007[14] suggests that international trade of counterfeit and pirated products would represent USD 200 billion per year. This amount is larger than the national GDPs of about 150 economies. The figure does not, however, include counterfeit and pirated products that are produced and consumed domestically, nor does it include non-tangible pirated digital products being distributed via the internet. The study also indicates that, if these items were added, the total magnitude of counterfeiting and piracy worldwide could well be several hundred billion dollars more.

Moreover, the statistics for 2007 on customs seizures of counterfeit and pirated products at the EU border[15] show that customs seizures have never been so high, with over 43 000 cases registered, compared to 37,000 in 2006 - an increase of almost 17%. In total 79 million articles were seized by the customs at the EU border[16]. There are significant increases compared to 2006 in particular in fake products which are dangerous to health and safety: cosmetics and personal care (+264%); toys: (+98%); foodstuff (+62%); and medicines (+51%). Apart from the health and safety dimension, this situation puts the competitiveness of the EU at risk.

3. THE EU'S RESPONSE TO EXISTING BARRIERS

The Global Europe Strategy stressed the need for open markets at home and abroad and to create new opportunities for trade. European companies need to be able to compete fairly in foreign markets. The Market Access Strategy sets out a more strategic and result-orientated approach to address barriers to trade, using the full range of instruments available in a coordinated manner, including co-operation with our trading partners.

A coordinated use of all resources and instruments, and increased focus on priority issues, is necessary to further improve unhindered trade and engage in a strong response where our market access rights are unduly denied. It is clear that we can not rely on a single avenue or mechanism to tackle trade barriers. We can draw on a broad range of instruments, from formal to informal, from negotiation and dialogues to trade diplomacy measures, from ad hoc interventions to more long-term investments. Our experience has shown that the challenge is to mix and match these different instruments for success.

3.1. Negotiations of trade agreements

Negotiations of trade agreements are a primary tool to provide market access for EU exporters. While multilateral negotiations in the framework of the WTO provide the unique opportunity of involving almost all of our trading partners, bilateral negotiations often allow for more comprehensive and deeper engagements. Moreover, the fact that negotiations are underway can create leverage to address successfully long-standing trade irritants. Because of

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14 See Executive Summary as document DSTI/IND(2007)9/PART4.

15 See website of DG Taxud at the following address: http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm.

16 See website of DG Taxud at the following address: http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm.

the reciprocal interest involved, WTO accession negotiations have equally proven to be a useful tool for tackling barriers to trade.

The swift conclusion of the **Doha round** of global trade negotiations would reinforce the global trading system and the rules designed to ensure markets are open and fair, as well as providing new market access. The multilateral approach is crucial to achieving a rule-based international system. The Doha trade round aims to reduce not only tariffs between WTO members but also non-tariff barriers, for example through a trade facilitation agreement.

At the bilateral and regional level, the EU's goal of comprehensive **Free Trade Agreements** (FTA), especially with important trading partners in Asia, will deliver an excellent framework and an effective tool to improve EU businesses market access opportunities. Besides eliminating tariffs, these agreements provide novel ways for effectively tackling unjustified non-tariff obstacles to trade. Innovative elements are in particular substantive disciplines addressing non-tariff barriers in certain sectors head-on; an enhanced mechanism of cooperation and consultation on Technical Barriers to Trade (TBT) and Sanitary and Phytosanitary measures (SPS), the inclusion of a chapter on market access in services and investments, public procurement and competition, including subsidies, the strengthening of the protection and enforcement of intellectual property rights (including Geographical Indications), and a customs and trade facilitation chapter. In addition, on a horizontal level, a mediation mechanism for NTBs will complement the provisions on dispute settlement and commitments on labour and environmental standards in order to promote sustainable development. Strong monitoring of the effective implementation of FTAs in order to ensure that the commitments of the EU's partners are effectively realised must be foreseen.

3.2. Bilateral relations

Market access barriers are also addressed in multiple ways through our regular or more ad hoc contacts with third countries.

On a more regular basis, **bilateral dialogues**, which in most relationships address a very wide range of sectors, are an effective, institutionalised format to regularly address and follow-up on trade barriers and regulatory issues, with the possibility to escalate the issue to a higher, political level as for instance the High Level Economic and Trade Dialogue Mechanism (HLM) with China and the Transatlantic Economic Council with the US. Political summits between the EU and key partners can also be used. These dialogues are well suited to promote regulatory convergence through international cooperation and can be further strengthened.

Assertive trade diplomacy both centrally from Brussels as well as locally in the third country concerned is well suited to address barriers on an ad hoc basis or as a specific intervention to reinforce a long-term strategy. Coordination between the Commission and Member States and business within the Market Access Partnership should help to use the full potential of the Commission and Member States' bilateral contacts in acting as a block and efficiently articulate our interests abroad.

In addition, the EU's **Trade Related Assistance** has also helped overcome or smooth out trade obstacles through, for instance, training of customs officials, thereby helping to create a framework for more efficient customs procedures.

3.3. Formal instruments

An increasingly important tool to secure open trade opportunities are the notification procedures in the framework of the **WTO-TBT**[17] **Agreement and the WTO-SPS**[18] **Agreement**. The TBT and SPS Committees in Geneva serve as a multilateral consultation and negotiation platform for all WTO-members with the objective to monitor and ensure compliance with the TBT and SPS Agreement. The obligation to notify new measures at the WTO enables partners to react at an early stage and address concerns. A strong and active engagement and follow-up is essential to increase the possibility to prevent new barriers to trade.

To the extent that a mutually acceptable solution to a trade irritant can not be found, formal and enforceable instruments such as the EU's **Trade Barriers Regulation (TBR) procedure** or recourse to **WTO dispute settlement** procedures can be an effective remedy. The Commission's Trade Barrier Regulation provides a mechanism for EU companies to act against trade barriers affecting their access to third country markets, by requesting the Commission to investigate complaints and to seek redress. The WTO-Dispute Settlement Procedure is a useful tool to address WTO-incompatible barriers and enforce WTO-compliance. In addition, the possibility of addressing trade barriers through bilateral dispute settlement and mediation mechanisms, as foreseen in our new generation FTAs, will become an important remedy and will help us to achieve increased market access.

3.4. Regulatory cooperation

The EU has a long standing experience with regulatory convergence and cooperation[19] within the single market, which was constructed on the foundation of distinct, national regulations. In the EU, a high degree of social protection for its workers, high standards of product safety for goods sold in its markets, strong protection for consumers and world-leading environmental protection legislation have encouraged the setting of equally high benchmarks in third countries. A key objective of regulatory cooperation is to promote high standards abroad.

Multilateral or bilateral international regulatory co-operation helps address unnecessary barriers caused by differences in regulatory practice. Regulatory co-operation not only establishes a mechanism to address bilateral regulatory issues, but also helps build a relationship between regulators which is conducive to exchanging information on regulatory changes being considered or planned (giving early warning), as well as best practices. In some cases regulatory convergence may be the appropriate solution. In other cases, mutual recognition or equivalence agreements – sometimes following some degree of convergence - may be more appropriate. In all cases, visibility on likely regulatory developments is essential to help industry to plan ahead.

The bilateral dialogues mentioned in section 3.2 are an effective, institutionalised format to regularly address and follow-up on regulatory issues and other trade barriers.

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[17] Technical Barriers to Trade.

[18] Sanitary and Phytosanitary.

[19] In addressing regulatory cooperation this Communication focuses on the aspects which relate most directly to market access and the removal of barriers to trade. Other aspects of regulatory cooperation include economic integration, improved consumer protection and the move towards global regulations.

Mutual Recognition Agreements (MRA) give the exporting party the authority to certify products against the differing regulatory requirements of the importing party, prior to export. In the SPS field, a comparable instrument is the recognition of equivalence of measures of the exporting country with the measures of the importing country. **ACAAs** (Agreements on Conformity Assessment and Acceptance of Industrial Products) promote regulatory convergence in that they commit the partner country - either in support of the enlargement process or the European Neighbourhood Policy - to adopt aspects of the European *acquis* for trade in goods, in return for which the partner country is fully integrated into the European single market for such products.

Regulatory convergence and co-operation with key countries

Enlargement countries: The accession negotiations with Croatia and Turkey aim at the full implementation of the Community aquis in both countries. The Customs Union with Turkey is an additional tool for accelerating regulatory convergence. A set of Stabilisation and Association Agreements (SAA) establishes a free-trade area between the EU and the Western Balkan countries and prepares these countries for future membership. Regulatory co-operation is pursued through these agreements. All candidate and potential candidate countries receive substantial community assistance provided notably through the 'Technical Assistance and Institution Building' component of the Instrument for Pre-Accession Assistance (IPA) but also through the TAIEX programme, which assist in adoption, application and enforcement of the Community acquis (including in the areas of conformity assessment, public procurement, IPR, etc.).

European Neighbourhood Policy partners: The European Neighbourhood Policy (ENP) aims to intensify economic integration and cooperation with the neighbourhood countries. Regulatory co-operation and convergence are at the heart of the ENP and are based on the Partnership and Cooperation Agreements. As outlined in the European Economic Recovery plan, the economic integration and cooperation with the neighbourhood countries will be progressively intensified, including through deep and comprehensive FTAs which cover substantially all trade and aim at the highest possible degree of liberalisation. The future Eastern Partnership will offer real perspectives for enhanced movement of goods, capital, the supply of services and for modernisation of the economies of the partner countries. The EU and its partners may reflect in future on a broader regional trade approach, offering full access to the internal market following full adoption of all relevant elements of the EU acquis. A first example of this approach is the new Association Agreement and FTA being negotiated with Ukraine. For the Southern neighbourhood, co-operation is based on the Association Agreements. Enhanced regulatory co-operation is a core component of the deepening of our trade ties with the Euromed countries with a view to establishing a free trade area. Ultimately, the goal is to achieve a common economic space including all countries within the European Neighbourhood policy.

USA: is the most important partner for the EU. Strong co-operation and, where possible, convergence of our regulatory approaches are of key strategic and economic importance. It would deepen the transatlantic market and could promote the development of global standards and regulation.. To that end the Transatlantic Economic Council (TEC) was set up in 2007 as a high-level political body giving political impetus to initiatives aimed at creating a barrier-free transatlantic market and supporting a range of sectoral regulatory dialogues. It fosters upstream co-operation for regulatory convergence and the resolution of downstream barriers/burdens arising for business on both sides of the Atlantic. Among its successes are significant administrative simplification for the pharmaceuticals industry and equivalence of accounting standards.

China: The "Consultation Mechanism on Industrial Products and WTO/TBT" promotes reciprocal understanding and transparency in our regulatory processes. Among its successes is the simplification of certification procedures for medical devices. Regulatory issues can also be brought up in the context of the EU-China HLM which addresses issues of a strategic nature with the aim of achieving concrete outcomes. The EU intends to maintain and further develop the existing high-level dialogue mechanism and the industrial policy and sectoral regulatory dialogues with a view to securing genuine access to the Chinese market and the safety of consumers on both sides.

Russia: The elimination of inefficient cumbersome regulatory barriers would enormously facilitate the economic relationship and notably also foster the access to the Russian market for European businesses. Therefore, there is a mutual interest in ensuring the convergence of EU and Russian regulations. Regulatory co-operation with Russia is currently carried out in the context of the Common Economic Space and a number of specific regulatory dialogues in many policy fields have been established. While in some areas significant progress has been achieved, in a number of others cooperation needs to become better focused and more operational. There is a huge untapped potential in the economic relationship between the EU and Russia. Russian accession to WTO and Russia future commitments as a WTO member will further help to address a number of issues. Regulatory cooperation is a key objective for the EU which will be addressed in the ongoing negotiations for a new EU-Russia legal framework.

Japan: NTBs are one of the biggest problems in our economic relations. A number of dialogues exist between the EU and Japan, including the Regulatory Reform Dialogue. There is much to be gained from pursuing discussions with Japan across a wide range of sectoral interests. In view of its economic importance regulatory co-operation with Japan should be stepped up.

Canada: As a part of a new wide-ranging agreement covering trade and investment, regulatory co-operation needs to be developed and intensified. Co-operation with Canada must take into account regulatory co-operation with the US too, so that the final outcome is a trilateral convergence of regulations.

3.5. The Market Access Partnership

To enhance the full use of these instruments and complement our various efforts to remove barriers to trade, the Market Access Strategy established a new, stronger Partnership between the Commission, Member States and business in order to pool all available resources and expertise to detect, analyse and get rid of barriers. This was strongly supported by the European Parliament[20] and the Council[21]. Monthly meetings of the Market Access Advisory Committee (MAAC) have become the focal point for coordination with Member States and business, supported by specific expert groups to address specific cases, sectors and regions[22].

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[20] Report on the EU's strategy to deliver market access for European companies (2007/2185 (INI)), 7.1.2008, ref. A6-0002/2008, RR\396713EN.doc, PE396.713v02-00

[21] Council Conclusions (GAERC) of 18 June 2007, Doc. 10542/07

[22] Working Group on Vaccines/Japan; Tyres/India, China and Indonesia; Medical Devices/ India, China, Korea, Taiwan, Brazil, Turkey; ICT/Turkey and China.

In addition, local Market Access Teams have been established in most of the EU's major export markets, pooling the expertise and commitment of the Commission's Delegations, Member States' Embassies and EU business representations. The work of these local Market Access Teams is especially valuable to prevent barriers through a strong “early-warning-mechanism”, monitoring the legislation of the host country and providing the necessary knowledge and contacts. In addition, they have allowed greater expertise to be applied to individual cases, given knowledge of local conditions. Furthermore, they play an important role in coordinating among the Commission, Member States and business on the ground, facilitating the effective articulation of our trade concerns with one voice.

Finally, to increase its leverage the Commission has stepped up cooperation with third countries on market access issues of common concern – particularly with the US and Japan, both by sharing information and through coordinated joint or parallel actions.

4. WAY FORWARD

All the instruments identified above should be used to ensure that the EU’s openness is maintained and matched by increased access to third country markets for European companies. In the context of the Market Access Strategy the Commission, Member States and business need to continue their active engagement to ensure that the European Union acts coherently in third countries and articulates its interests efficiently abroad.

This becomes even more important against the backdrop of the current economic environment, where the external dimension of the Lisbon Strategy needs to play its part in a higher engagement with a focus on jobs and growth.

Beyond our efforts towards a swift conclusion of the Doha round and towards completion of ambitious Free Trade Agreements, strong emphasis will be put on:

- Market access activities **related to sectors of high potential for future growth**, such as automotives, pharmaceuticals, chemicals, electronics, machinery and environmental goods, as well as **services, establishment and public procurement**. For services, working groups (starting with postal courier and distribution services) have recently been set up to address key barriers in markets, which offer significant opportunities for EU service providers.

- **IPR protection and enforcement** in third countries through the successful conclusion of bilateral agreements with detailed provisions on IPR, in particular on enforcement, intensification of bilateral co-operation and dialogues, and technical co-operation programmes in particular in China and ASEAN countries. An Action Plan on IPR Customs enforcement will be signed with China shortly. Bilateral cooperation with the US on IPR enforcement will also be pursued. In order to ensure better market access for European GIs, we will explore the possibility of GI protection for non-agricultural products as a response to third country request such as India.

- Market access for **small and medium size companies (SMEs)** as outlined in the Small Business Act (SBA)[23], including special assistance to help obtain and alleviate the costs of

[23] COM(2008) 394, 25..6.2008.

obtaining information on the regulatory, legal and cultural environment of potential export markets.

The EU needs to use its economic weight and give impetus to its economic and trade relations with the major world economies. We must go further in drawing together the strands of our trade, regulatory and broader economic relations. While there is no single model for our relations with all our partners, the EU must find better ways to co-ordinate the internal and external dimensions of our policies and to engage in comprehensive dialogues with our key partners. In this context we should also consider how best to promote the internationally agreed decent work agenda and core labour standards.

The following principles should guide the EU's future activities:

(1) **A coordinated approach**

All efforts to improve market access and export opportunities for European business, and other issues related to regulatory cooperation and convergence should be coordinated and clearly linked to the external competitiveness agenda. Efforts must be well-focused and properly directed, making best use of the available instruments, rather than isolated ad-hoc discussions on certain areas with our partners. It is necessary to ensure political supervision of the process with the EU's most important partners. The Market Access Strategy is an important framework for this coordination.

(2) **Setting priorities**

Prioritisation is a critical factor: Addressing barriers to trade, whatever their nature, is resource intensive. We need to ensure that EU efforts to open markets and cooperate on regulation have a real, sustainable, economic impact and can be accomplished within a reasonable time span. Priority must be given to partners, sectors and policies where there is a strong economic interest, either actual or potential. The EU's wider political objective of economic integration with its neighbours means that engagement with these countries will also be a priority.

(3) **Listening to stakeholders**

The strengthened partnership between the Commission, Member States and business in the framework of the Market Access Strategy has proven to be very effective. This strength should be carried over into all aspects of market access and regulatory cooperation activities. Upstream coordination within the Partnership and with third countries will be essential in having a pro-active approach to avoiding and removing barriers to trade.

(4) **Making full use of the range of instruments**

Relations between the EU and its main trading partners cover a wide range of diverse interactions. These have until now been conducted often independently of each other, which makes it more difficult to assess the balance of benefits. The EC should look, in future, at areas where our partners benefit from cooperation with the EU, for example in research and development programmes, while maintaining significant barriers to EU businesses. We need to use all instruments at our disposal in a focused and coherent way, in order to improve export opportunities for European exporters and improve the global regulatory framework.

5. CONCLUSION

This Communication aims at ensuring greater opportunities for EU businesses in third countries and brings together external and internal policies.

It is also the first yearly market access report, giving an account of significant existing barriers. Successful barrier removal will require an assertive articulation of European trade interest with one voice. The success of the EU's actions will continue to depend very much on the serious commitment of all stakeholders.

Response to trade barriers must be coherent and targeted. The EU has different instruments at its disposal to overcome trade barriers and promote regulatory convergence. It needs to use all its instruments strategically and to ensure that there is a more integrated external policy agenda, which allows for trade-offs and win-win solutions. The Commission will ensure full exploitation of the potential of regulatory co-operation to anticipate trade challenges and ensure mutually beneficial cooperation at early stages of the legislative process. Beyond market access, regulatory cooperation offers further benefits in areas such as consumer protection, improving environmental standards, improving the evidence base for drawing up legislation and reducing the cost of doing business.

This Communication sets out ways to remove regulatory obstacles and increase market access, to create growth and jobs. The Commission will pursue these objectives actively in 2009, including reflecting on how to further strengthen regulatory cooperation. These efforts will go hand in hand with the further development of the Lisbon Strategy for Growth and Jobs post 2010.