

## International Trade: boosting Europe

*EuroCommerce\**

EuroCommerce, as the umbrella organisation of the European retail, wholesale and international trade, has set out the position of 6 million companies that it represents. The following summarises their position on how EU trade policy can help maintain the competitiveness of this sector.

### **Predictability, legal certainty, transparency of trade policy**

In a globalised economy, trade policy plays a pivotal role in furthering Europe's competitiveness and wealth. To achieve our goals, it is imperative that we dismantle market access barriers for the import and export of goods and services. Measures which will enhance predictability, legal certainty and transparency, together with the removal of red tape and technical barriers, are key to attaining the competitive strength our businesses need.

To reach peak economic fitness, the EU needs a stable multilateral framework for liberalised world trade that can only be secured by a strong WTO, complemented by well-chosen bilateral trade agreements that will provide additional trade opportunities.

### **Delivering on the needs of retail, wholesale and international trade**

#### *Antidumping and other trade defence instruments*

EuroCommerce opposes unfair trading practices. The EU has a responsibility, if necessary through trade defence instruments, to ensure that appropriate measures are taken against those infringing the rules of fair trade.

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*The views expressed are entirely those of the author and do not represent the views of the ITC, their staff or the countries they represent.*

However, Europe pays a high price for the antidumping, countervailing and safeguard measures imposed. Importers, retailers and consumers can suffer heavily from costly and unpredictable trade defence actions. A prime example occurred in 2005, when 80 million Chinese shirts, trousers and other textiles were blocked at customs following the sudden imposition of import quotas months after the goods had been ordered.

European retailers and wholesalers have a right to expect the EU to take all possible care to avoid any collateral damage when imposing trade defence measures. An example of good practice is the Commission's recent transparency initiative, which was agreed through constructive dialogue with the sector.

But more still needs to be done. Predictability and legal certainty are particularly important for economic operators, especially for SMEs and companies which specialise in a narrow product range. The commerce sector must be able to plan ahead on imports without the threat of unforeseen tariffs intervening between the placing of an order and the arrival of the merchandise at European borders.

The commerce sector contributes hugely to the European economy, generating 11% of annual GDP. This contribution must be fully reflected in trade policy decisions. The same consideration must be given to Europe's 500 million consumers whose interest in lower prices, product availability and choice must be of primary importance for legislators.

EuroCommerce cannot accept the shortcomings of the current trade defence system. Policy-makers must learn from the success of the transparency initiative: it is possible to better protect European importers, retailers and consumers from the self-inflicted damage created by EU trade defence.

- ❑ Reduce negative practical effects on EU importers
- ❑ Enable traders to plan ahead → make measures more predictable
- ❑ Reflect and respect consumers' and traders' needs throughout the procedure
- ❑ De-politicise antidumping, enhance confidence in investigation methodology
- ❑ Implement enhanced transparency throughout the investigation process

### *Bilateral and multilateral trade (WTO)*

In times of economic crisis, the temptation towards protectionism must be resisted: a stable and predictable framework governing international trade is therefore indispensable. In the current recession, a strong World Trade Organisation (WTO) and a successful conclusion of the Doha Round are more important than ever.

Trade liberalisation, development, simpler procedures and better rules must be at the top of our agenda. The simplification and harmonization of customs procedures under a future WTO Agreement on Trade Facilitation is expected to decrease border transaction costs by 3%. A sound liberalisation package will bring benefit to developing countries and to European exports of goods and services. Consumers and economic operators will equally benefit from lower import tariffs. It is also important that the WTO Antidumping Agreement preserves the European Lesser Duty Rule and the Community Interest Test, as these are necessary to limit potential abusive trade defence practices.

EuroCommerce calls for a speedy conclusion of the Doha Round, the timely entry into force of the Trade Facilitation Agreement and the rapid accession of the current candidates, particularly Russia, under conditions favourable to European traders.

- ❑ Multilateralism first
- ❑ Conclude and implement the Doha Round
- ❑ Ease border procedures by a sound agreement on trade facilitation

EuroCommerce is committed to supporting and influencing trade negotiations at an early stage to ensure the sector's sound and thorough representation. Our interventions will enhance benefits for traders and reduce risks and costs, to the tangible advantage of both economic operators and consumers.

European retailers, wholesalers and international traders are especially interested in EuroMed, ASEAN, Russia, India, Mercosur, the Gulf countries, South Korea, ACP (Africa, Caribbean and Pacific countries), Central America, the Andean Community and Libya (ranked by importance).

- ❑ Ambitious agreements with Europe's key trading partners

### *Customs*

EuroCommerce urges the creation of a simpler, more efficient and economic customs environment, which will cut red tape and save money for traders. We work on all issues related to electronic customs, reform of customs legislation, pre-declaration, security-related amendments and transit, making sure that the results fit with the very practical realities facing companies involved in retail, wholesale and international trade.

The Modernised Customs Code and its implementing provisions are especially important for the achievement of a level playing field for economic operators.

- ❑ Quicker and easier customs procedures
- ❑ Customs reforms which benefit companies
- ❑ Security measures in line with traders' needs
- ❑ More and earlier practical information from the Commission on new customs legislation
- ❑ Authorised Economic Operator (AEO) status must be facilitated and offer more advantages to economic operators

### *Exporting goods*

EuroCommerce actively supports the EU Market Access Partnership with its wellfunctioning tools – the local Market Access Teams, the Market Access Database, the Market Access Advisory Committee and its working groups.

Since EU wholesalers sell their products all over the world, they have a strong interest in removing market access barriers. Companies active in the field of export trade need the EU's support to dismantle these obstacles, especially against the backdrop of decreasing export volumes in times of economic crisis.

To foster European exports, export credit insurances need to be tailored to traders' needs. Export promotion measures in the EU must be carefully evaluated and the involvement of financial institutions in the scheme of export control should be reconsidered.

- ❑ Remove trade barriers in key markets
- ❑ Strong support for the EU Market Access Partnership
- ❑ Remove public procurement related barriers

### *Exporting services*

Many European retailers and wholesalers are keen to invest in countries outside the EU, but they are all too often subject to discriminatory treatment by local authorities. It is regrettably common for companies to encounter problems with economic needs tests, size restrictions and bureaucratic hurdles.

The European Commission seeks to remove the barriers hindering the export of European distribution services through the Market Access Partnership, the WTO and bilateral trade negotiations. The cooperation of India, Japan, Russia, Ukraine and China will be central to this process.

- Facilitate market access and investment for retailers and wholesalers abroad
- Remove public procurement related barriers

### *Imports from developing countries*

The EU is keen to support development in the world's poorer and poorest countries. To this end, Europe allows the import of a broad range of products from developing countries at reduced tariffs or even duty free. These preferences are governed by the EU's Generalised System of Preferences (GSP) and should act as an incentive to European importers.

However, to achieve the desired effect, the rules should give importers the necessary level of predictability and legal certainty. In many cases contracts are made several months before the merchandise arrives in Europe and importers must be able to predict tariffs as early as possible. EuroCommerce has asked the European Commission to keep the GSP simple, stable and predictable. The next GSP, which enters into force in 2012, must be published one year in advance.

Crucial for the success of the GSP are the preferential rules of origin. These are very technical rules which are currently too complex and difficult for traders, especially SMEs. Any reform of these rules must make sure that importers can rely on the origin of their products and customs authorities must live up their responsibilities in this area. It would be unfair to re-allocate the risk of false declarations of origin onto importers, who are often small wholesale businesses hardly equipped to control suppliers thousands of kilometres away.

- Help importers to source goods from developing countries through stable and predictable import tariffs (GSP = Generalised System of Preferences)
- Rules of origin for preferential imports must give EU traders legal certainty

### *Intellectual property rights (IPR)*

Counterfeiting is a serious crime; yet it is common. Importers and retailers are among those who suffer most from this activity; companies unwittingly selling counterfeit goods are exposed to legal action from both consumers and the owners of the genuine article.

Traders therefore have a long-standing interest in the respect of intellectual property rights to protect their own and their customer's best interests. EuroCommerce expects all economic operators worldwide to abide by IPR rules and it calls on governments in the EU and abroad to ensure that legislation is properly enforced.

- Combat counterfeiting in cooperation with all stakeholders involved

### *EuroCommerce and the commerce sector*

EuroCommerce represents the retail, wholesale and international trade sectors in Europe.

Its membership includes commerce federations and companies in 31 European countries.

Commerce plays a unique role in the European economy, acting as the link between manufacturers and the nearly 500 million consumers across Europe over a billion times a day. It is a dynamic and labour-intensive sector, generating 11% of the EU's GDP. One company out of three in Europe is active in the commerce sector. Over 95% of the 6 million companies in commerce are small and medium-sized enterprises. It also includes some of Europe's most successful companies. The sector is a major source of employment creation: 31 million Europeans work in commerce, which is one of the few remaining job-creating activities in Europe. It also supports millions of dependent jobs throughout the supply chain from small local suppliers to international businesses.