



European Parliament Hemicycle, Brussels Thursday 13 October 2016

FACT SHEET SESSION 1 - TRADE

Question 1: Are entrepreneurs sufficiently aware about the commercial implications of EU trade agreements?

What's at stake?

The trade policy of the European Union can only be effective if our entrepreneurs are fully aware of the opportunities that are available to them through the trade agreements that their elected representatives negotiate for them. Particularly for the millions of SMEs in the EU, knowledge of new market openings and how they can actually capitalize on them is crucial to the effectiveness of trade policy in delivering sustainable long term growth for Europe.

The business perspective

Still far too few entrepreneurs, especially SMEs, know what trade is doing for them and how they can profit. Considering that in a few years, 90% of world growth will be generated outside the EU, it is imperative for policy makers and businesses to make the most of market liberalisation in order to remain competitive and successful in a globalised economy. It is also imperative that European SMEs know about such opportunities and in are provided with effective support so that they are in a position to capitalize on them.

For more information (links to websites/on-line articles, documents)

Trade for All Communication - European Commission:

http://trade.ec.europa.eu/doclib/docs/2015/october/tradoc_153846.pdf

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Question 2: Should SMEs have a stronger say in EU trade policy?

What's at stake?

Over 600,000 SMEs employing at least 6 million Europeans export beyond the EU. However, with over 20 million SMEs in Europe, only a fraction of SMEs are effectively taking advantage of the opportunities that more open foreign markets offer, so economic potential remains largely untapped.

The European Commission has given increased weight to small and medium sized enterprises in its communication "Trade for All", where it outlined the strategy of trade policy for the years to come. It will be crucial to see how it is implemented and whether the SME angle can be strengthened to ensure that trade truly "thinks small first".

The business perspective

SMEs are routinely referred to by EU policy makers as 'the backbone of the economy', but the conditions are not in place to allow them to fully realize their potential. This includes favourable terms and conditions for trading outside the EU, something that can only be achieved if - from the negotiation phase through to implementation and monitoring - SMEs play a central role in trade agreements and trade policy is tailored to their needs. Advisory bodies with SME representatives, monitoring groups, and a commitment by negotiators to interact with the SME community across all chapters can be a part of the solution.

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Question 3: Will the granting of the market economy status to China have negative effects on European business?

What's at stake?

The EU will have to decide by the end of the year whether to grant Market Economy Status (MES) to China. This has a direct effect on the level of anti-dumping duties on the country concerned, with the anti-dumping duties for a country that has MES tending to be significantly lower than for countries that do not have this status.

The current situation arises from certain provisions in China's accession protocol to the WTO which expire at the end of 2016, raising a series of legal questions as to the impact this would have on EU anti-dumping regulations and on trading conditions - both export to and import from - China.

The business perspective

EU producers, especially for concerned goods such as steel and ceramics, argue that China should not be considered a market economy and that the EU must continue to shield them from unfair competition through duties, as is currently the case. EU importers conversely do not want to continue paying higher prices as a consequence of anti-dumping duties for much goods from China. These higher prices are often then passed on to the consumer.

EU-China relations will not be unaffected by the decision of the EU. This decision should not be based purely on the expiration of provisions defined over 15 years ago and a careful legal and economic analysis of the current situation is required.

For more information (links to websites/on-line articles, documents)

European Parliament analysis:

[http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/571325/EPRS_IDA\(2015\)571325_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/IDAN/2015/571325/EPRS_IDA(2015)571325_EN.pdf)

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Question 4: Do rules of origin need to be simplified in order to increase the benefits of EU free trade agreements?

What's at stake?

Tariffs are a central part of any trade negotiation. For a company to take advantage of a reduction of a tariff that results from a particular EU trade agreement, it needs to be able to certify that a product originates from the country in question. This is normally determined through a protocol on rules of origin in a trade agreement.

The business perspective

Rules of origin in trade agreements tend to be very complex and difficult to comply with. In addition, the more bilateral trade agreements that the EU negotiates with third countries, the more different sets of rules of origin exist - adding to the complexity.

Especially for SMEs, rules of origin need to be simple and easy to use. Otherwise, as is often the case today, SMEs won't be in a position to capitalize on tariff reductions negotiated for them because complying with the rules of origin is too burdensome. Such a result cannot be the intention of policy makers nor can it be in the interest of the EU economy.

For more information (links to websites/on-line articles, documents)

Trade EU Export helpdesk

http://exporthelp.europa.eu/thdapp/display.htm?page=cd%2Fcd_RulesOfOrigin.html&docType=main&langueId=en

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Question 5: In view of current criticism of potential trade agreements with the USA (TTIP) and Canada (CETA), does an effective EU trade policy matter to the competitiveness of your business?

What's at stake?

Europe is not an island. Our growth and prosperity depends on fair, balanced and mutually beneficial trade relations with the rest of the world. EU member states have given the exclusive competence to the EU to negotiate deals on their behalf, as Europe standing together has much greater weight on the world stage and is better placed to secure favourable deals for all EU businesses and citizens.

What kind of trade agreements we want and with whom we want to negotiate them is currently hotly debated, especially with regard to the US and Canada. The repercussions of these discussions can have far reaching consequences on Europe's ability to conduct an effective trade policy for all Europeans in the future.

The business perspective

Today, thanks to EU exports, over 30 million people in Europe have jobs, which equates to almost 14% of everyone working in Europe. EU trade policy has thus been a very effective tool to boost jobs and growth across the member states and must remain a key driver in the future. While continuous discussions are needed to ensure that trade rules reflect the expectations of citizens and businesses of today, it is in Europe's interests that such discussions do not jeopardize an effective and successful EU trade policy.

For more information (links to websites/on-line articles, documents)

EU report: "How Trade Policy and Regional Trade Agreements Support and strengthen EU Economic Performance"

http://trade.ec.europa.eu/doclib/docs/2015/march/tradoc_153270.pdf

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