

Position paper:

On the new EU trade policy

May 3, 2011

ETRMA represents the interests of the European tyre and rubber manufacturers which count around 4.200 companies in the EU employing directly 360 000 people and generating a turnover of € 43 billion. ETRMA tyre corporate companies represent globally 59 % of world sales and 7 out of 10 world leaders are our Members¹. We have strong presence in the EU with 91 tyre producing plants and 15 R&D centers.

EU tyre exports decreased from 81 million units in 2007 to 53 million units in 2009. One of the reasons is the increasing number of technical and administrative barriers introduced by trade partners outside the EU, and which prevent the EU-manufactured products from entering their markets.

In November 2010, the European Commission announced its new trade policy document: “Trade, Growth and World Affairs. Trade Policy as a Core Component of the EU’s 2020 Strategy²”; following a public consultation on future trade policy to which ETRMA contributed in August 2010³.

ETRMA supports the following Commission recommendations for action, reminding that the trade policy of the EU should have as main objective to promote and reinforce the European industry competitiveness worldwide:

- Mutual reinforcement of EU trade and external actions.
- Global competitiveness of European industries must be guaranteed also by making sure that EU rulemaking is sensitive to situation and prospects of international trade and regulatory context.
- Doha negotiations to remain priority – confirming the central role of the WTO in the world trade system.
- The FTAs shall aim to decreasing the level of tariffs as well as address regulatory barriers and other concerns related to intellectual property rights, public procurement markets etc.

E.g. on EU-India FTA:

the non-tariff barriers due to enter into force May 2011, will affect seriously European producers, with the evident aim of drastically restricting their exports to India.

Very little progress has been achieved to eliminate current non-tariff barriers despite long-due and serious attempts by the European Commission jointly with the Industry.

Under the current circumstances,

→ The EU should resist concluding a Free Trade Agreement that is failing to resolve existing major NTBs.

¹ Michelin, Bridgestone Europe, Goodyear Dunlop Tires Europe, Continental, Pirelli Tyre, Hankook, Cooper Tires, Marangoni, Mitas, Nokian Tyres, Trelleborg Wheel Systems and Apollo Vredestein.

² COM(2010)612

³ ETRMA contribution to a consultation on a future trade policy: www.etrma.org → “position papers”

- On tariffs, the EU shall aim at reciprocal tariffs, in particular with countries or regions which are not on developing stage anymore (India, MERCOSUR,...)
- More resources are needed for tackling the increasing amount and the complexity of the non-tariff barriers, technical and administrative. Focus on strategic trading partners and those with the biggest market opportunities.
 - Regulatory dialogues with trading partners to promote equivalence and convergence of rules, standards, testing and certification practices internationally and to promote mutual recognition of UNECE regulations.
 - Update the EU's General System of Preferences to focus on the least developed countries.
 - Push for sustainable and undistorted supply of raw materials⁴. Fair access to raw materials is a key cornerstone for industry competitiveness. Close monitoring of export restrictions should be made, also with a view to possible producer cartels (such as in the box on the right.) Therefore also binding disciplines on trade and investments agreements related to raw materials must be introduced.
 - Better enforcement of trade agreements:
 - o Systematic implementation of trade agreements
 - o Regarding bilateral agreements, to prioritise the implementation of FTAs and particularly in respect of the regulatory component and non-tariff barriers.
 - o Market Access Strategy remains a key element of enforcement activities.
 - Thorough impact assessments before initiating an FTA and ex-post evaluations during trade negotiations (which may last up to 3-5 years, and the markets conditions may have changed drastically in the meantime);

E.g. on EU-Malaysia FTA:

ETRMA welcomes the FTA with Malaysia but wants to highlight few important aspects:

- ➔ Malaysia is a contracting party to UNECE 1958 Agreement – we must ensure that there is actually regulatory convergence with the country,
- ➔ Malaysia is also a member of *International Rubber Consortium Ltd.* which has primarily expressed the position that it will shore up natural rubber prices by regulating supply and implementing export control if necessary
- ➔ **Chapter on raw materials must be included in the FTA and close attention to Natural Rubber trade must be paid when negotiating it.**

ETRMA and its members remain committed to actively work with the Commission towards our common goals.

Further contact:

Jarmo Sunnari, Trade Affairs
+32 2 218 49 40
j.sunnari@etrma.org

⁴ ETRMA welcomes the Commission Communication « Tackling the challenges in commodity markets and on raw materials » and inclusion of Natural Rubber in the scope of raw materials covered in the document (point 2.1.3, page 5).