



# Kommerskollegium

*National Board of Trade*

## **The contribution of trade to a new EU growth strategy**

Ideas for a more open European economy

### Part 5

# An EU Helpdesk for Trade and Investments

By  
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*The year 2010 is approaching and the Lisbon strategy will have to be replaced by a new strategy. The Foreign Ministry has asked the National Board of Trade to discuss ideas for external commercial policies to support the reforms carried out domestically to increase growth. This can be called an “external dimension” of a new strategy. For this purpose we have written eight reports, covering a range of areas, and a summary. You can find it all at [www.kommers.se/trade&growth](http://www.kommers.se/trade&growth)*

**Imports into the internal market of both goods and services are hampered by a lack of transparency regarding EU trade policies and requirements for market access. Although several agencies exist to deal with various aspects of this problem, in our view the situation can be improved.**

**The Board proposes the establishment of an EU Helpdesk for Trade and Investments aimed at importers on the internal market and exporters and investors in third countries. The helpdesk would provide information related to the importing of goods and services as well as investment rules.**

**The information should cover both Community rules and national regulations. In cases where the helpdesk can not answer an enquiry it shall signpost the enquirer to the relevant national authority.**

**The system could also provide a complaint registration function for the notification of EU trade barriers.**

**Since small and medium sized companies often face the biggest challenges related to transparency in trade, the services should be designed so that they are easily accessible also for them.**

## 1 Transparency as a means to facilitate trade

The Commission Communication “Global Europe” stresses the importance of making Europe more attractive for investors and companies across the world. The agenda sets out to ensure Europe’s competitiveness by adopting high-quality rules, new approaches in trade policy and by pursuing openness to trade and investment. However, in the process of making Europe more competitive, there is one often neglected aspect of the trade environment that deserves additional attention; namely transparency.

By analyzing the impact of transparency on international trade, Helble, Shepherd and Wilson show that it represents a powerful complement to traditional trade policy measures. In their policy research working paper “Transparency, Trade Costs, and Regional Integration in the Asia Pacific”, Helble et al. use a transaction cost analysis where they focus mainly on two dimensions of transparency; predictability (reducing the cost of uncertainty) and simplification (reducing information costs). Transaction costs facing firms consist of finding out exactly which regulations one must adhere to, but also the steps required to comply with the regulations. Increased transparency is, hence, associated with lower transaction costs for exporters and importers<sup>1</sup>. Although the authors focus on trade in goods, they point out that transparency can also be crucial for trade in services as well as for investment flows, even though these dimensions are much harder to measure.<sup>2</sup>

As indicated by the title of the paper referred to above, the authors analyse import and export transparency using the Asia Pacific Economic Cooperation (APEC) member economies as a case study. APEC was chosen due to its extremely diverse regional grouping including countries at very different levels of economic development, thus meaning the results can be interpreted as applicable worldwide.<sup>3</sup>

The results are quite significant; Helble et al. show that increasing the transparency of the trading environment can actually have a greater positive effect on trade, in terms of increased bilateral trade, than trade policy measures related to tariffs and NTBs. Moreover, according to their findings, it is primarily on the import market rather than the export market where transparency can be shown to have an impact.<sup>4</sup>

What are the implications of this for the European Union?

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<sup>1</sup> The indicators used to measure the transparency of a country’s trade environment are based on data relating to, for example, trade-related corruption, political favoritism, efficiency of customs and border agencies, the extent of hidden trade barriers and uncertainty surrounding trade policy settings. Ibid. p. 4-7.

<sup>2</sup> Ibid. p. 30-31. Transparency in services as well as investments are discussed further in two of the other reports in our series “The contribution of trade to a new EU growth strategy”. They can be downloaded at [www.kommers.se/trade&growth](http://www.kommers.se/trade&growth)

<sup>3</sup> Worldwide effects can be anticipated *assuming that non-discrimination is adhered to*. Ibid. p. 9, 28.

<sup>4</sup> Ibid. p. 5, 26.

An aspect of transparency within the trade environment is the availability of information related to trade policy and regulations affecting trade. An importer of fresh fruit, for example, needs to know where to get registered in the country of import, what phytosanitary measures apply and what certificates are required. He or she must be familiar with the customs procedures, tariffs, preferences and rules of origin if applicable, not to mention the quality standards, marketing and labelling requirements of the country. Finding out about these requirements are, as described by Helble et al., associated with transaction costs.

To simplify this procedure and minimise the costs for European companies, the EU has already taken a number of measures to reduce the shortage of readily available information which can otherwise present an immense challenge particularly for small and medium sized companies. A number of contact points, networks and databases have been established, where European companies in need of information and assistance can turn. These initiatives are important measures to facilitate cross-border trade on the internal market as well as European exports, thereby increasing transparency within these areas. When it comes to imports from third countries, however, more can be done. For European importers as well as exporters in third countries, the shortage of easily accessible information on import and investment regulations has yet to be attended to.

## **2 Benefits of increased transparency**

A high degree of transparency has been shown to reduce transaction costs for traders, thereby playing a vital role when it comes to facilitating imports and market access. The reduction of transaction costs that come due to the facilitating effect enable traders to keep prices down, providing cheaper products for European consumers.

In addition, a high degree of transparency in rules, facilitates for traders to comply with the rules, which benefits European consumers. This is particularly important since many requirements are not subject to checks at the border but only to sample tests in the supply chain. Take the CE marking as one example; the CE marking can be affixed by the manufacturer or importer through the “manufacturer’s declaration of conformity”. This means that manufacturers or importers themselves affix the CE marking after having concluded that their products are in compliance with the relevant requirements under EU law. The knowledge and usage of European standards among European importers as well as in third countries are, hence, vital to ensure that products imported into the EU comply with the market regulations.

### 3 Examples of existing means to facilitate trade<sup>5</sup>

#### 3.1 Facilitating trade between Member States

As stated above, the EU has already taken initiatives to facilitate trade for companies doing business *on the internal market*. Among the existing contact points and networks provided by the Commission are:

- **Europe Direct**  
- Provides general information related to the EU and EU policies
- **Your Europe**  
- Provides practical advice on how to carry out business in another EU country
- **Enterprise Europe Network**  
- Provides information related to, for example, EU rules, internationalisation and business contacts
- **SOLVIT**  
- Provides assistance related to trade barriers and aims at solving problems on the internal market due to the misapplication of internal market law. EU companies can, through an online database, submit any cross-border problem where a national public authority is one part and which concerns the possible misapplication of EU-single market law.

#### 3.2 Facilitating exports and imports with third countries

For a company importing to the EU or exporting from the EU, the following contact points are available:

- **WTO national enquiry points**

The WTO national enquiry points, one for each WTO country, under the TBT agreement provide WTO countries, companies and other interested parties with information related to technical regulations, standards and conformity assessment procedures. They shall also assist with finding the location of other Enquiry Points, international and regional standardization bodies and finding relevant bilateral and multilateral agreements.

- **Market Access Partnership and Market Access Database**

The Market Access Partnership is a framework for removing barriers in third country markets while the Market Access Database is an operational tool.

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<sup>5</sup> Only means that can be used by companies directly are mentioned, not those where only countries or private persons can make use of the services.

The Market Access Partnership between the Commission, EU Member States and European Business helps EU exporters to access third country markets by working together and using available trade policy instruments to solve trade barriers. Venues used to address problems include the WTO dispute settlement mechanism, the DDA round and WTO accession negotiations, negotiation of bilateral agreements, implementation of existing bilateral agreements, trade consultations and diplomatic pressure.

For EU exporters, the Market Access Database provides information relating to export markets, such as tariffs, import formalities and registered trade barriers. It also includes a complaint registration function where EU companies can report trade barriers.

- **Export Helpdesk for developing countries**

The Export Helpdesk for developing countries is an online service provided by the Commission to facilitate market access for developing countries to the EU. The database includes information such as import and market requirements, import tariffs, customs documents, rules of origin, trade statistics and a market place (platform between importers and exporters). The information comprises goods exported from a developing country to a member state. The helpdesk can assist with questions concerning both Community rules and national regulations.

- **National initiatives**

Apart from Export Helpdesk there are various initiatives in member states with services to companies in developing countries, such as the Dutch Centre for the Promotion of Imports from developing countries (CBI)<sup>6</sup> or the Swedish contact point Open Trade Gate Sweden (OTGS)<sup>7</sup>.

### **3.3 Existing options for the facilitation of trade: conclusions**

Our findings show that there are several networks and contact points facilitating intra community trade as well as European exports. However, European importing companies and third country exporters (with the exception of exporters in developing countries) are left with fewer options.

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<sup>6</sup> The mission of the CBI is to contribute to the equitable economic development of developing countries by strengthening the competitiveness of exporting companies. CBI concentrates on five core competencies: market knowledge, product and production improvement, quality control, export marketing and management and market entry.

<sup>7</sup> OTGS is a contact point established to facilitate exports from developing countries to Sweden. OTGS provides exporters with information about trade rules and regulations for the Swedish and European Union market, e.g. customs tariffs and preferences, labelling, packaging, health and sanitary requirements etc. A second objective is to influence Swedish and EU trade policies in order to make them more transparent, accessible and open. OTGS also tries to help with NTBs and will, if a trade barrier is reported, investigate if there are legitimate grounds for the reported measure.

## 4 Exploring the options for facilitating imports

Based on the conclusion that there is a lack of existing means for European importing companies and third country exporters to receive information and assistance, we need to explore how to create tools that increase transparency and thereby facilitate imports from third countries to the EU. One way to develop such tools is to remodel existing networks and contact points within the EU. Three options are discussed below; a remodeling of SOLVIT, Market Access Partnership/Market Access Database and Export Helpdesk for developing countries.

**SOLVIT** aims at solving problems on the internal market due to the misapplication of internal market law. As such, it is a means to *solve* NTBs rather than to increase transparency. Nevertheless, since the two issues are closely related, we have also investigated the possibilities of allowing SOLVIT to take on trade barriers from third countries and in that way facilitate imports to the EU. However, there are obstacles for such a development; for example, the fundamental pre-requisite for dealing with cases is that Member States share a common legal order that precedes national law. Since third countries and EU member states lack a common legal order, using SOLVIT for the purpose of handling third country barriers to trade does not seem plausible.

**The Market Access Partnership** helps EU exporters to access third country markets by using available trade policy instruments while the **Market Access Database** provides information relating to export markets. The database also includes a complaint registration function where EU exporters and other interested parties can register trade barriers. Since the tools and work procedures are developed to suit EU exporters, expanding this partnership or remodeling this tool to include third country companies and EU importers seems rather difficult. However, elements of it could be used as a model for establishing similar facilities for third country companies and EU importers.

The **Export Helpdesk for developing countries** has become a success in terms of usage. The total number of hits registered in the database increased from around 500.000 in 2004 to almost 2.750.000 in 2007.<sup>8</sup> The frequent usage of the database comes despite the fact that it is limited to information about EU imports of goods from developing countries. This means that the helpdesk at this point excludes major EU trading partners, i.e. all non-developing countries, which together stand for about 45% of the EU's imports.<sup>9</sup> Furthermore, the helpdesk also excludes trade in services and investments (capital). One possibility would be to change the function of the existing Export Helpdesk to also include the left out areas of trade as well as all third country trading partners. Such an expansion could fill the information gap and provide in particular small and medium sized companies with easily accessible information, thereby increasing the import transparency of the EU. The popularity of the helpdesk suggests that it could be a suitable tool to use as a basis for such a measure.

## 5 Conclusion

Having explored the options for increasing the import transparency of the EU, we have reached the following proposal.

**An EU Helpdesk for trade and investments should be established. The helpdesk should deal with imports of goods and services as well as investments into the EU. It should provide information for importers in the EU and exporters and investors in all third countries**

The helpdesk should provide information about rules related to the import of goods, services and investments into the EU. It is vital that the helpdesk can assist with both Community rules *and* national regulations and not just the former. Not least in the area of services, where the EU lacks a common policy, it is crucial for the help desk to be able to have a real impact. Concerning services, maybe the most valuable contribution the help desk could make would be to assist with temporary movement of natural persons (GATS mode 4), as we discuss further in our report on services<sup>10</sup>. The helpdesk should also be able to signpost any enquiries it can not answer to the relevant national authority in the concerned member states/states.

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<sup>8</sup> Market Access Advisory Committee (MAAC), powerpoint presentation, 17 April 2008, p. 2.

<sup>9</sup> Source: Eurostat. The 45% represents EU imports from third countries that are not on the list of developing countries in the database Export Helpdesk for developing countries.

<sup>10</sup> See part 2 of our work on "The contribution of trade to a new EU growth strategy". It can be downloaded at [www.kommers.se/trade&growth](http://www.kommers.se/trade&growth)

In addition, the helpdesk could contain a function for reporting trade barriers where companies can report problems when trying to access the internal market. One possible set-up could be a helpdesk comparable to the existing Export Helpdesk for developing countries but extended to include all third country trading partners as well as the areas of services and investments. Furthermore, it could be complemented with a complaint registration function similar to the one within the Market Access Partnership and the Market Access Database.

We believe that the establishment of a Helpdesk for Trade and Investments would considerably increase the transparency of the EU within the areas of imported goods, services and investment. The main purpose and expected contribution to increased competitiveness would be a reduction of transaction costs for firms in need of information on how to access the EU market. It is important to point out not only exporters in third countries would benefit from such a service, but it would also benefit importers within the EU. In fact, experiences derived from the existing Export Helpdesk for developing countries show that the geographical region where most hits in the database were made in 2007, was the EU – presumably by EU importers<sup>11</sup>.

In addition, a complaint registration function would serve as a means to increase transparency in NTBs on the internal market and, where the Commission finds it plausible, as a basis for a framework for removing trade barriers. With increased transparency in NTBs on the internal market, the EU can make use of a better understanding of the problems that arise in our own market and that are experienced by companies.

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<sup>11</sup> Hits in 2007 per geographical region; EU27: 38.45%, Latin America: 26.46%, Asia: 17,86%, Rest of the world: 5.66%, EuroMed: 5.50%, ACP: 4.15%, Other Europe: 1.92%. Source: Market Access Advisory Committee (MAAC), powerpoint presentation, 17 April 2008, p. 3.