

Position Paper



FTA
Foreign Trade Association

Committed to free trade

**FTA reply to the Public Consultation on the EU -
Mercosur Trade Agreement launched by the European
Commission DG Trade**

July 2010

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Q: What is the name of your organisation? What is your organisation's main area of activity?

R: The Foreign Trade Association (FTA) is the representative of retailers and traders across Europe on foreign trade issues. We advise our members on all matters pertaining to the global marketplace, including multilateral and bilateral international trade relations.

Q: Based on Mercosur market potential and economic capacities, could you specify your overall "offensive" and "defensive" interests and priorities?

R: The FTA has an offensive interest in Mercosur. The FTA member companies export to Mercosur consumer goods, including textiles, clothing, footwear and other industrial goods.

Q: Do any of the Mercosur countries apply discriminatory internal taxes?

R: No

Q: To what extent is trade between Mercosur countries and the overall Mercosur regional integration important to your business today and in the future?

R: Today each of the countries concerned applies different rules on certificates of origins and labelling. Moreover, the Mercosur Countries have different custom practices and import licensing systems. The regional integration would favour harmonised practices and this would benefit European retailers and traders.

Q: Has your company seen an upswing in sales or exports to the countries of the region?

R: In the last two years we have observed that some of our member companies increased sales in the Mercosur area.

Q: Do export taxes applied by some Mercosur countries negatively impact on your activities in the EU, or do you expect this might occur in the future?

R: FTA members currently import from Mercosur to the EU countries the following products: grapes, exotic fruits (mango and others), meat, leather goods, shoes, household products (e.g. plastic boxes, towels). Export taxes applied to those products impact on the activities of our Members by increasing costs.

Q: What preferential rules of origin should apply in the sector(s) of your interest in an agreement with Mercosur?

R: The procedure for proving preferential and non preferential origin in certain Mercosur countries has to be simplified to ensure the access to the main Mercosur markets. In certain Mercosur countries exporters have to prove preferential and non preferential origins with a certificate of origin signed and stamped by the chamber of commerce of the country of origin. The same certificate has to be signed and stamped by the consulate of the Mercosur country of destination. These kind of procedures generate delays and increases export costs.

Q: Customs Procedures (import, export and transit procedures). Do you have today any problems with customs procedures (e.g. customs valuation, fees, charges, licences, obligatory use of customs brokers) and requirements for imports, exports and/or transit in Mercosur?

R: Customs procedures in Mercosur are a long standing issue; practices are very different in the countries concerned. Import operation for clothing and footwear in certain Mercosur countries prove to be extremely complicated. Customs duties for import in Mercosur are very high (35% on clothing in the major Mercosur markets). Additional taxes contribute to increase the final level of taxation.

Minimum price policies are commonly used in the major Mercosur markets.

The use of non-automatic licences is increasing progressively. The procedure used for releasing non-automatic licenses often violates the WTO rules.

Q: Do you face any non-tariff barriers or technical barriers to trade in your exports to Mercosur? Which ones, and how important are they for your business?

R: The main concern of the FTA Members is import licensing. In certain Mercosur countries, non-automatic import licenses apply to almost all clothing and footwear (CIPT for textile products and CIC for footwear). For one country in Mercosur, there are 16 different kinds of non-automatic import licenses and 416 HS Codes affected.

The number of products concerned by the non-automatic import licensing system has improved during the economic crisis. According to the WTO relevant regulation, the licenses should be released within 60 days, but this is often not the case.

Certain Mercosur countries apply quality standards and registration procedures that create non tariff barriers to trade.

Q: Please indicate whether you consider intellectual property rights issues as a priority:

R: We consider intellectual property right issues a priority, with particular reference to trademarks, design and enforcement

Q: Are there any other issues that are not mentioned in this questionnaire and that you would like to address?

Some regulations in Mercosur countries restrict trading conditions and the competitiveness of the European fashion brands in the area.

The "estampillado" process imposes clothing made outside Mercosur to be marketed with a stamp stitched on different parts of the item. This regulation limits the commercialisation of the product and impact that the style of the good, that does not look the same. For the fashion sector, appearance is very important.

Certain Mercosur Countries are in the process of introducing a regulation that would force all fashion stores to sell specific sizes for that Country. If the FTA Members want to be able to distribute European fashion brands, they would have to produce specific sizes for that market.

For further information, please contact:

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The FTA is the association for European commerce providing expertise in international trade issues. It is committed to achieving its goal of a true free trade environment. For 30 years, the FTA has supported its members, consisting of national trade associations and companies from all over Europe, through information and lobbying in the European and international arena.

More information on the FTA:

www.fta-eu.org



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