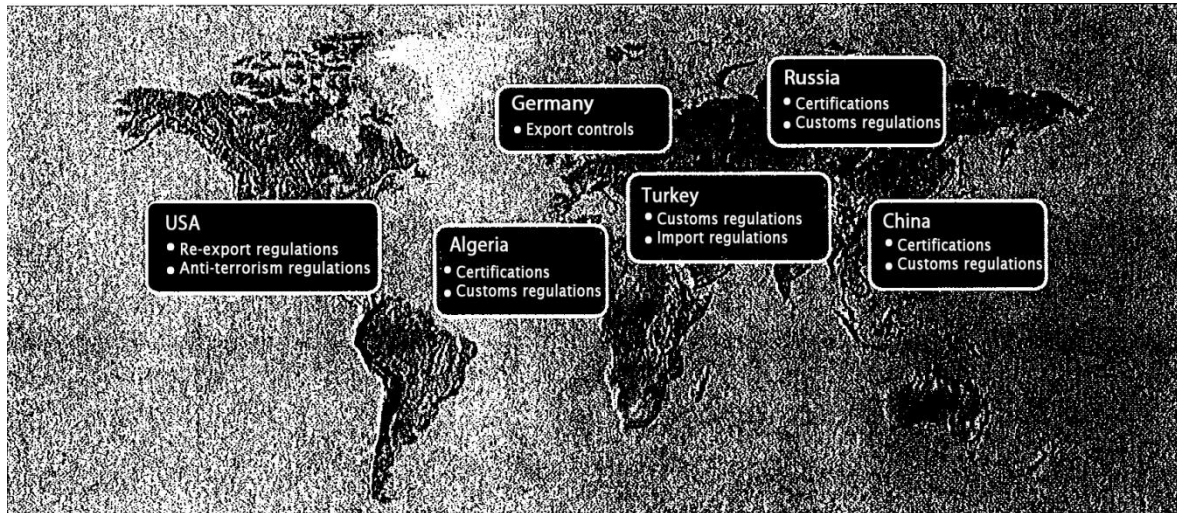


INTERNATIONALLY...

Break down trade barriers, ensure access to raw materials

As it stands now ...

Serious problems in customs and foreign trade law



Source: DIHK report for export economy 2010

- Trade liberalization is at a standstill, distortions are jeopardizing the supply of raw materials: The Doha Development Agenda (DDA) has yet to be concluded, hence any gains in prosperity are being thrown away. Furthermore, there are more than 1,000 import restrictions for 400 raw materials worldwide. These restrictions are jeopardizing the supply of raw materials and consequently the ability of the economy in Germany and Europe to compete.
- The EU Commission is taking on the task of promoting foreign trade: Up until now the promotion of foreign trade was left up to the individual EU member states. The EU 2020 Strategy will lead to more Europeanization in this area. As part of the Small Business Act and the greater involvement of the EU in foreign affairs and international trade, European Business Centers for supporting SMEs on international markets have already been opened in India, China, and Thailand.
- Impending complication of rules of origin in customs law: According to the laws in effect, the commercial origin of a commodity is established according to simple criteria: the last main place of manufacture defines the origin. To secure its anti-dumping measures, the EU Commission wants to abandon this approach and is developing specific origin criteria for each individual commodity, which will be set forth in lists. Companies would be required to refer to the list rules and check and document compliance with the criteria for each individual commodity - threatening substantial costs for the German export economy.
- Bureaucracy is impeding foreign trade: For years German companies and their business partners in partner countries have been complaining about bureaucratic hurdles in foreign business. The reluctance to issue visas for those traveling to Germany on business and the long, drawn-out authorization process in the scope of export controls are the chief sources of complaints. Because of these hurdles, German companies are at a disadvantage in international competition.

What needs to be done

Foreign trade policy should enhance the opportunities for German companies in a globalizing economy and strengthen their competitiveness in international markets.

The following guidelines must define economic policy:

- **Condemn protectionism, promote trade liberalization:** The EU must take a pioneering role in implementing a liberal trade policy, with the possibility of bilateral trade agreements in the future. For the German federal government, it is a matter of identifying trade issues in a timely manner and then promptly exerting influence on EU positioning. The key signal for open markets would be the conclusion of the DDA. Europe's bilateral contracts must focus more on free access to raw materials. At the same time the fair trade in raw materials should be protected via the WTO, with bans on competition-restricting subsidies, export duties, and export taxes.
- **Avoid redundant structures in foreign trade promotion:** The EU should only create institutions for promoting foreign trade if added value for Europe is achieved, and this goes for promoting SMEs as well as trade policy. New EU structures can only be successful if they are based on the proven national foreign trade promotion programs. Now more than ever, EU money must not be used to the detriment of the functioning national public-private models for promoting foreign trade, e.g., the international German bilateral chambers of commerce.
- **No changes to the rules of origin in customs law:** The simple and transparent mechanisms underlying the rules-of-origins-determinations must be retained. The amendment of the rules of origin planned by the EU Commission would result in a substantial increase of administrative costs for companies and could trigger the raising of new trade barriers for exports to third countries.
- **Eliminate the bureaucracy in foreign trade law and harmonize it:** Foreign trade law needs to be streamlined and more clearly organized. The visa issuing policy of German agencies abroad should be oriented towards the practices of European neighbor states; furthermore, the German Chambers of Industry and Commerce (AHK-IHK organizations) should be included to a greater extent in the preliminary examinations for business travel visas. In order to ensure fair terms of competition, for export authorizations the goal should be harmonization on an EU level. The German Federal Office of Economics and Export Control (BAFA) also needs to streamline the processing of export control checks, particularly when German federal ministries are to be included in the individual decisions.
- **Development policy - let's take a chance on more commerce (mehr Wirtschaft wagen):** The greater involvement of the German economy in developmental cooperation is a component of the coalition contract. Implementation should take place by upgrading the cooperation of IHKs and AHKs (German Chambers of Industry and Commerce) with local economic development organizations and partners. The goal must be to build up the private sector in developing countries in order to ensure sustainable growth.