

Agence France Presse

May 6, 2003 Tuesday

US exporters assail "disguised trade barriers" by EU, others

BY: ROB LEVER

The European Union is imposing disguised trade barriers on US products ranging from poultry to automobiles using dubious scientific justification, a US business group said Tuesday.

The **National Foreign Trade Council**, an association of some 400 US companies involved in international trade, released a study that cited dozens of trade barriers that "ignore sound science" and appear to be used to protect ailing industries or block market access.

While the study cited several countries including Japan and South Korea, the European Union was far and away the leader in this practice, the report said. It cited well-known cases such as the EU ban on beef from hormone-treated cattle and the effective EU moratorium on any genetically modified foods.

But it also said some new EU environmental regulations could make it harder to sell US-made computers, automobiles and other products in Europe, without an adequate scientific basis.

"US industry, in particular, has been placed at a competitive disadvantage because of these regulations," the report said.

"Producers of agricultural and industrial products derived from bioengineering have been effectively 'quarantined.' Manufacturers of automobiles, electrical and electronic equipment, and chemicals have also been adversely impacted, as have the many downstream industries that use or consume these products in intermediate processes or resell them as finished articles."

The trend "may be attributable to the growing global economic influence of the EU and its desire to gain a competitive advantage," the NFTC said.

"The nature and degree of regulation imposed within the EU ... is overwhelming to say the least," the report said.

"Given what has been called the European innovation 'paradox,' namely, the European Union's growing deficit in trade of high-tech products and decline in R and D (research and development) ... one would have thought that the EU would work more closely with industry than it has."

Apart from the EU, the report cited various barriers to US apples in Japan, fresh fruits and nuts in South Korea and grain additives in various countries.

It said the EU may effectively ban many wines by requiring "oenological practices that are authorized for the production of EU wines."

Another EU proposal that aims to phase out the use of lead and other heavy metals

"could effectively 'lock out' US manufacturers of everything from computers and telecommunications equipment to clock radios and toasters, from the European market."

A similar proposal is pending for automobiles in the EU market.

The NFTC said the barriers fly in the face of the move to establish a global trading system under the aegis of the World Trade Organization.

"The WTO rules-based trading system is based on the notion that predictable and clearly defined international standards devised and adopted by recognized international bodies through consensus is the preferred platform from which to facilitate increased cross-border and international trade flows," NFTC said.

"Global businesses are not well served in the absence of such standards, or in the event governments in which they operate decide not to abide by them, and choose instead to impose their own regulations and standards."

The report said many of these regulations "deny market access to a myriad of imported products in the name of serving a national objective, such as the preservation of health and safety, animal welfare and the environment, and more recently, the protection of consumer choice."

But they "may actually be intended to protect ailing or otherwise noncompetitive industries," it added.