

Competitiveness of the European Rail
Supply Industry, Workshop on
Procurement and International Aspects:
**Tackling non-tariff barriers related to
procurement**

Market access process

- Establishment of a local legal entity
- Tender process transparency
- Constraints on industrial organisation

Establishment of a local entity

- The shareholding structure may have important consequences later on:
 - South Africa: Black Economic Empowerment. Ranking may provide bonus / malus in tender evaluation.
 - China: certain tenders are accessible only to entities with no foreign ownership or less than 50% of foreign ownership.

Tender Process Transparency (1)

- If party to the WTO GPA, coverage of entities may vary widely due to carve-outs.
- Japan: specific case the Operational Safety Clause => direct award is the rule.
- Korea: bilateral FTA concluded 2011, entry into force for rail 2016!

Tender Process Transparency (2)

- China:
 - A license to bid must be obtained.
 - No criteria explaining how to obtain it could be found so far.
 - Tenders do not indicate tender award criteria.
 - Bidders must demonstrate that they own all relevant IPR for the project.

Constraints on Industrial Organisation

- Localisation requirements are common practice in at least:
 - China,
 - US (with now state level requirements),
 - Brazil,
 - Russia,
 - South Africa.
- In Korea one tender from 2016 requested a localisation > 30%, event though the FTA should prevent this.
- In Japan the practice exists at municipality level.
- India: tentative « Made in India » act.

Subsidies

- Korea:
 - unclear role of the Korean Rail Research Institute.
How does IPR is made available to local suppliers?
 - Budget: \$142m in 2016.
- China:
 - CRRC received €240m of state subsidies for R&D for 2015 only.
- EU: S2R EC contribution = €450m over 5 years.

Conclusions

- Two types of situation can be identified:
 - Countries wanting to ensure an impact on the local economy of projects funded by public money.
 - Countries protecting their national supplier(s) and unbalancing competition globally.
- The EC should focus its efforts especially on the second group and ensure a level playing field in the EU and in third countries with their national champions – at all levels of the supply chain.

In the meantime...

DG TRADE - Helpdesk launched for businesses looking to export to the EU



European Commission - Press Releases

27/09/2017

Trade partner countries looking to export their products to the EU market can now use the new Trade Helpdesk to make the most of our trade agreements.

As part of the EU's ongoing commitment to transparency, all the relevant information on EU regulations, customs rules and tariffs are now available online in an easy-to-use format. This updated platform is a one-stop shop for companies looking to export to the EU.

The relaunched website comes with a revised look, extra features and a new address: tradehelpdesk.europa.eu.