

WEEK IN BRUSSELS

Week ending Friday 24 August

Russia joins the World Trade Organisation

Russia has joined the World Trade Organisation (WTO) as its 156th member, following 18 years of negotiations. This accession is deemed particularly important for the EU as it is Russia's first trading partner and Russia is the EU's third trading partner. The accession is also especially relevant for the automotive industry as two of the EU's main exports to Russia are cars (€7 billion), and car parts (€3.5 billion). As a consequence of the WTO accession, Russia will lower its import duties, limit its export duties, grant greater market access for EU services providers and facilitate rules and procedures in many areas affecting bilateral economic relations. Of particular importance will be regulations on customs procedures, the use of health and sanitary measures, technical standards and the protection of intellectual property. Russia will be subject to WTO rules in all these areas, including its monitoring and enforcement mechanisms. The EU, together with its international partners, is in contact with Russia to ensure that it respects these WTO commitments, with certain recently implemented or proposed legislation seemingly at odds with Russia's commitments, and could possibly stand in the way of other WTO members fully realising the expected benefits from Russia's WTO accession. The EU has noted particular concern over proposed new legislation providing for a car recycling fee which could discriminate against imported vehicles and has stated its hopes that this legislation will not be adopted.

(Source: European Parliament)

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/906&format=HTML&aged=0&language=EN&guiLanguage=en>

European automotive aftermarket study published

The Boston Consulting Group has published a study into the European automotive aftermarket, commissioned by ACEA, the European Automobile Manufacturers' Association. The study notes that 90% of consumers are satisfied with the repair and

maintenance offerings of the market, and that they make informed decisions about where to repair their vehicle based on factors such as price, convenience, quality and the age/value of their vehicle. Consumer's preferences are not fixed, and change as their vehicle ages. The study further notes that vehicle manufacturers do not dominate the aftermarket in any substantive way, and that over the entire life cycle of the vehicle they only have a strong market presence for the first four years, stating that these early years of the vehicle are not a lucrative repair segment, and repair under warranty is its dominant characteristic.

(Source: ACEA)

<http://www.bcg.com/documents/file111373.pdf>



Survey on R&D Investment Business Trends published

A European Commission survey has found that top EU businesses expect their investments in research and development to grow by an average of 4% annually over the period 2012 to 2014, despite the current uncertainty in the economy. In-house R&D is seen as the most relevant driver of innovation by the surveyed companies, followed by market research and related activities for new product introduction. When asked about effects of policies and external factors on their innovation activities, companies highlighted the strong positive effects of fiscal incentives, national grants, EU financial support and public-private partnerships both at national and EU level. In contrast, the time needed to obtain intellectual property right protection and the costs of that protection were seen by many companies as key

factors impacting negatively on their innovation activities, confirming the importance of an efficient IPR regime for fostering companies' innovation activities. The surveyed companies were also asked about the importance of various ways to share knowledge, with collaboration agreements with other companies highlighted as the most important. For companies active in high R&D intensity sectors, this is followed by licensing in/out with other companies, and then agreements with higher education institutions and other public research organisations. For companies in medium and low R&D intensity sectors, collaboration agreements with higher education institutions and other public research organisations are seen as more important than licensing. In general, the results show the strong importance given to these various ways of sharing knowledge by many companies, which could be a sign of the increasing role of open innovation.

(Source: European Commission)

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/12/905&format=HTML&aged=0&language=EN&guiLanguage=en>



Week ahead

European Commission

No relevant activity

Council of Ministers

No relevant activity

European Parliament

Parliament will be in recess until 3 September 2012.