Centre for the promotion of imports from developing countries

# Market Access Requirements (MAR)
## an overview

11 November 2009,
by *Jan van Straaten MSc, MBA*

# Agenda MAR: some ?'s to answer

## an overview on Market Access Requirements

1. How relevant are MAR?
2. What are the origins of MAR?
3. Why and what are Legislative Requirements?
4. Why Buyer Requirements?
5. How to comply?

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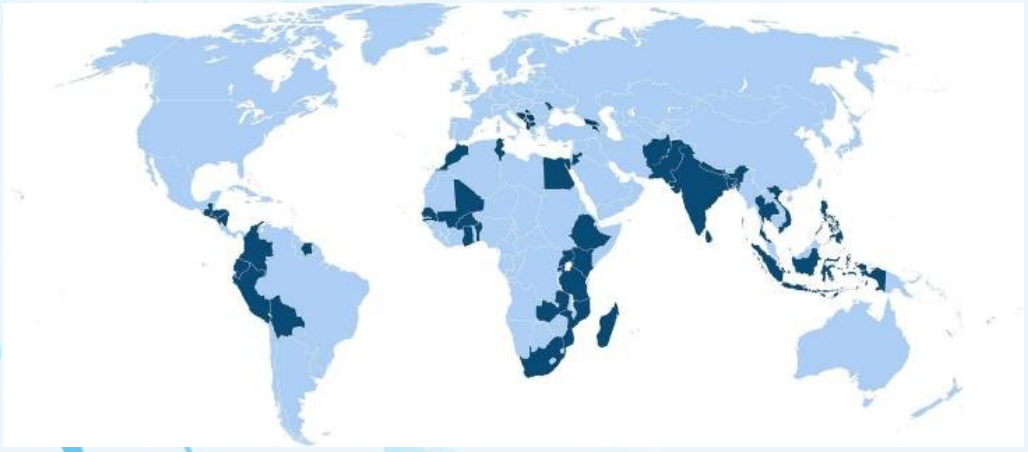
# You and the CBI

## Who are our targeted countries?

CBI contributes
to the equitable economic development of
**selected developing countries**
by providing
export marketing and management support
to their
SME exporters and Business Support Organisations with
the purpose of increasing exports to Europe.



# You and the CBI

## What do we want to achieve?

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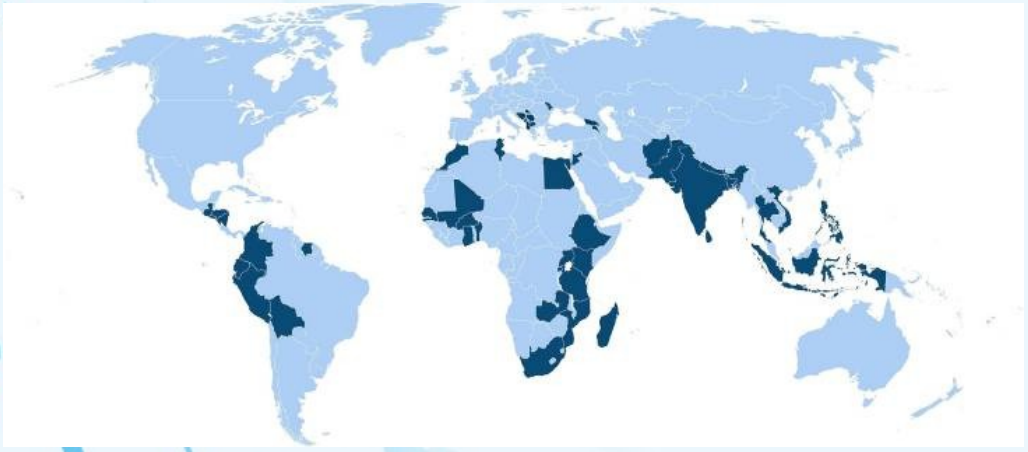

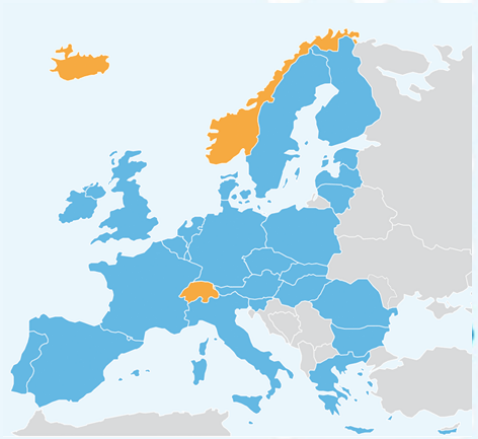

# You and the CBI

## How do we help you?

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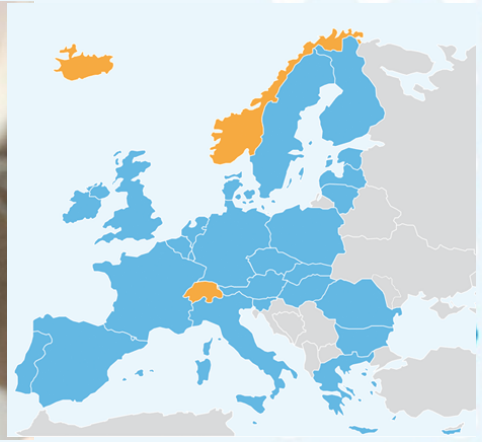
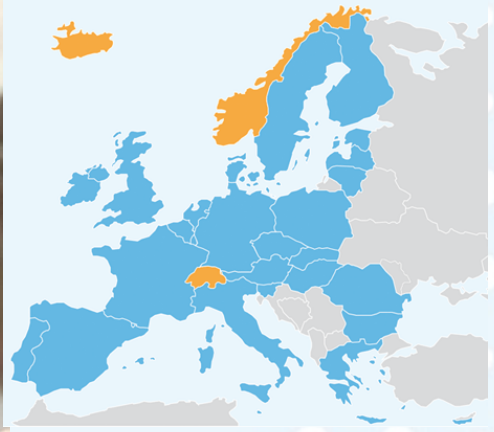


# You and the CBI

## Reaching the markets of Europe



- What is important to know if you want to conduct business?

# What is important to know if you want to conduct business?

- You are never alone
  More parties involved, some
  - Sell and others buy
  - Export and import
  - Produce and source

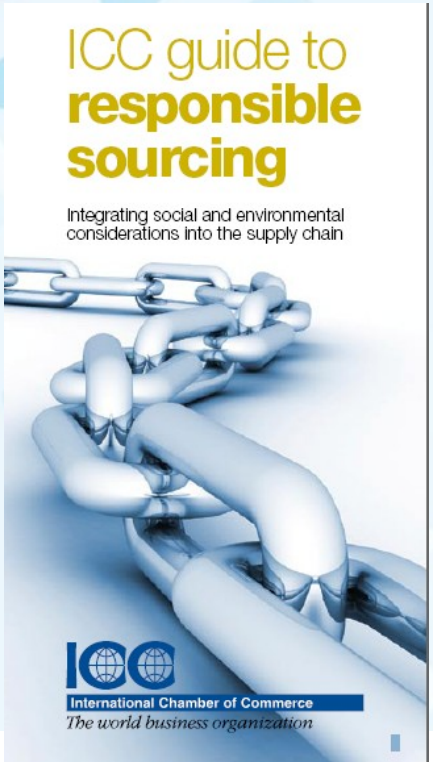
# What is important to know if you want to conduct business?

- You are never alone
  More parties involved, some
  - Sell and Others Buy
  - Export and Import
  - Produce and Source

- What is the Other Party looking for?
  - Products and services?
  - Laws and regulations?
  - Requirements?
  - Legislative / non-legislative?

# Six steps to responsible sourcing

## Example ICC guide



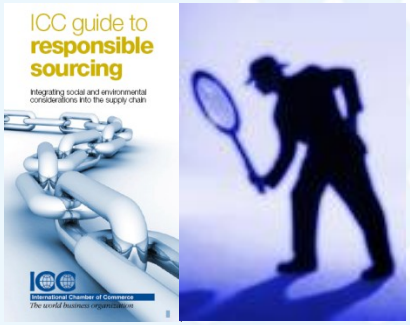

1. selecting a supplier
2. set clear expectations on compliance with the law
3. integrate responsible sourcing into buying practices
4. support suppliers in setting their own business standards
5. track supplier compliance
6. manage stakeholder expectations

International Chamber of Commerce ®
The world business organization ®

PEACE AND PROSPERITY THROUGH WORLD TRADE
90 YEARS
1919-2009
INTERNATIONAL CHAMBER OF COMMERCE

# 1: Selecting a supplier

## Example ICC guide




- A careful selection of suppliers is one of the best ways to ensure continuity and long-term efficiency of the global supply chain as well as enduring brand support.
- When choosing a supplier, in addition to making a final determination on cost, companies often need to evaluate a range of supply chain issues: **product quality and safety, continuity of supply and speed of delivery, and intellectual property protection.**
- Criteria such as **working conditions, environmental practices, safety standards, and human rights policies** should also be factored into the selection process.
- When sourcing from low-income countries, a risk analysis should be conducted at the beginning, so that **labour and environmental issues** can be identified early on and integrated into a cost-benefit analysis.
- As a first step, companies should check basic facts about the **social and environmental legislation** and the level of

# Finding out what buyers want

- The first thing you probably do as a (potential) exporter to the EU market, is finding out whether there is a demand for your product in the EU.
  - Does your product fit the taste of the EU consumers?
  - Which country/countries should you focus on?
- When the idea to enter the EU market first comes up, it is time to do some basic market research!

# CBI's Export Cycle helps you to prepare for export to the EU

- CBI website
- suppliers

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# In order to prepare for export, you need to do some homework

1. You have to prepare
2. Do some research
3. Define a strategy
4. Promote your products
5. Start to trade
6. Consolidate results
7. Expand on strengths

# Market research is an essential business tool …

## … in the highly competitive international markets

- The more knowledge you have about prospective markets, customers, competitors, regulations and standards, the more likely you will succeed. Research findings provide the foundation for a winning strategy.

# Some steps to consider

- Study trade statistics and market trends via CBI's surveys and briefs
- Select a maximum of three priority countries;
- Identify the opportunities and threats in those 3 markets;
- Assess the competition;
- Assess your own capability to deal with the opportunities and threats and the competition.
- The information gathered can now be fed into your EMP, using the EMP builder
- Apply for one of the following CBI training programmes
  - Market Research Training
  - Market Access Requirements Training

# Are there any requirements to comply with?

- Having established that you want to proceed with the preparations for EU market entry, the next step is finding out what the requirements are for your products and organisation in order to be allowed to be marketed in the EU.

# What are Market Access Requirements?

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# What are Market Access Requirements?

➲ What are we talking about?

- Buyers' purchase requirements
- Laws
- Standards
- Labels
- Measures (tariff and non-tariff)

All EU market demands exporters need to take into account for successful export to the EU:

- with regard to product characteristics
- production location & aspects of production

# Follow the Export Marketing Planning (EMP) Process

- All market information collected (desk & field research): **Input Research Action Plan**
- All market access information collected: **Input Research Action Plan**

**GO / NO GO**

- Setting realistic goals and targets: **Input EMP**
- Planning, step by step, all activities needed to reach the targets: **Input EMP**
- Calculating the cost of the program and establishing a budget: **Input EMP**
- **SMART: Input EMP**


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# Agenda MAR: some answers

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- Definition
- Part of EMP
- Go / No Go criteria

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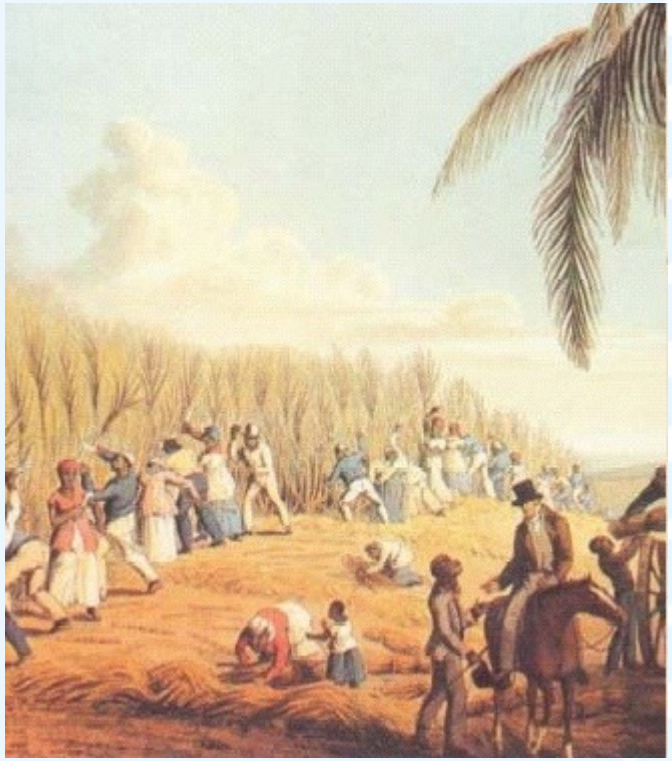
# Origins of CSR and MAR

## The first large-scale consumer boycott?

England in the **1790**s over

slave-harvested sugar.

It succeeded in forcing the importer to switch to free-labour sources.



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# Origins of MAR

## it started by managing risk & securing business

- 4 issues play a role

Consumer Health & Safety

Social issues

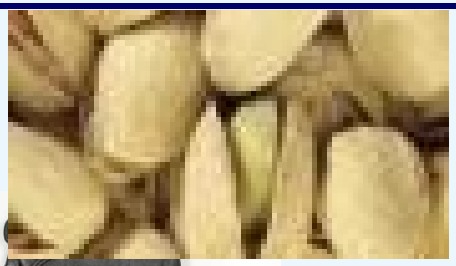
Product safety & liability

Environmental issues

Consumer Health & Safety

# Origins of MAR

## Managing consumer health & safety risks



Hazardous substances

Unsafe materials (flammable)

Unsafe design

Product safety & liability

# Origins of MAR

## Managing consumer health & safety risks

**source: New Scientist**

- **Do not use for your personal hygiene**

- **Warning:**

**This product moves when in use**

.

# Origins of MAR

## Managing consumer health & safety risks

**source: New Scientist**

Product safety & liability

- **Remove the child before folding.**

- **After anal use, do not use orally.**

# Origins of MAR

## Managing consumer health & safety risks

**source: New Scientist**

Product safety & liability

- **Dangerous when swallowed.**

- **Never remove food or other things from the knives, when the blender is in use!**

Product safety

# Origins of MAR

## Managing consumer health & safety risks

**source: New Scientist**

**What is the risk?**

Product safety

# Origins of MAR

## Managing consumer health & safety risks

**source: New Scientist**

**CHOKING AND STRANGULATION**

The product poses a risk of:

- choking, because the ring handle, which fits fully into the small parts cylinder, may be easily detached;
- strangulation, due to the inappropriate length of the cord (670mm, whereas it should be no longer than 220mm).

Product safety

# Origins of MAR

## Managing consumer health & safety risks

**source: New Scientist**

**What is the risk?**

.

Product safety

# Origins of MAR

## Managing consumer health & safety risks

**source: New Scientist**

### CHOKING AND INJURIES

- The product poses a risk of choking and injuries as, due to its appearance, it may be confused with food, especially by children.
- Small parts can detach and may be swallowed by children, posing a risk of choking or blockage of the digestive system.

# Origins of MAR

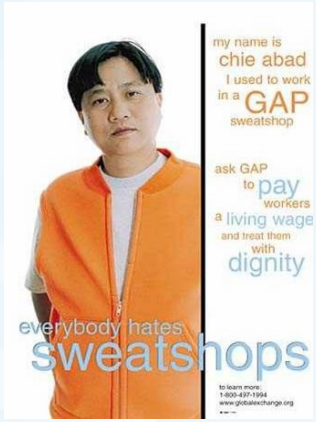
## Managing social issues

Forced labour

Minimum wages

Non discrimination

Equal remuneration




Right to union membership

Occupational health and safety

Working hours

Minimum age

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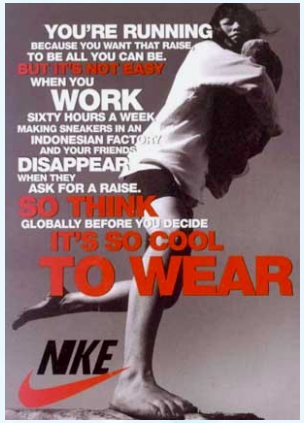
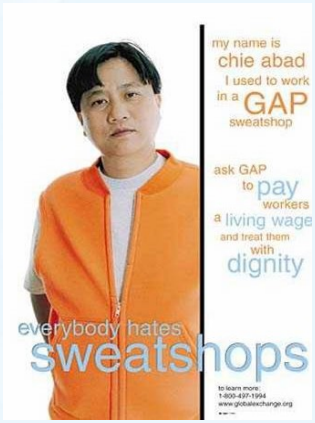
# Origins of MAR

## Managing social risk issues



# Origins of MAR

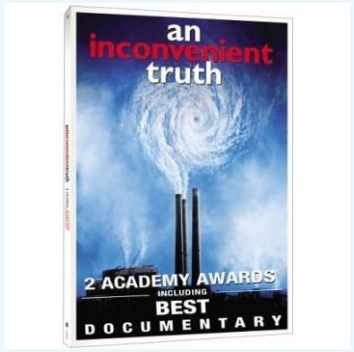
## Managing environmental risks

Waste

Water use

Pollution

Dangerous substances




Energy use

# Origins of MAR

## Managing environmental risks

Shell and the Brent Spar (1995)

Spontaneous protests in support of Greenpeace and against Shell broke out across Europe

Some Shell stations in Germany reported a 50% loss of sales

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# What are we talking about?

quality

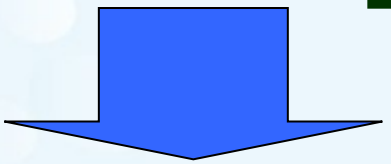
occupational health & safety

Consumer Health & Safety

Social issues

Product safety

Environmental issues



**Market Access Requirements**

# Who define
# Market Access Requirements?

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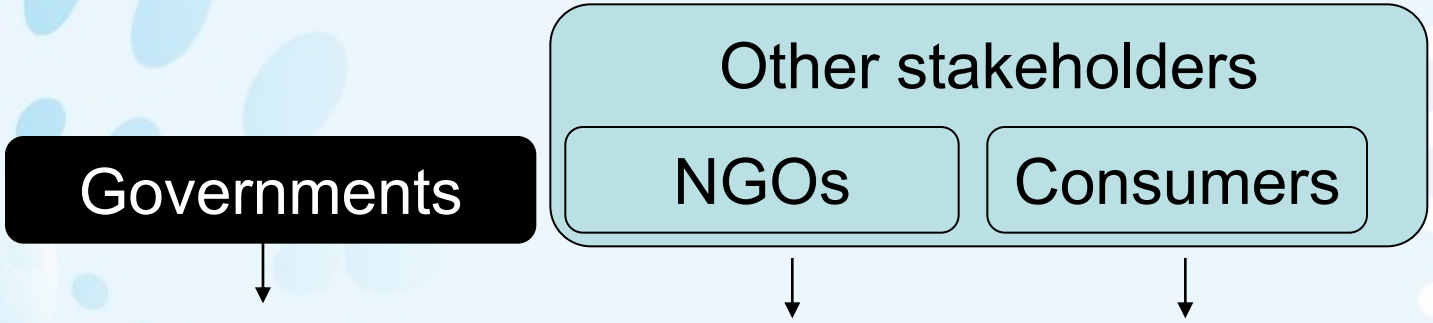


# How do they define Market Access Requirements?

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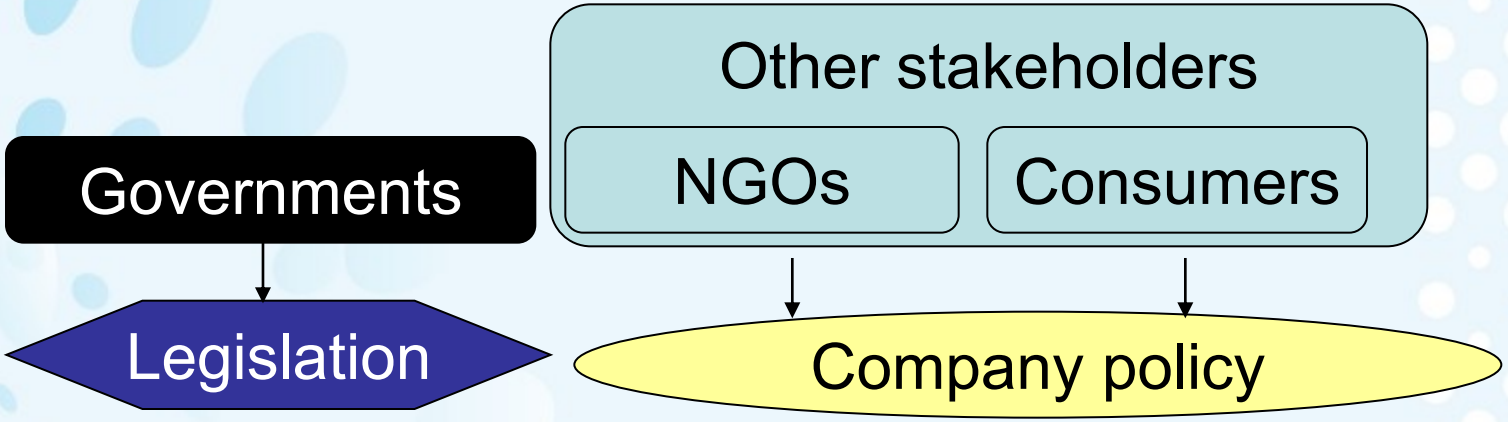
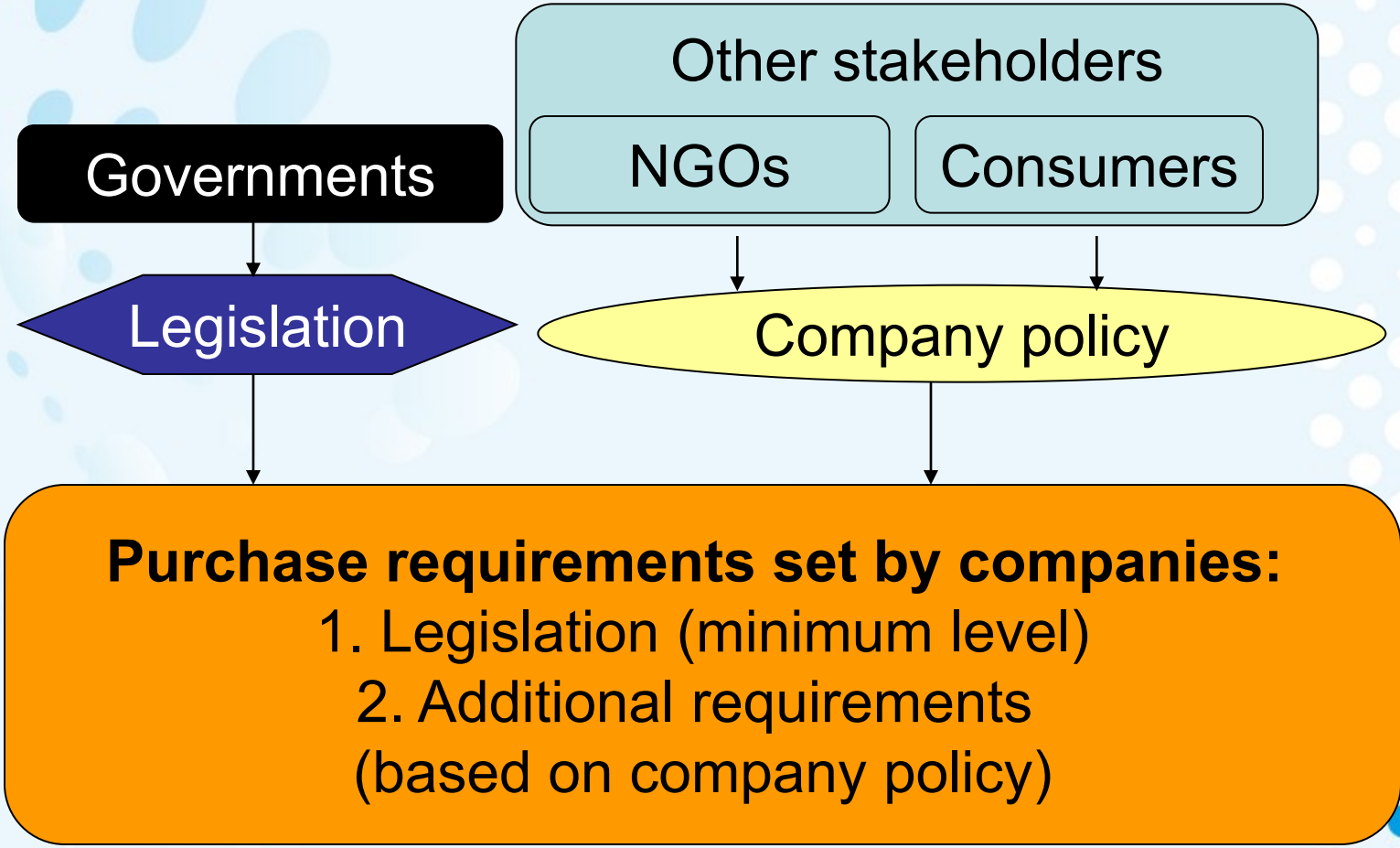


# Two groups of Market Access Requirements



# MAR can be divided into two groups: legislation

(EU) Legislation:

- Legal requirements set the basis for what requirements products marketed in the EU must meet.
- Products that fail to meet these requirements are not allowed on the EU market.

.

# MAR can be divided into two groups: legislation and additional (non-legal) buyer requirements

(EU) Legislation:

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(EU) Buyer Req.:

- Additional requirements go beyond legislation, as companies can go further in their requirements than legislation.
- The main categories of additional requirements are environmental requirements and social (labour) requirements.

# Remember the Origins of MAR

## it started by managing risk & securing business

Consumer Health & Safety

Social issues

Product safety

Environmental issues

# MAR - managing risk from EU view

## why are the four issues split up like they are?

(EU) Legislation:

Consumer Health & Safety

Product safety

(EU) Buyer Req.:

Social issues

Environmental issues

.

# MAR - managing risk from EU view

## Risks covered, based on impact and influence

(EU) Legislation:

- Consumer Health & Safety
- Product safety

(EU) Buyer Req.:

- Social issues
- Environmental issues

# MAR - managing risk from EU view

## EU will legislate where it has a say/competence

(EU) Legislation:

Consumer Health & Safety

Product safety

(EU) Buyer Req.:

Social issues

Environmental issues

**Direct impact in the EU**

# MAR - managing risk from EU view

## Buyers try to influence the supply chain

(EU) Legislation:

Consumer Health & Safety

Product safety

(EU) Buyer Req.:

Social issues

Environmental issues

**Direct impact in the EU**

**Impact abroad e.g. exporting country**

# CBI market information database

1. Market and product surveys
   - Size, distribution, prices and margins
   - EU country information
2. **Market access**
   - **Legislative requirements**
   - **Non-legislative requirements**
   - **Tariffs and quota**
3. Marketing
   - Marketing guidelines
4. Manuals
5. Tools

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# CBI Data Base assignment

## please answer the following questions

- DOCUMENT:
  International code of conduct: OECD Guidelines

- NR OF RELATED DOCUMENTS:
- NR OF EXTERNAL LINKS:
- QUESTION: What are OECD Guidelines?

# Group 2

- DOCUMENT:
  **International code of conduct: OECD Guidelines**
- NR OF RELATED DOCUMENTS: **1**
- NR OF EXTERNAL LINKS: **2**
- QUESTION: What are OECD Guidelines?
  **The OECD Guidelines are like codes of conduct and provide voluntary principles and standards for responsible business conduct that are consistent with applicable national laws.**

# Legislation vs. non-legislation

## on the CBI website

| → Market access requirements (45) | → Market surveys (63) | → Marketing guidelines (12) |
|---|---|---|
| Legislation (16) → | Sector surveys (55) | |
| Non-legislation (26) → | Product surveys (8) | |
| Tariffs and quota (3) | | |

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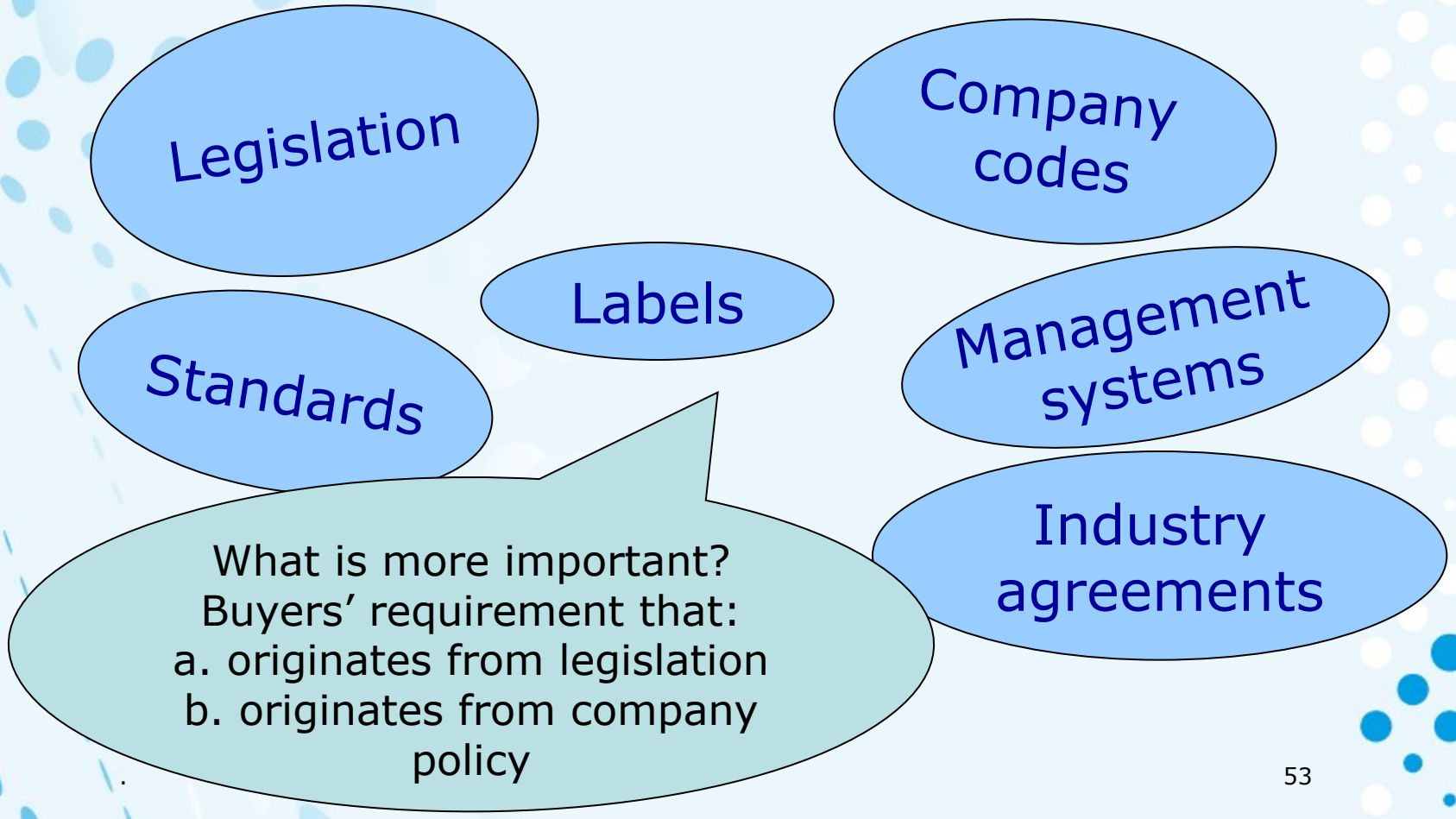
# Legislation vs. non-legislation



# Importance of requirements

Equally important!

For successful export relation:
Comply with all requirements of the client

# Agenda MAR: some answers
## an overview on Market Access Requirements

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5. How to comply?

- Risk Management
- Consumer
- Product
- Social
- Environment
- Legislative & Buyer req.
- Equal importance

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# Legislative framework of the EU

- Aim
  - Harmonise legislation 27 Member States
  - Minimum of legislation
- Product requirements
  - To protect consumer health and safety
  - To control environmental pollution
- Instruments
  - Regulations and Directives

# What EU legislation is there?

- The European Parliament, the Commission and the Council of Ministers are empowered by the Treaties to legislate on all matters within the EU's competence.

Examples of this legislation are

- Regulations
- Directives
- Decisions
- Recommendations and
- Opinions.

# Regulation
self-executing, law for all EU

- A **regulation** is a legislative act of the European Union which becomes immediately enforceable as law in all member states simultaneously.

- **Regulations** can be distinguished from Directives which, at least in principle, need to be transposed into national law.

# Directives
## needs local implementation

- A **directive** is a legislative act of the European Union which requires member states to achieve a particular result without dictating the means of achieving that result.
- It can be distinguished from European Union regulations which are self-executing and do not require any implementing measures.
- **Directives** normally leave member states with a certain amount of leeway as to the exact rules to be adopted.
- **Directives** can be adopted by means of a variety of legislative procedures depending on its subject matter.

# Decision

applies to certain addressee

- A **Decision** (defined in Article 249/EC) is one of the three binding instruments provided by secondary EU legislation. A decision is a law which is not of general application, but only applies to its particular addressee of the decision (be it Member States, companies or individuals).
- Common uses of decisions involve the Commission ruling on proposed mergers, and day-to-day agricultural matters (e.g. setting standard prices for vegetables.)

# Recommendation

non-binding, preparation of legislation

- A **recommendation** in the European Union is one of two kinds of non-binding acts cited in the Treaty of Rome.
- **Recommendations** are without legal force but are negotiated and voted on according to the appropriate procedure.
- **Recommendations** differ from regulations, directives and decisions, in that they are not binding for Member States.
- Though without legal force, they do have a political weight. The **Recommendation** is an instrument of indirect action aiming at preparation of legislation in Member States, differing from the Directive only by the absence of obligatory power.

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- Harmonisation
- Minimization
- Protect consumer
- Control environment
- Regulations and Directives

.

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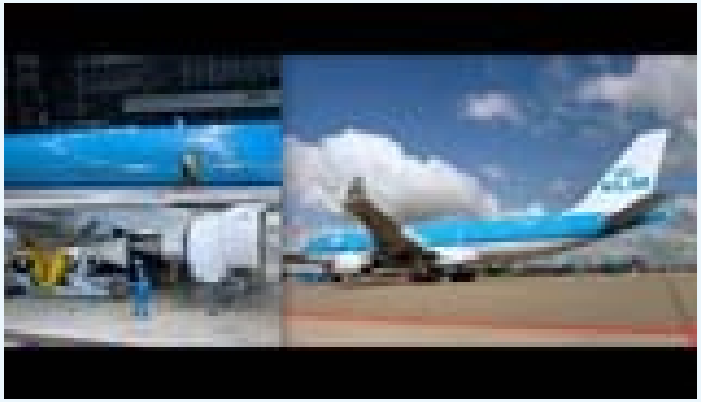
# Let's start with a video

## Corporate Social Responsibility at KLM

- KLM Royal Dutch Airlines
- http://www.youtube.com/watch?v=Is_HRAttonE
- **What are the issues in the film?**



# CSR at KLM

## what are the issues in the film?

.

CO2 emissions

Healthy working environment

waste disposal and reduction

Flexible employer

Reduce noise

recyclable materials

Contributions to society, air cares, wings of support (Charities)

WWF sustainable energy projects (compensation)

World as our work place , dialog community, Volunteer work of employees

Clean and quiet aircrafts

Aircraft of the future (50% more quiet and fuel efficient)

less weight

less fuel consumption

RA coffee

Customer safety and comfort

safe

Most reliable airline

.

# Working conditions

Healthy working environment

Flexible employer

World as our work place , dialog community, Volunteer work of employees

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## Community involvement

Customer safety and comfort

safe

Most reliable airline

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## Community involvement

Customer safety and comfort

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## Consumer Health & Safety

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# Social

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Healthy working environment

Flexible employer

World as our work place , dialog community, Volunteer work of employees

Customer safety and comfort

Contributions to society, air cares, wings of support (Charities)

Aircraft of the future (50% more quiet and fuel efficient)

CO2 emissions

waste disposal and reduction

Reduce noise

recyclable materials

WWF sustainable energy projects (compensation)

Clean and quiet aircrafts

less weight

less fuel consumption

RA coffee

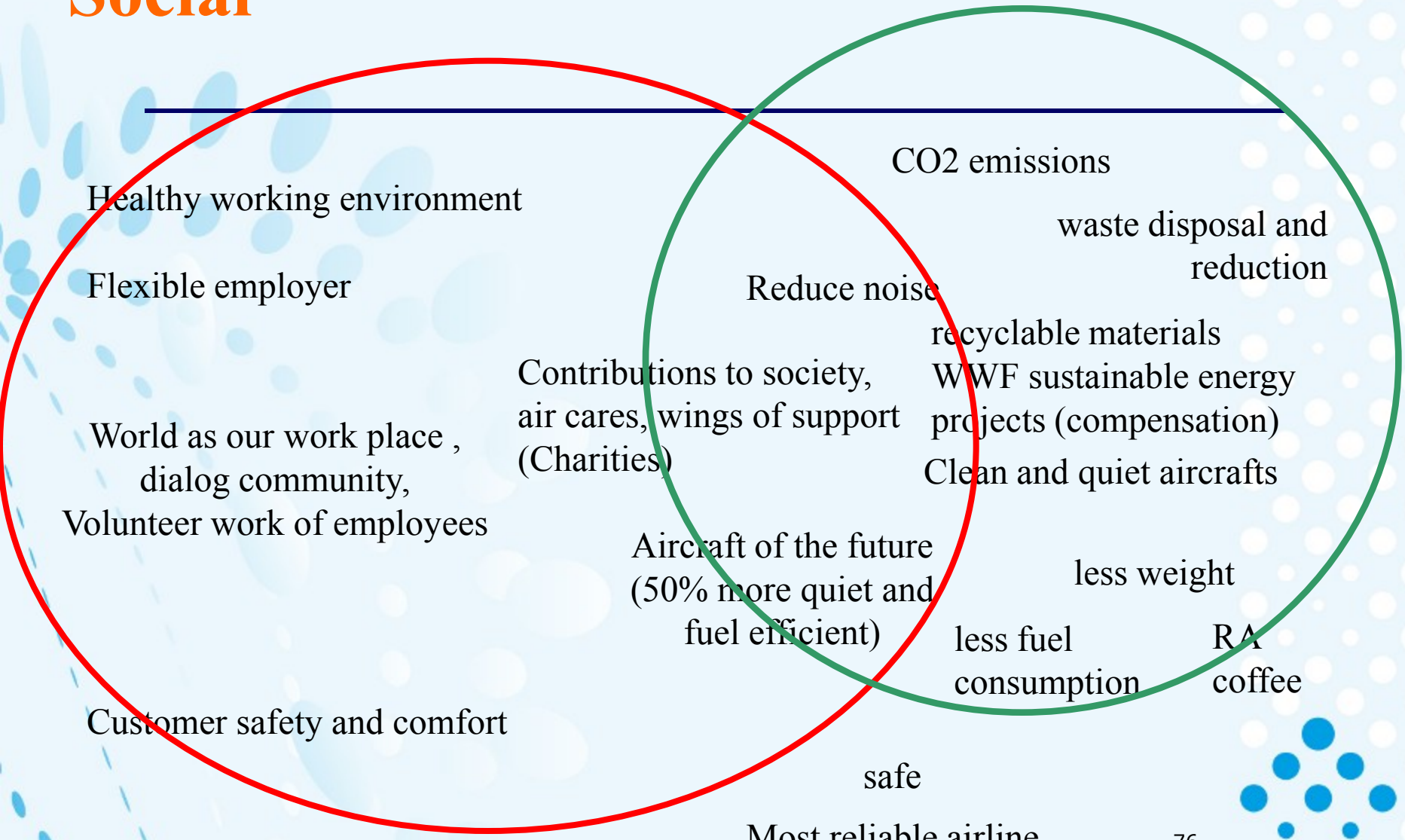
safe

Most reliable airline

.

# Social

# Environmental

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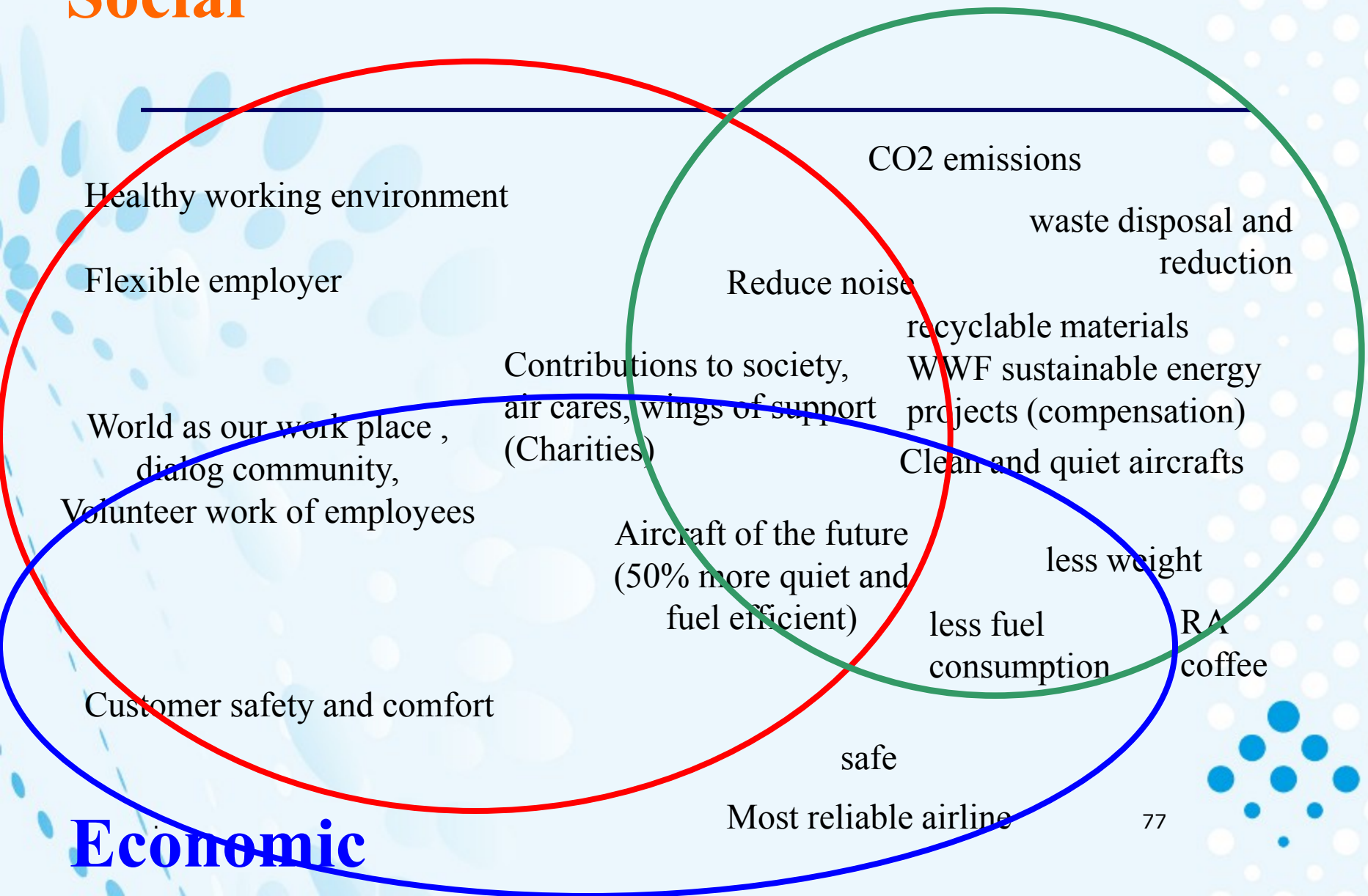
Social
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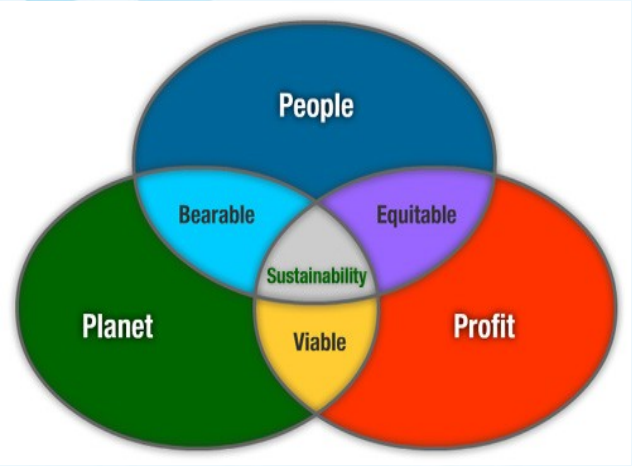
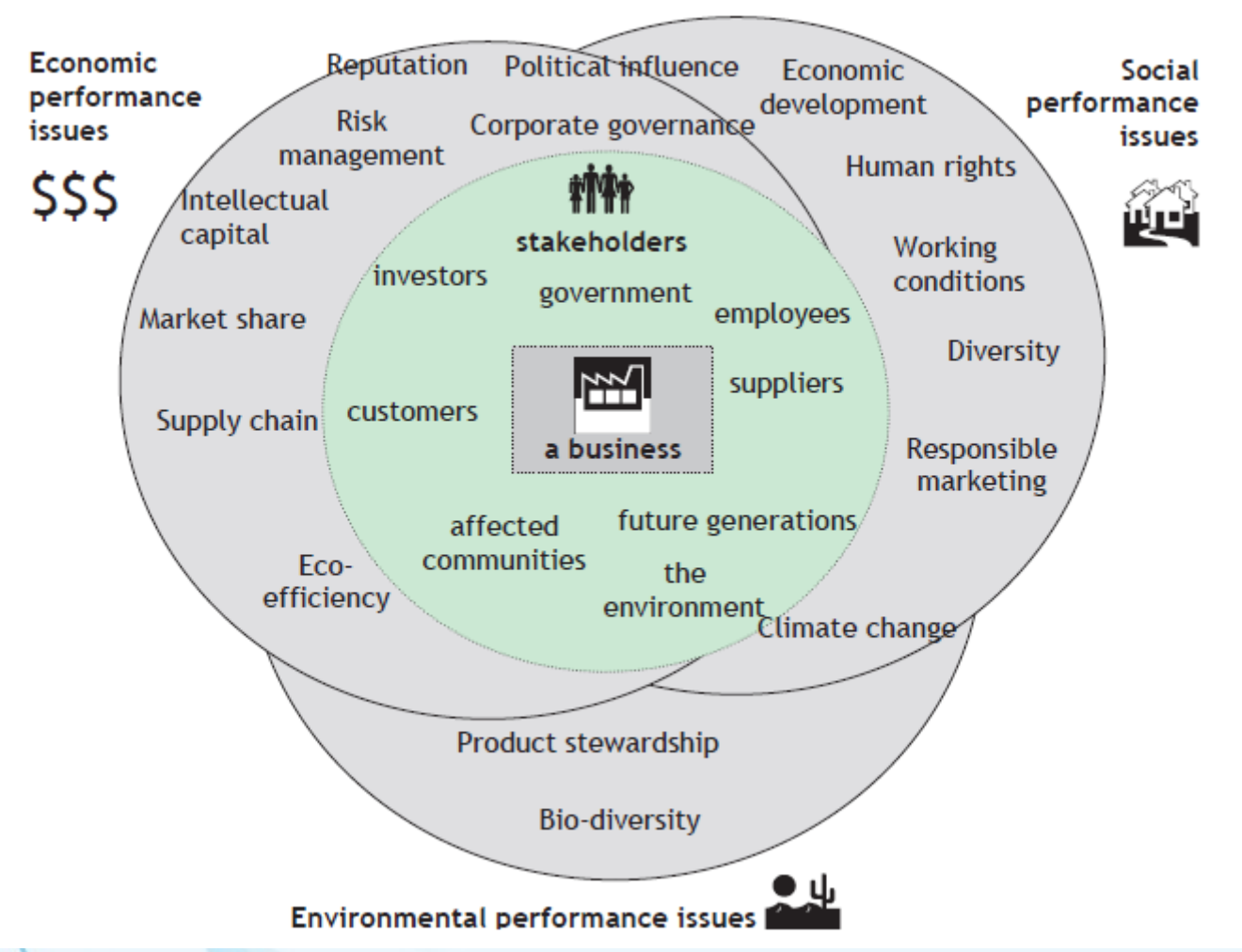
# Social Responsibility is about Triple P



# What is CSR?


Economic performance issues
$$$
Reputation
Political influence
Economic development
Social performance issues
Risk management
Corporate governance
Human rights
Intellectual capital
stakeholders
Working conditions
investors
government
Market share
employees
Diversity
suppliers
Supply chain
customers
a business
Responsible marketing
affected communities
future generations
Eco-efficiency
the environment
Climate change
Product stewardship
Bio-diversity
Environmental performance issues

# What is CSR?
## Definition by the EC (2006)

Corporate social responsibility (CSR) is

- a concept whereby
- companies integrate
- social and environmental concerns
- in their business operations and
- in their interaction with their stakeholders
- on a voluntary basis.

It is about enterprises deciding to go beyond minimum legal requirements and obligations stemming from collective agreements in order to address societal needs

# Why is CSR important?

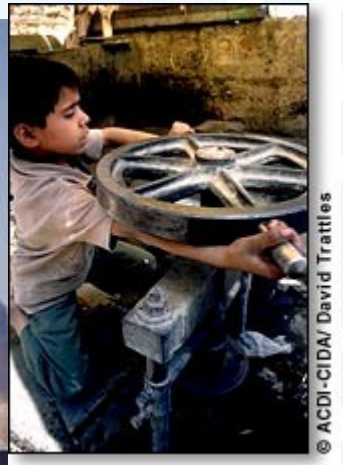
## CSR can contribute to public policy objectives

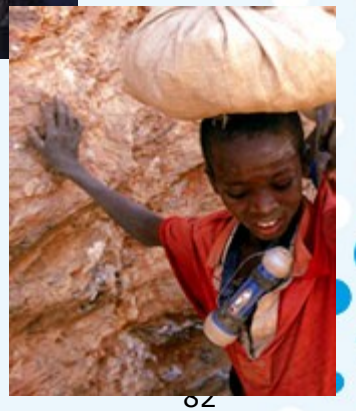
- a more rational use of natural resources and reduced levels of pollution through eco-innovation, voluntary adoption of environmental management systems and labelling;
- a more positive image of business in society: more favourable attitudes towards Entrepreneurship;
- greater respect for human rights, environmental protection and core labour standards, especially in developing countries;
- poverty reduction.

(EC, 2006)

# Why is CSR important?

## we don't want this to happen…





# Why is CSR important?

## ….nor this

# Why is CSR important?

## we talk about responsibility

Nationally and internationally operating companies have a responsibility towards their employees, customers, as well as their supply chain

- Customers ask for information.
- Employees would like to know.
- Consumer magazines report on CSR.
- Analysts and investors show interest.
- NGOs question the corporate approach
- Globalization/free flow of information

  ⇨ Empowered stakeholders

.

# Why is CSR important?

## Consumers have expectations

STIFTUNG WARENTEST

Two test results (out of 14)

test

FINANZtest

**Berghaus Arctic Gemini**
**290 Euro**
**GUT (1,7)**
Testsieger. Rundum gute Gore-Tex-Jacke. Mittlere Wärmeisolation.

▸ Berghaus zeigt **deutliche Initiative** für Soziales und Umwelt. Umfassende Sozialstandards.

**Berghaus**: Good quality and significant CSR initiative

**Karstadt**: Weak quality and strong CSR commitment

**Karstadt Moorhead Fairbanks 150 Euro**
**AUSREICHEND (4,1)**
Schon im Neuzustand nicht regendicht, trotz Fine-Tex-Membran.

▸ Karstadt ist **stark engagiert** für Soziales und Umwelt und damit Spitzenreiter im Test. Ausgefeilte Leitlinien, umfassende Standards.

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