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Annex - Part 9/11

COMMISSION STAFF WORKING DOCUMENT

IMPACT ASSESSMENT

Accompanying the document

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

establishing rules on the access of third country goods and services to the European Union's internal market in public procurement and procedures supporting negotiations on access of European Union goods and services to the public procurement markets of third countries

Annex

{COM(2012) 124 final}
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ANNEX 9

INDUSTRIAL ANALYSIS:

BYPASS, LEVEL PLAYING FIELD, EMPLOYMENT & OFFENSIVE INTERESTS

Analysis grid:

Capacity to bypass - only for the sectors with both high RQE and high skills, provided there is no national champion in the country whose procurement restrictions have to be bypassed

Level playing field: Number of sectors ('markets') where offensive interests of 3rd countries and EU are either simultaneously OPEN or CLOSED de jure

Review of trade measures affecting the EU industry: list of the national measures provided by stakeholders as affecting their sector

Information sources for all segments:

- European business, fact and figures EUROSTAT SBS Survey
- Sector Growth Drivers and Competitiveness in the EU, A. Peneder - A survey for DG ENTR, taxonomy pp. 194-196
- Sector growth taxonomy in 1995-2008 NACE Rev. 1 in EU industrial structure 2009, III.3.3 Growth intensity, p.69
- If possible, comments extracted from consultations (from firms or trade associations)

Employment: the employment figures of each of the NACE sectors relevant for the impact assessment are reviewed hereunder - unless specified data on jobs comes from the EUROSTAT SBS survey.

Main conclusions

NACE sectors that can bypass domestic closures: the pharmaceutical sector (NACE 244), the special purpose machinery (NACE 295), high performance computing (HPC) and air- and space craft (NACE 353) can bypass national measures. However, because the aerospace and the high-performance computing industry fall (often) under "national security" local content requirements, firms have no other solution but establishing themselves outside the EU.

Markets that remain open in spite of national domestic closures: As a result, the pharmaceutical market and the airport & postal sorting systems are considered systematically as "open". We have considered the construction equipment market as "closable" (i.e. restrictions cannot be bypassed) as it is a mix of NACE 295 and very low-quality goods.

Level playing field - The offensive interests of the 14 trading partners have been mapped and compared to the existing restrictions and/or lack of international commitments. We have found that restrictions matched with 43 out of the 50 identified cases of "offensive interests".

Trade measures that affect market access:

Participants in the consultation highlighted the following trade problems

-US: aerospace, railway equipment, textile, supercomputers

-Japan: railway equipment, construction

-Canada: Rail, power and textile

-China: Rail and construction

-India: textiles

Korea: Rail, construction and power

Details of the analysis

1. Defence

NACE/CPC industries active in this market

- NACE 296 Weapons and ammunition

Capacity to bypass domestic restrictions via exports:

- RQE: low
- Skills: high
- Growth 95-2008: medium-high (2,1%)
- Verdict: NO

Capacity to bypass domestic restrictions via local establishment:

- ok, but the sector is highly reliant on geostrategic considerations and diplomatic negotiations.
- Export ban on China

Export statistics:

- Market: ?
- Turnover in EU: 14 billion EUR

Level playing field:

- Companies from 3rd countries: US, Israel, Trade with Russia and China is limited.

- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: UK, FR, IT, DE, CZ, SK

Consultation of stakeholders - relevant comments: none

Innovation elements

Employment: 97.000 persons (WALG= 127,3%, 37800 EUR/year)

Sources:

- Defence competitiveness study

2. Aerospace

NACE/CPC industries active in this market:

NACE 353 Air- & Spacecraft

NACE 332 Instruments for *inter alia* navigating

Capacity to bypass domestic restrictions via exports:

- RQE: high (both sectors)
- Skills: high (spacecraft), medium-high (navigation instruments)
- Growth 95-08: medium-high (navigation instruments at 2,9% and spacecraft at 2,6%):
- Verdict: NO. spacecraft should be able to bypass, however the fact this industry is highly subsidised and heavily influenced by security matters, does not make bypass credible

Capacity to bypass domestic restrictions via local establishment:

- The industry generally has to use local establishment, in particular because of the link with defence

Export statistics:

- Market: ?
- EU firms turnover: 3.8 billion (radars), 3 billion (navigation systems)
- In US, because of ITAR legislation, satellites fall under security-related procurement
- In Russia, EU company obtained contract for satellite launching, but the latter was cancelled to benefit the Russian launcher.

Level playing field:

- Companies from 3rd countries: US, Russia, China, Japan, Ukraine - they benefit from state aid at home to put abnormally low tenders
- How far are companies from 3rd countries protected in their own market (if EU is open)? FULL
- EU MS affected: FR-IT, UK, DE, ES

Consultation of stakeholders - relevant comments

- Companies from 3rd countries: US, Russia, China, Japan, Ukraine - they benefit from state aid at home to put abnormally low tenders
- Aerospace industry is entangled with security matters in other countries and therefore access is very difficult
- The number of launchings is very small (some 24 per year); therefore each lost contract is a huge loss of market share.
- US and Russian companies have submitted tenders for Galileo; Russian bid was abnormally low

Innovation elements:

- Galileo project

Employment: 80.919 jobs (DG ENTR indicates 29.000 jobs for the space industry overall and 73.900 for the aerospace industry, bringing to a an estimated total of 102.900 jobs to which one applies the public sector dependency rate of 79%).

Sources:

- Aerospace study - DG ENTR (FWC Sector Competitiveness Studies: Competitiveness of the EU Aerospace Industry with focus on Aeronautics Industry), ECORYS

3. Postal and airport sorting equipment

NACE/CPC industries active in this market

NACE 295 - Other special purpose machinery
(software)

Capacity to bypass domestic restrictions via exports:

- RQE: high
- Skills: high
- Growth 95-08: medium-high (2,6%)
- Verdict: YES

Capacity to bypass domestic restrictions via local establishment: ok

Export statistics:

- Statistics are difficult to find because no specific tariff line
- Market: ?

Level playing field:

- Companies from 3rd countries
- How far are companies from 3rd countries protected in their own market (if EU is open)? unknown, cf. sector analysis
- EU MS affected: the 3 main EU players are in DE and IT

Consultation of stakeholders - relevant comments: NONE

Innovation elements: NONE

Employment: n/a (minimal estimation: some 9.000 jobs, as we shall assume a minimal estimation of 10.000 jobs and given that the public procurement dependency sector weighted by each of the 12 main trading partners amounts to 90%)

Sources:

4. Firefighting and Sea rescue equipment

NACE/CPC industries active in this market

- NACE 351 Boats (coast guard boats)
- NACE 353 Aircraft (fire-fighting aircraft, helicopters)
- NACE 341 Motor vehicles (fire-fighting vehicles)

Capacity to bypass domestic restrictions via exports:

NACE 351 Boats

- RQE: Medium
- Skills: Medium
- Growth 95-08: Low (-0,8%)

NACE 353 Aircraft

- RQE: High
- Skills: High
- Growth 95-08: Medium-high (2,6%)

NACE 341 Motor vehicles

- RQE: High
- Skills: Low
- Growth 95-08: High (3%)

Verdict: Fire-fighting aircraft and sea rescue helicopters bypass barriers (except where there are national champions, i.e. Russia and Canada)

Capacity to bypass domestic restrictions via local establishment:

Export statistics:

- Market(helicopters for civil purposes): 3 billion EUR

Level playing field:

- Companies from 3rd countries: Canadair (Canada), Beriev (Russia), Bell, Sikorski, MDHI (US)
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: FR, UK, DE, IT, ES

Consultation of stakeholders - relevant comments: NONE

Innovation elements:

- Helicopters - EU firms more innovative than their US counterparts (cf. ECORYS p.171)

Employment:

- Estimated: some 27.500 jobs (estimations of 10.000 persons for fire-fighting, 10.000 for helicopters and 7.500 for rescue vessels)

Sources:

- Aerospace study - DG ENTR (FWC Sector Competitiveness Studies: Competitiveness of the EU Aerospace Industry with focus on Aeronautics Industry), ECORYS

5. Construction and dredging

NACE/CPC industries active in this market

CPC 51 Works, includes dredging and engineering consulting

Capacity to bypass domestic restrictions via exports:

This is a service - mode 3, but 2 important markets are completely closed: China and Japan.

Capacity to bypass domestic restrictions via local establishment:

cf. GATS restrictions

Export statistics:

- Market: 464 billion EUR (PP-related works) and 329 billion EUR (partly PP-related works)
- EU construction firms activities' abroad: 93 billion EUR out of 165 billion EUR
- Based on own calculations made on the sales of the top 225 largest international contractors, EU firms have 8% of all world infrastructure works and 20% of all foreign-located construction works'
- Based on own calculations made on the sales of the top 225 largest international contractors, Chinese firms have 6% of all world infrastructure works and 18% of all foreign-located construction works'
- EU construction market share in China decreased from 6% to 1% after China's accession to WTO (cf. contribution FIEC)
- Verdict: China, Korea and Japan cannot be bypassed; elsewhere it depends on implementation of GATS commitments - we shall therefore consider that national measures cannot be bypassed.

Level playing field:

- Companies from 3rd countries: Camargo Correia, Odebrecht, Andrade Gutierrez (Brazil), Larsen & Toubro, Punjlloyd and Ceigall (India), Kajima, Nishimatsu, Chiyoda, Obayashi, Shimizu, Taisei, takenaka, JGC, Toda,... (Japan), Bechtel, Halliburton (USA), Tefken, Gama, Ant Japi (Turkey)

Table 1 - Chinese companies among the 250 largest construction firms in the world

CHINA RAILWAY CONSTRUCTION CORP. LTD., BEIJING, CHINA
CHINA RAILWAY GROUP LTD., BEIJING, CHINA
CHINA COMMUNICATIONS CONSTRUCTION GRP. (LTD.), BEIJING, CHINA
CHINA STATE CONSTRUCTION ENG'G CORP., BEIJING, CHINA
CHINA METALLURGICAL GROUP CORP., BEIJING, CHINA
SINOHYDRO CORP., BEIJING, CHINA
SHANGHAI CONSTRUCTION (GROUP) GENERAL CO., SHANGHAI, CHINA
DONGFANG ELECTRIC CORP., CHENGDU, SICHUAN, CHINA
ZHEJIANG CONSTR. INVEST. GRP. CO. LTD., HANGZHOU, ZHEJIANG, CHINA
CHINA NATIONAL MACHINERY INDUSTRY CORP., BEIJING, CHINA
CHINA NATIONAL CHEMICAL ENG'G GROUP CORP., BEIJING, CHINA
CHINA GEZHOUBA GROUP CO. LTD., WUHAN, HUBEI, CHINA
BEIJING CONSTRUCTION ENG'G GROUP CO. LTD., BEIJING, CHINA
CHINA PETROLEUM ENG'G & CONSTR. (GROUP) CORP., BEIJING, CHINA
SHANGHAI URBAN CONSTRUCTION (GROUP) CORP., SHANGHAI, CHINA
CITIC CONSTRUCTION, BEIJING, CHINA

CHINA PETROLEUM PIPELINE BUREAU, LANGFANG CITY, HEBEI, CHINA
CHINA YUNNAN CONSTR. ENG'G GRP. CO. LTD., KUNMING, YUNNAN, CHINA
SHANDONG ELECTRIC POWER CONSTRUCTION CORP., JINAN CITY, CHINA
QINGJIAN GROUP CO. LTD., QINGDAO CITY, SHANDONG PROV., CHINA
JIANGSU NANTONG NO. 3 CONSTR. GRP. CO. LTD., HAIMEN, CHINA
ZHONGYUAN PETROLEUM EXPLORATION BUR., PUYANG CITY, HENAN, CHINA
2,160.0
SINOPEC ENGINEERING INC., BEIJING, CHINA
DAQING OILFIELD CONSTR. GRP. CO. LTD., DAQING CITY, CHINA
ANHUI CONSTR. ENGINEERING GROUP CO. LTD., HEFEI, ANHUI, CHINA
CHINA HUANQIU CONTRACTING & ENGINEERING CORP., BEIJING, CHINA
SHANGHAI TUNNEL ENGINEERING CO. LTD., SHANGHAI, CHINA
SHANGHAI ELECTRIC GROUP CO. LTD., SHANGHAI, CHINA
SEPCOIII ELECTRIC POWER CONSTR. CORP., WEIFANG, SHANDONG, CHINA
JIANGSU NANTONG LIUJIAN CONSTR. GRP. CO. LTD., RUGAO, CHINA
CHINA CIVIL ENGINEERING CONSTR. CORP., BEIJING, CHINA
NANTONG CONSTR. GRP. JOINT-STOCK CO. LTD., NANTONG, JIANGSU,
CHINA 1,051.4
CHINA POWER ENGINEERING CONSULTING GROUP CO., BEIJING, CHINA
XINJIANG BEIXIN CONSTR. & ENG'G (GROUP) CO. LTD., URUMQI, CHINA
CHINA GEO-ENGINEERING CORP., BEIJING, CHINA
CHINA JIANGSU INT'L ECON-TECH. COOP. CORP., NANJING, CHINA

- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: ES, FR, IT, DE, SE, AT

Consultation of stakeholders - relevant comments

- EU construction market share in China decreased from 6% to 1% after China's accession to WTO (cf. contribution Hauptverband der Deutschen Bauindustrie e.V.)
- In China, construction companies are SoE
- In China, construction companies have to do joint ventures
- Problem of state-owned competitors that enjoy a closed market to outbid rivals elsewhere.

Innovation elements: n/a

Employment:

- 691000 persons are involved in infrastructure construction in the EU (SBS) - as the weighted public sector dependency rate amounts to 52%, we estimate the real jobs impacted amount to 357.886 jobs

Sources:

- ENR, Engineering News Record, The Top 225 International Contractors, 2003

- ENR, Engineering News Record, The Top 225 International Contractors, 2010
- Le Moniteur, le Classement des 10000 premières entreprises du BTP
- FWC Sector Competitiveness, Studies B1/ENTR/06/054, Sustainable Competitiveness of the Construction Sector

6. Construction equipment

NACE/CPC industries active in this market

- NACE 26 Non-metallic mineral products
- NACE 271 Basic iron and steel
- NACE 272 Tubes
- NACE 295 Other special purpose machinery

Capacity to bypass domestic restrictions via exports:

NACE 26/271/272

- RQE: Low (for tiles and ceramic, it is "medium")
- Skills: Low
- Growth: Low (0,8%) for NACE 26; Medium-Low for NACE 271/272 (1,3%)
- Verdict: NO

NACE 295 - Other special purpose machinery

Capacity to bypass domestic restrictions via exports:

- RQE: high
- Skills: high
- Growth 95-08: medium-high (2,6%)
- Verdict: YES

Capacity to bypass domestic restrictions via local establishment

Export statistics:

- Market: -

Level playing field:

- Companies from 3rd countries: Doosan, Hyundai (Korea), Komatsu, Takeuchi, Hitachi, Kubota (Japan), Caterpillar, Kobelco, Bobcat (USA), Bharat Earth Movers (India), CEMEX (Mexico)

- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: DE, IT, SE, UK (NACE 295)

Consultation of stakeholders - relevant comments:

- Companies in protected markets can make abnormally low bids

Innovation elements: n/a

Employment & turnover:

- 1,6 million Persons (NACE 26) + 211 billion EUR
- 551.000 persons (NACE 271/272) + 166 billion EUR
- According to EUROFER, 27% of the demand of steel is for construction equipment
- The weighted public sector dependency rate is 52%
- As a result: 904.736 job and 341 billion EUR of total turnover

Sources:

- FWC Sector Competitiveness, Studies B1/ENTR/06/054, Sustainable Competitiveness of the Construction Sector

7. Railway equipment

NACE/CPC industries active in this market: NACE 352 "Railway locomotives and rolling stock"

Capacity to bypass domestic restrictions via exports: FRAGILE in the 14 selected trading partners - **verdict: NO**

- Medium-low-skills
- High RQE
- Growth 95-08: Low (0,7%)

Capacity to bypass domestic restrictions via local establishment: YES (examples: factories in US, joint ventures in Brazil, India and China)

Export statistics:

- Railway trade only represents 10% of world market of railway

Level playing field:

- Companies from 3rd countries: Japan, China, Korea

- How far are companies from 3rd countries protected in their own market (if EU is open)? Japan (operational safety clause), China (technological transfer and joint ventures)
- EU MS affected: FR, DE, ES, IT, UK, BE, CZ, AT

Consultation of stakeholders - relevant comments: 5 stakeholders have responded

- Problems of access in the US market because of local content requirements
- Problems in Japan - operational safety clauses closes the markets and consequently Japanese companies can bid aggressively in EU market
- Canada - local content requirements
- South Korea - mandatory technological transfers
- China - mandatory technological transfers

Innovation elements:

- Urban clean bus initiative

Employment & turnover: 164.800 persons + 22 billion EUR (weighted dependency rate: 84%)

Additional sources:

- UNIFE railway sector study
- COMEXT statistics

8. Urban buses

NACE/CPC industries active in this market

341 Motor vehicles

Capacity to bypass domestic restrictions via exports: **verdict: NO**

- Medium-low-skills

- High RQE

-Growth 95-08: High (3%)

Capacity to bypass domestic restrictions via local establishment: OK, but because of medium-low skills encourage off shoring outside EU

Export statistics:

- Global market estimated at some 53 billion EUR, EU market represents some 5 billion EUR

- Exports between 0,7 and 1 billion EUR
- In 2008, some 0,9 billion EUR were imported, mostly from Turkey
- Surplus in 2009 of 0,9 billion EUR
- EU market share: 8,3% (SCI Verkehr study)
- India market: 63% market share for Tata Motor
- US/Canada - the market is very much restricted in terms of imports/exports to NAFTA
- Largest foreign supplier to EU market: Turkish company (TEMSA)

Level playing field:

- Companies from 3rd countries: in the top 30 there are 10 EU companies, 4 from China, 4 from USA, 2 from India, 2 from Korea, 1 from Russia, 1 from Australia, 2 from Japan, 1 from Ukraine, 1 from Turkey, 1 from Brazil and 1 from Switzerland.
- How far are companies from 3rd countries protected in their own market (if EU is open)? cf. sector analysis
- EU MS affected: UK, DE, FR, BE, NL, SE

Consultation of stakeholders - relevant comments: NONE

Innovation elements:

- Urban clean bus initiative

Employment and turnover:

- Employment in bus manufacturing: 125.000 jobs; the bus and truck manufacturing industry employ 250.000 jobs. We assume 50% jobs are dedicated to bus manufacturing (neutral percentage)
- We apply a weighted public procurement dependency rate of 70%
- Turnover: some 5,5 billion EUR: in fact, the bus market in the EU amounts to 4 billion EUR, the EU exports some 1 billion EUR of buses, but imports some 0,5 billion EUR of buses and we assume 1 billion EUR of profit margin.

Sources:

- Study SCI multiclient studien Verkehr, Busses, Global market trends: Markets-Competition-Companies-Key figures
- Annual Report, Daimler, 2010
- Eurostat

9. Power generation

NACE/CPC industries active in this market

- NACE 291 Power machinery
- NACE 311 Electrical motors, generators and transformers
- NACE 312 Electricity distribution and control apparatus
- NACE 313 Insulated wire
- NACE 316 Electrical equipment n.e.c.

Capacity to bypass domestic restrictions via exports:

- RQE: high (NACE 312), medium (NACE 291, 316), low (NACE 311, 313)
- Skills: medium (all)
- Growth 95-08: medium-high (NACE 291, 311, 312), low (NACE 313, NACE 316)
- Verdict: NO

Capacity to bypass domestic restrictions via local establishment: ok

Export statistics:

- Market:

Level playing field:

- Companies from 3rd countries: **Power turbines:** KC Cotrell (Korea), I.-Insigma (China), Bharat Heavy (India); **Solar panels:** Suntech (China), Sharp (Japan); **Wind energy:** GE Energy (US), Sinovel (China), Goldwin (China), Suzlon (India), Dongfan (China), Mitsubishi (Japan)
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: Power turbines: FR, DE; Solar panels: DE; Wind energy: DK, ES, DE

Consultation of stakeholders - relevant comments:

- Green Ontario Act - 60% of local content in solar panels
- South Korea: requires local-type testing for industrial products

Innovation elements:

- Smart grids

- Green technologies

Employment and turnover:

- 720.000 jobs & 112 billion EUR (NACE 295)
- 976.000 jobs & 160 billion EUR (NACE 311, 312, 313)
- 540.000 jobs & 109 billion EUR (NACE 316)
- Total of 1,6 million jobs (cf. weighted dependency of public procurement of 72%)

Sources:

- Study in the Competitiveness of the EU eco-industry (ENTR/06/54)- ECORYS

10. Water management & sewage

NACE/CPC industries active in this market - SERVICE, relies on implementation of GATS restrictions by trading partners

Capacity to bypass domestic restrictions via exports:

- RQE: -
- Skills -

Capacity to bypass domestic restrictions via local establishment: ok idem

Export statistics:

- Market:?

Level playing field:

- Companies from 3rd countries: none
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: NL, FR

Consultation of stakeholders - relevant comments: none

Innovation elements: -

Employment and turnover:

- 480.700 jobs and 56 billion EUR
- Weighted public sector dependency rate: 80%
- Result: estimated impacted jobs: 384.000 jobs

Sources: - SBS, it is necessary to highlight that contracting authorities in EU are often themselves the "exporters" in this sector

11. Waste management & environmental services

NACE/CPC industries active in this market:

CPC 94 Environmental services

- Air Pollution Control
- Recycled materials
- Environmental technologies
- Eco-construction

Capacity to bypass domestic restrictions via exports:

- RQE: -
- Skills: -

Capacity to bypass domestic restrictions via local establishment

Export statistics:

- Market: -

Level playing field:

- Companies from 3rd countries: -
- How far are companies from 3rd countries protected in their own market (if EU is open)? -
- EU MS affected:

Consultation of stakeholders - relevant comments

Innovation elements:

- Green technologies

Employment and turnover:

- 150.000 jobs and 43 billion EUR
- Weighted public procurement dependency rate: 67%
- Estimated impacted jobs: some 100.000 jobs

Sources:

- Study on the Competitiveness of the EU eco-industry

12. Specialised textiles

NACE/CPC industries active in this market:

NACE 171-194 overall, but in particular NACE 174 Made-up textiles

Capacity to bypass domestic restrictions via exports:

- RQE: High
- Skills: Low
- Growth 95-08: -1,6%
- Verdict: NO

Capacity to bypass domestic restrictions via local establishment: ok

Export statistics:

- Market: -

Level playing field:

- Companies from 3rd countries: China, India, Bangladesh
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: BE, IT, PT

Consultation of stakeholders - relevant comments:

- Child labour in India and Bangladesh.
- Berry Amendment in US
- Japan - problems of discrimination
- Canada - local preferences
- India - frequent changes in specifications

Innovation elements

Employment & turnover:

- 200.000 jobs and 10 billion EUR
- Public procurement weighted dependency rate: 51%
- Estimated impacted jobs: 100.000 jobs

Sources:

- Communication on Lead Markets Initiative

13. Pharmaceuticals

NACE/CPC industries active in this market

NACE 244 Pharmaceuticals

Capacity to bypass domestic restrictions via exports:

- RQE: High
- Skills: High
- Growth 95-08: 5,6%
- Verdict: YES

Capacity to bypass domestic restrictions via local establishment: ok, no need. problems in countries that don't respect IPR (India)

Export statistics:

- Market: 808 billion USD (589 billion EUR)
- EU firms have 250 billion USD of the pharma market
- Exports of EU to the world: EU is exporting leader in many countries: Australia/USA/Russia/Canada/.(67%) .. except India (31%)

Level playing field:

- Companies from 3rd countries: US (...), Teva (Israel), Rambaxy (India), Takeda (Japan)...
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: UK, DE, FR, SE, BE, IT, DK

Consultation of stakeholders - relevant comments: none

Innovation elements: intrinsic

Employment:

- 610.000 jobs & 196 billion EUR
- Public procurement weighted dependency rate: 42%
- Estimated impacted jobs: 256.000 jobs

Sources:

- Analysis of TAO tariff lines
- COMEXT

- The Global Pharmaceutical Market 2009, IMS Health

14. Medical equipment

NACE/CPC industries active in this market

Capacity to bypass domestic restrictions via exports:

- RQE: High
- Skills: Medium

Capacity to bypass domestic restrictions via local establishment: Mostly yes, BUT...

Export statistics:

- 10 Billion EUR of exports
- 10 billion EUR of imports (mostly from US)

Level playing field:

- Companies from 3rd countries: US, Israel, Japan
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected:

Consultation of stakeholders - relevant comments: NONE

Innovation elements: intrinsic

Employment & turnover:

- 455000 jobs and 55 billion EUR
- Weighted public procurement dependency rate: 42%
- Estimated impacted jobs: 187.000 jobs

Sources:

- COMEXT

15. Business services

NACE/CPC industries active in this market

Capacity to bypass domestic restrictions via exports:

- RQE: -
- Skills: -

Capacity to bypass domestic restrictions via local establishment: GATS

Export statistics:

- Market: -

Level playing field:

- Companies from 3rd countries:-
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected:

Consultation of stakeholders - relevant comments

Innovation elements

Employment and turnover:

- 14 million jobs and 901 billion EUR
- Weighted public procurement dependency rate: 32%
- Estimated impacted jobs: 4,5 million jobs

Sources:-

16. Financial services

NACE/CPC industries active in this market

Capacity to bypass domestic restrictions via exports:

- RQE: -
- Skills: -

Capacity to bypass domestic restrictions via local establishment: GATS

Export statistics:

- Market: -

Level playing field:

- Companies from 3rd countries:-
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected:

Consultation of stakeholders - relevant comments

Innovation elements

Employment: - some 6 million jobs; if we take a weighted PP dependency rate of 32%, this could make some 2 million jobs

Sources:-

17. Oil, gas and mining equipment

NACE/CPC industries active in this market:

NACE 291 - Machinery for production, usage of mechanical power

Capacity to bypass domestic restrictions via exports: **verdict: NO**

- High-skills

- Medium RQE

Capacity to bypass domestic restrictions via local establishment - OK

Export statistics

Level playing field:

- Companies from 3rd countries: unknown
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: DE, IT, FR

Consultation of stakeholders - relevant comments: None

Innovation elements

Employment and turnover:

- 191.000 jobs and 39 billion EUR of turnover
- Weighted PP dependency rate: 24%
- 46.350 jobs (estimated impacted jobs)

Sources: None

18. Telecom equipment

NACE/CPC industries active in this market:

NACE 322 - TV and radio transmitters, app. for line telephony

Capacity to bypass domestic restrictions via exports:

- High RQE
- Medium-high skills

Capacity to bypass domestic restrictions via local establishment: ok, but can be challenged by lack of enforcement of IPR

Export statistics

Level playing field:

- Companies from 3rd countries: China (ZTE, Huawei)
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: FI, DE, SE, FR

Consultation of stakeholders - relevant comments

- Competitors from closed countries benefit from state aid to submit abnormally low tenders and do not respect IPR

Innovation elements

Employment:

- 221 billion EUR and 770.000 jobs
- Weighted PP dependency rate: 35%
- Impacted jobs (est.): 270.000

Sources:

19. Computers & IT services

NACE/CPC industries active in this market:

NACE 300 - Computers

Supercomputers - High performance Computing (cf. communication)

Capacity to bypass domestic restrictions via exports: verdict: NO

- High skills:
- Medium RQE (HPC is probably High RQE)
- Growth (HPC: 3% annual growth - verdict: High Growth)

Capacity to bypass domestic restrictions via local establishment: no, because of security issues

Export statistics: none

Market: 18 billion EUR (HPC storage, middleware, applications....) out of which 6 billion EUR in the EU -although EU suppliers only hold a market share of 4,3% - the high-end market of HPC in the EU= 0,6 billion EUR

Level playing field:

- Companies from 3rd countries: US companies have a 95% share in supercomputers in the EU; other countries in the game: Japan, India and China have declared HPC as a zone of strategic priority
- How far are companies from 3rd countries protected in their own market (if EU is open)? US (Buy America and national security issues)
- EU MS affected: FR (GENCI), DE (Gauss-Allianz)

Consultation of stakeholders - relevant comments: NO, because of national security issues)

Innovation elements:

- All the innovation financed by the FP7 in this field is benefitting US firms
- HPC used for locating and extracting oil, life-saving new drugs, weather forecast and medical treatment (forecast of caesarean births)
- EU MS and stakeholders have set up the PRACE (Partnership for Advanced Computing in Europe); Council invited MS and Commission to "pool their investments in high performance computing".

Employment:

- 420 billion EUR of turnover
- 3 million jobs

Sources:

- Draft Communication on High Performance Computing quoting IDC study "A strategic agenda for European Leadership in Supercomputing: HPC 2020" and "Financing a Software Infrastructure for Highly Parallelised Codes".

20. Street lighting

NACE/CPC industries active in this market:

NACE 315 Lighting equipment and electric lamps

Capacity to bypass domestic restrictions via exports: **verdict: NO**

- Skills: medium-high
- RQE: medium
- Growth

Capacity to bypass domestic restrictions via local establishment

Export statistics:

- Market: 6 billion EUR (McKinsey study)

Level playing field:

- Companies from 3rd countries
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected:

Consultation of stakeholders - relevant comments: NONE

Innovation elements:

- Lighting initiatives SSL

Employment:

Sources:

- McKinsey Report - Lighting the way: Perspectives on the global lighting market

21. Broadcasting equipment

NACE/CPC industries active in this market:

NACE 323 TV, Radio and recording apparatus

Capacity to bypass domestic restrictions via exports: verdict: NO

- RQE: Low
- Skills: Medium

Capacity to bypass domestic restrictions via local establishment: ok

Export statistics:

- Market: ?

Level playing field:

- Companies from 3rd countries:?
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: ?

Consultation of stakeholders - relevant comments: None

Innovation elements

Employment:

Sources: -

22. Port equipment

NACE/CPC industries active in this market

NACE 291 - Machinery for production, use of mech. power

Capacity to bypass domestic restrictions via exports:

- RQE: medium
- Skills: high
- Growth 1995-2008: 2,8% (medium-high growth)

Capacity to bypass domestic restrictions via local establishment: ok

Export statistics:

- Market: ?

Level playing field:

- Companies from 3rd countries: Hyundai (Korea), OAO Balktran (Russia), Taylor (USA), ZPMC (China)
- How far are companies from 3rd countries protected in their own market (if EU is open)?
- EU MS affected: FI, IT, DE

Consultation of stakeholders - relevant comments

Innovation elements

Employment:

Sources: SCI Multiclient studies, Port infrastructure markets in Europe