



THE EUROPEAN UNION (EU) AND THE EURO

EU BENEFITS FOR VIRGINIA COMPANIES

- Under EU rules, product standards and regulations are identical for all members, so once a Virginia company has met the requirements for its product, it can be sold in any EU country.
- EU members removed all tariffs on trade internally, which means once Virginia products are imported to one country at the initial duty/tariff rate, they can be shipped throughout the union without additional duties/tariffs, customs restraints, or time delays.
- The relative strength of the Euro vis-à-vis the U.S. Dollar makes Virginia exports more attractive to EU consumers .
- Deregulation in some EU countries will allow increased opportunities in telecommunications, aircraft, and energy industries.
- One goal of the EU is to increase the standard of living for all EU residents. The increase in purchasing power and disposable income in the poorer EU countries will create an ever bigger market for Virginia exports.
- The EU and the U.S. have the largest bilateral trading and investment relationship in the world.
- A common currency, the Euro, allows for easier and more transparent pricing in the 15 EU countries that use the Euro. It also lowers transaction costs in these countries. As more EU countries adopt the Euro, these benefits will continue to increase for Virginia exporters.

EUROPEAN UNION DIRECTIVES AND REGULATIONS

There are a number of EU directives in place or in legislation that may have an impact on your product or the conditions in which you conduct business throughout the region. A directive is a legislative act of the EU that requires member states to achieve a particular result without dictating the means of achieving that result. It can be distinguished from EU regulations, which are self-executing and do not require any implementing measures. The following directives and regulations have direct implications for Virginia exporters.

- **CE (Conformité Européenne) Mark:** Virginia exporters should understand the EU's approach to conformity assessment and requirements for obtaining a CE mark, as well as such concepts and requirements as: notified bodies, conformity assessment modules, and supplier's declaration of conformity, technical construction files, user manuals, authorized representatives, and product liability.
- **Waste Electrical and Electronic Equipment (WEEE):** Producers are responsible for taking back and recycling electrical and electronic equipment. As of July 2006, certain heavy metals (lead, mercury, cadmium, and hexavalent chromium) and flame retardants such as polybrominated biphenyls or polybrominated diphenyl ethers must either be substituted by safer alternatives or not exceed maximum concentration values. WEEE is closely linked to RoHS.
- **Restriction on Hazardous Substances (RoHS):** In addition to WEEE restrictions, the EU Parliament has banned six substances (phthalates that appear in children's toys) because research has shown them to be carcinogenic.

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EUROPEAN UNION DIRECTIVES AND REGULATIONS (cont.)

- **Registration, Evaluation, Authorization, and Restriction of Chemical Substances (REACH):** As of June 1, 2007, REACH forces manufacturers and importers to register all the chemical substances produced or imported above a quantity of one ton per year. Most hazardous substances will require a plan for safer alternatives. REACH provisions will be phased in over 11 years.
- **Software patents:** the EU Parliament rejected the common position of the EU Council to introduce a system of patents for computer software. This marks the first rejection by the EU Parliament due to concerns that it would stifle innovation in a vital area.

VIRGINIA EXPORTS TO THE EUROPEAN UNION

- As a single market, the EU is the largest market for exports from Virginia and the United States as a whole. In 2008, exports via Virginia to the EU-27 increased for the 6th consecutive year, amounting to \$6.33 billion, a 10.95% increase over 2007.
- The top EU markets for exports via Virginia in 2008 were, in order: the UK, Germany, Portugal, Belgium, and the Netherlands.
- In 2008, 17 EU countries purchased more goods from Virginia than the previous year. Strongest growth came from, in order: Slovakia, Cyprus, Austria, Poland, and Finland. Ten EU countries purchased fewer goods from Virginia in 2008 than the previous year. Weakest growth came from, in order: Greece, Denmark, Estonia, Czech Republic, and Malta.
- Countries like Germany and France are highly industrialized and service-oriented, while Poland and Romania are becoming manufacturing hubs due to low labor and land costs.

2008 - VIRGINIA'S TOP EXPORT PRODUCT SECTORS TO THE EU

Commodity	US\$	+/- 2007 (%)	Top EU Destinations
Electrical Machinery	1,140,598,663	-9.56	Portugal, Germany, UK, Luxembourg
Aircraft / Spacecraft	903,138,795	13.05	UK, Germany, France, Belgium
Mineral Fuel/ Oil	879,516,700	30.53	Netherlands, Italy, Belgium, Slovakia
Machinery	743,596,189	12.18	Germany, UK, France, Italy
Plastic	263,460,648	26.47	Belgium, UK, Ireland, Germany
Optic; Medical Instruments	234,035,753	12.13	UK, Netherlands, Germany, France
Pharmaceutical Products	223,574,130	364.89	Netherlands, France, Austria, UK
Vehicles	217,916,452	-22.5	Sweden, Germany, Lithuania, UK
Tobacco	193,843,058	-12.68	Switzerland, Germany, Netherlands, Portugal
Organic Chemicals	190,767,920	-23.93	Italy, Ireland, Germany, France

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EU DESTINATIONS FOR VIRGINIA EXPORTS - 2008 RANKING AND GROWTH						
EU Rank	World Rank	Country	2006	2007	2008	% Change
	1	EU-27	4,903,066,032	5,710,218,755	6,335,310,315	10.95
1	2	United Kingdom	809,414,506	1,099,388,323	1,172,893,375	6.69
2	4	Germany	1,588,008,118	961,985,928	964,720,116	0.28
3	5	Portugal	202,002,103	897,071,210	791,088,606	-11.81
4	7	Belgium	341,872,161	419,207,280	698,468,664	66.62
5	12	Netherlands	331,111,868	438,791,705	596,883,369	36.03
6	13	Italy	449,619,871	451,514,815	428,606,615	-5.07
7	14	France	311,470,751	379,888,418	404,270,866	6.42
8	20	Spain	200,109,436	180,747,664	216,896,076	20
9	27	Sweden	145,720,137	162,949,254	166,117,361	1.94
10	31	Luxembourg	74,500,582	99,048,030	131,308,887	32.57
11	34	Ireland	85,405,589	115,941,124	118,269,199	2.01
12	35	Slovakia	9,171,676	30,835,371	107,364,227	248.19
13	37	Poland	32,407,239	52,295,205	100,234,662	91.67
14	42	Austria	37,883,994	40,309,291	82,692,133	105.14
15	47	Finland	49,025,018	34,057,513	63,632,892	86.84
16	56	Denmark	45,564,637	81,222,050	48,862,018	-39.84
17	57	Romania	23,845,660	44,530,244	48,253,582	8.36
18	59	Lithuania	54,361,180	47,008,178	45,277,973	-3.68
19	61	Bulgaria	6,252,241	32,605,195	43,389,125	33.07
20	64	Greece	38,039,759	67,122,648	37,196,246	-44.58
21	73	Czech Republic	26,118,630	33,314,961	21,835,100	-34.46
22	81	Hungary	12,635,031	13,856,123	13,776,307	-0.58
23	83	Latvia	9,616,102	12,332,122	12,119,238	-1.73
24	87	Cyprus	4,004,995	3,376,516	11,547,201	241.99
25	103	Slovenia	3,786,558	4,746,445	5,638,522	18.79
26	121	Estonia	3,075,718	4,456,563	2,817,146	-36.79
27	145	Malta and Gozo	8,042,472	1,616,579	1,150,809	-28.81

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VEDP SERVICES

The VEDP offers a number of export-related services to Virginia businesses, including group market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org.

ADDITIONAL RESOURCES

- Eurostat: The European Commission Statistics Database: <http://epp.eurostat.cec.eu.int>
- European Commission on Enterprise and Industry: http://ec.europa.eu/enterprise/index_en.htm
- Delegation of the European Commission to the U.S.: <http://www.eurunion.org>
- European Parliament website: http://www.europarl.europa.eu/news/public/default_en.htm
- Council of the EU: http://www.consilium.europa.eu/cms3_fo/showPage.asp?lang=EN
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