

Results overview

What do trade companies perceive as discriminatory national restrictions against their business in the Internal Market?

Results of an EU-wide survey

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Key points

- ▶ Due to the small sample size, the following results are **not representative**. From six Member States there wasn't any company to participate, from 12 Member States, it was only one company respectively. In particular, the statements and representations referring to the EU as a whole should be considered cautiously. However, the replies of the participants presented below can serve as approximation.
- ▶ 59% of the companies are hampered by national requirements when trading within the EU's single market. Companies in **Visegrád countries** are significantly more likely to be impacted by barriers to trade than those in other Member States. Companies operating in the food sector are not impacted significantly more often.
- ▶ The biggest barriers to selling products from other Member States are **"other labelling requirements"**, **"minimum sales quotas for domestic products"** and **"obligations to promote domestic products"**.
- ▶ **"Minimum sales quotas for domestic products"** and **"obligations to promote domestic products"** have significantly increased since 2012. **"Other labelling requirements"** have not increased but rather decreased since 2012.
- ▶ About half of the companies that feel hampered by **"other labelling requirements"** would offer more goods from other Member States if this barrier disappeared. 89% of the companies that feel hampered to a large extent by **"minimum sales quotas for domestic products"** would offer more goods from other EU countries if this barrier ceased to exist. 87% of the companies that feel hampered to a large extent by **"obligations to promote domestic products"** would offer more goods from other EU countries if this barrier was eliminated.
- ▶ The following trade barriers impact foreign companies significantly more than domestic businesses: **"other labelling requirements"**, **"minimum sales quotas for domestic products"**, **"notification requirements for the import of goods"**, **"rules on the product composition of EU goods"** and **"obligations to fund the promotion of domestic products"**. In other words, foreign companies are being discriminated against by these measures. The first three measures in particular have a comparatively high adverse effect on trade.
- ▶ **"Obligations to fund the promotion of domestic products"** – such as mandatory contributions to a marketing fund – affect foreign companies significantly more than domestic businesses. I.e. foreign companies are discriminated against by **"obligations to fund the promotion of domestic products"**.
- ▶ In the operation of their subsidiaries, 22% of foreign companies feel affected by discriminatory measures to a great extent. 33% feel impacted by such measures to a small extent. 16% of foreign companies feel affected to a large extent by such measures when opening or expanding subsidiaries, 25% to a small extent.
- ▶ During the operation, opening or expansion of subsidiaries, foreign companies are most strongly discriminated against, as compared to domestic competitors, by more frequent **official penalties** and more frequent and/or stricter **official controls**.

Table of contents

1 Structure of the sample	1
2 Results of the survey	4
2.1 Barriers to the trade of goods in the internal market.....	4
2.1.1 Current barriers to trade in the internal market.....	4
2.1.1.1 Other labelling requirements	8
2.1.1.2 Minimum sales quotas for domestic products	11
2.1.1.3 Obligations to promote domestic products	14
2.1.2 Development of trade barriers for businesses in the internal market.....	17
Preliminary conclusion.....	19
2.2 Discrimination against foreign companies in the internal market	20
2.2.1 Discrimination against foreign companies due to trade barriers.....	20
2.2.2 Discrimination against foreign companies in the operation, opening or expansion of subsidiaries.....	27
2.2.2.1 Current discrimination against foreign companies in the operation, opening or expansion of subsidiaries.....	27
2.2.2.1.1 Discrimination by means of official sanctions	29
2.2.2.1.2 Discrimination by means of official inspections	32
2.2.2.1.3 Other discriminatory administrative measures.....	35
2.2.2.2 Development of the discrimination against foreign companies in the operation, opening or expansion of subsidiaries.....	37
Preliminary conclusion.....	40
3 Country Report Romania	41
3.1 Barriers to trade in Romania.....	41
3.2 Discrimination of foreign companies in Romania.....	48

List of figures

Figure 1: Percentage of foreign participants	1
Figure 2: Number of domestic and foreign participants per Member State	2
Figure 3: Percentage of participants from the food sector.....	3
Figure 4: Number of companies from different sectors per Member State	3
Figure 5: Barriers to the sale of goods from other Member States	4
Figure 6: Barriers to trade in the food sector	5
Figure 7: Barriers to trade in the Visegrád countries.....	5
Figure 8: Categories of trade barriers in the internal market.....	7
Figure 9: Other labelling requirements: impact on imports	8
Figure 10: Other labelling requirements: food sector.....	9
Figure 11: Other labelling requirements: Visegrád countries	9
Figure 12: Other labelling requirements: country overview	10
Figure 13: Minimum sales quotas for domestic products: impact on the import of products	11

Figure 14: Minimum sales quotas for domestic products: food sector	12
Figure 15: Minimum sales quotas for domestic products: Visegrád countries	12
Figure 16: Minimum sales quotas for domestic products: country overview	13
Figure 17: Obligations to promote domestic products: impact on the import of products.....	14
Figure 18: Obligations to promote domestic products: food sector	15
Figure 19: Obligations to promote domestic products: Visegrád countries	15
Figure 20: Obligations to promote domestic products: country overview.....	16
Figure 21: Obligations to promote domestic products: affected product categories	17
Figure 22: Development of the categories trade barriers	18
Figure 23: Discrimination against foreign companies due to trade barriers.....	20
Figure 24: Comparison of the impact of trade barriers on foreign and domestic participants	21
Figure 25: Discrimination due to minimum sales quotas for domestic products.....	22
Figure 26: Discrimination due to obligations to fund the promotion of domestic products.....	22
Figure 27: Discrimination due to rules on the product composition of EU goods.....	23
Figure 28: Discrimination due to other labelling requirements.....	24
Figure 29: Discrimination due to notification requirements for the import of goods	24
Figure 30: Categories of trade barriers against foreign companies.....	26
Figure 31: Discriminatory restrictions against foreign companies with respect to the operation of subsidiaries	27
Figure 32: Discriminatory restrictions against foreign companies with respect to the opening or expansion of subsidiaries.....	28
Figure 33: Individual discriminatory measures in the operation, opening or expansion of subsidiaries	29
Figure 34: Discrimination by means of official sanctions: food sector.....	30
Figure 35: Discrimination by means of official sanctions: Visegrád countries	30
Figure 36: Discrimination by means of official sanctions: country overview	31
Figure 37: Discrimination by means of official inspections: food sector.....	32
Figure 38: Discrimination by means of official inspections: Visegrád countries	33
Figure 39: How are controls by authorities used as a discriminatory tool?.....	33
Figure 40: Discrimination by means of official inspections: country overview	34
Figure 41: Other discriminatory administrative measures: food sector	35
Figure 42: Other discriminatory administrative measures: Visegrád countries.....	36
Figure 43: Other discriminatory administrative measures: country overview.....	37
Figure 44: Development of the individual measures which discriminate in the operation, opening or expansion of subsidiaries.....	39
Fig. 45: Romania: trade barriers.....	41
Fig. 46: Romania: categories of trade barriers.....	42
Fig. 47: Romania: minimum sales quotas for domestic products	43
Fig. 48: Romania: obligations to promote the sale of domestic products	43
Fig. 49: Romania: obligations to publish or release sales figures for domestic products.....	44
Fig. 50: Romania: provisions on the product composition of EU goods	44
Fig. 51: Development in Romania: categories of trade barriers.....	45
Fig. 52: Development in Romania: minimum sales quotas for domestic products.....	46

Fig. 53:	Development in Romania: obligations to promote the sale of domestic products.....	46
Fig. 54:	Impact on imports: minimum sales quotas for domestic products	47
Fig. 55:	Impact on imports: obligations to publish or release sales figures for domestic products.....	47
Fig. 56:	Impact on import: obligations to promote the sale of domestic products.....	48
Fig. 57:	Impact on imports: notification requirements for the import of goods	48
Fig. 58:	Romania: discrimination through trade barriers.....	49
Fig. 59:	Romania: discrimination in the operation of subsidiaries	50
Fig. 60:	Romania: discrimination in the opening and expansion of subsidiaries	50
Fig. 61:	Romania: discrimination categories	51
Fig. 62:	Development in Romania: discrimination categories.....	52

List of tables

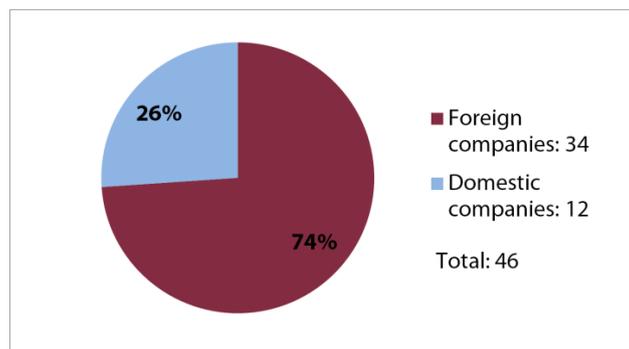
Table 1:	Discrimination against foreign companies due to trade-restrictive measures.....	25
Table 2:	Discriminatory trade-restrictive measures, sorted by severity	26

1 Structure of the sample

A total 53 questionnaires were evaluated. It should be noted that a separate questionnaire had to be completed for each EU Member State in which a company operates. Companies operating in several Member States thus sometimes completed several questionnaires.¹ As a result, the indicated numbers of participants include several questionnaires from the same company, but for different Member States. In the following, one participant therefore stands for one completed questionnaire. For evaluation at EU level, it should also be noted that the responses of an individual participant always relate to a specific Member State.

Of the 53 participants, 34 (74%) indicated that they are perceived as a foreign company in the Member State concerned (hereinafter referred to as “foreign” participants or companies). A participant will also be classified as foreign if a subsidiary company is perceived as foreign due to its integration into a foreign group of companies by authorities, policymakers and/or the public opinion, although it would have to be regarded as a domestic company in legal terms. Conversely, it may also be the case that formally and legally foreign companies are not perceived as such in a Member State. Twelve participants (26%) indicated that they are not perceived as foreign (hereinafter referred to as “domestic” participants or companies) (see Fig. 1). Seven participants abandoned the survey before this question.

Figure 1: Percentage of foreign participants

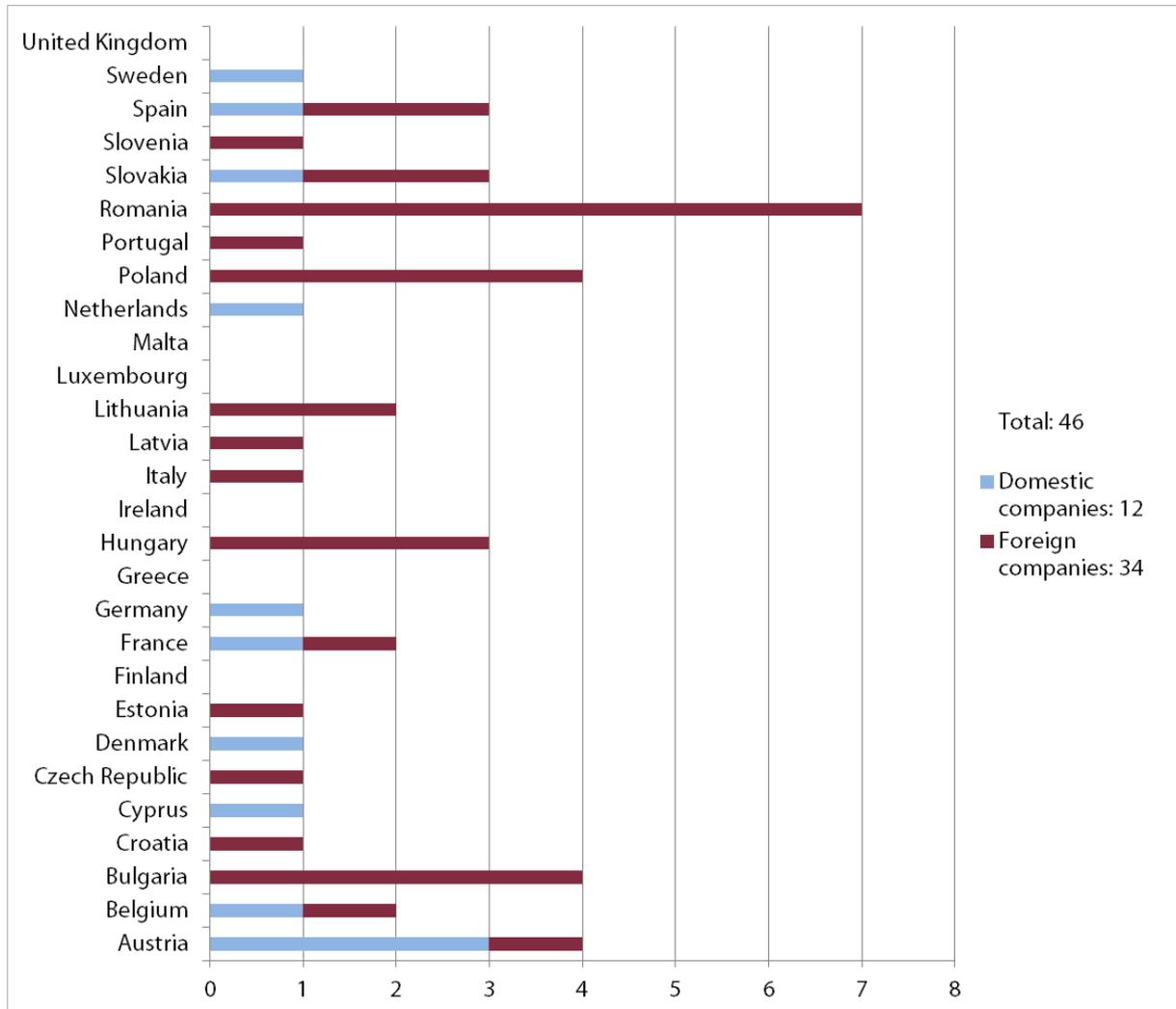


Source: cep

Question: Are you a foreign company in the selected Member State? Explanation: “Foreign company” in this context means companies that do not have their headquarters in the selected Member State or companies that are domestic companies by law but deemed to be a foreign company because they are foreign owned and/or part of a multinational group.

An evaluation at country level shows that the foreign participants are mainly distributed among the younger Member States from Central and Eastern Europe. This applies in particular to Romania with seven foreign companies and Poland and Bulgaria with four foreign companies each. This must be taken into account in the subsequent evaluation of the questions on discrimination against foreign companies (see Fig. 2).

¹ Thus, the number of companies that took part in the survey is significantly lower than the number of questionnaires evaluated. A company can therefore provide several participants.

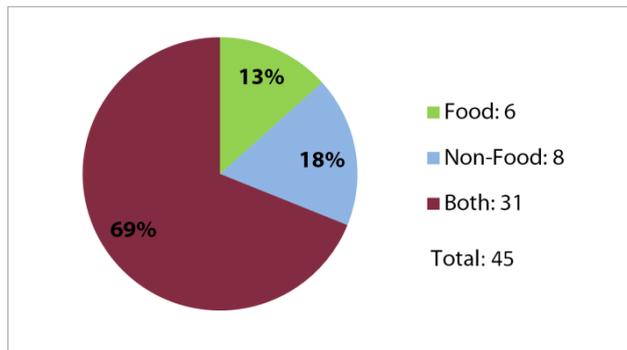
Figure 2: Number of domestic and foreign participants per Member State

Source: cep

Question: Are you a foreign company in the selected Member State? Explanation: "Foreign company" in this context means companies that do not have their headquarters in the selected Member State or companies that are domestic companies by law but deemed to be a foreign company because they are foreign owned and/or part of a multinational group.

Six participants (13%) only sell food in the respective Member State, while 31 participants (69%) sell food as well as other goods. Hereinafter, these two groups will be aggregated into one group ("participants from the food sector"). They account for 82% of participants. Eight participants (18%) exclusively sell goods other than food (see Fig. 3). The remaining 8 participants abandoned the survey before this question.

Figure 3: Percentage of participants from the food sector

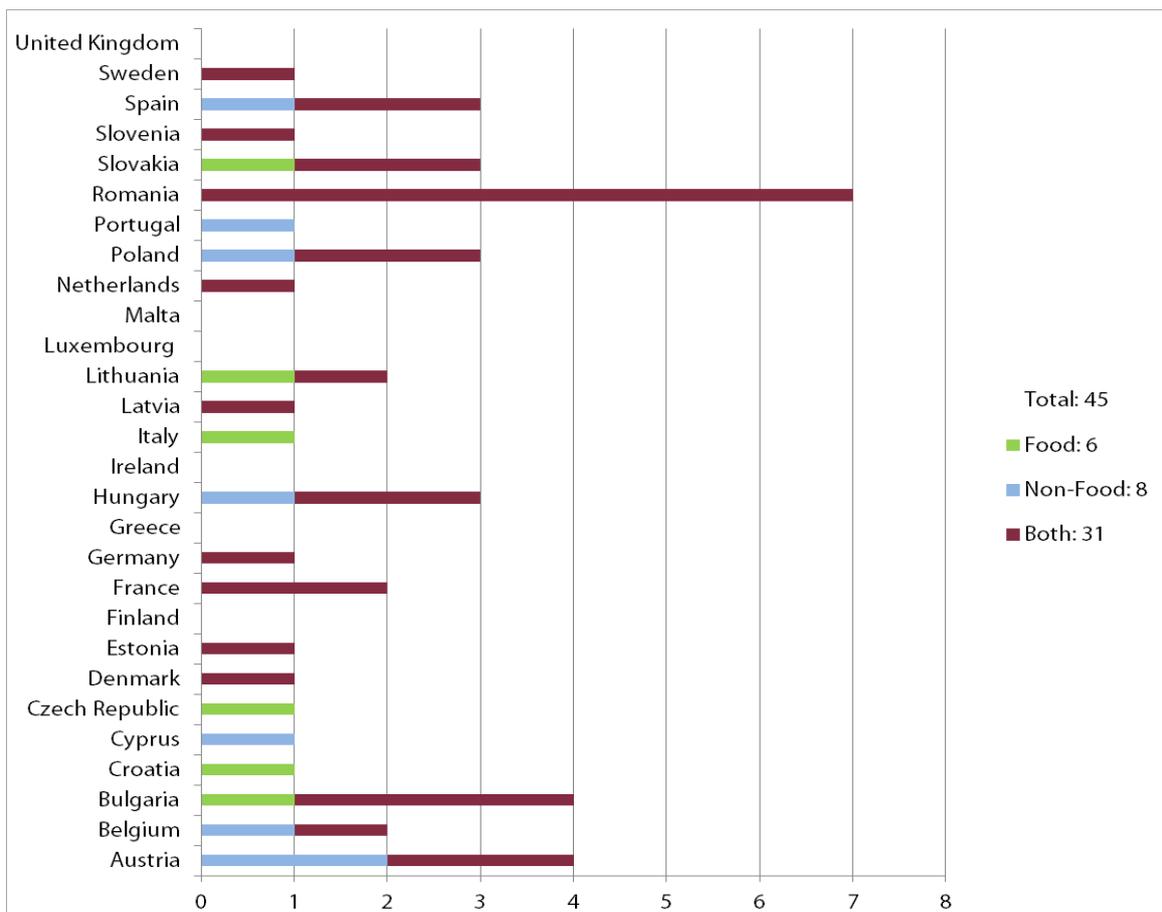


Source: cep

Question: What product categories does your company mainly sell?

In the country with the highest number of participants, Romania, all seven companies operate in the food sector. The same is true for Bulgaria with four companies. In Austria, which is also a strong participant with four companies, 50% of the enterprises are from the food sector (see Fig. 4).

Figure 4: Number of companies from different sectors per Member State



Source: cep

Question: What product categories does your company mainly sell?

2 Results of the survey

The results of the survey are presented below. In all of the cases, the results for participants from the food sector will be compared with those for participants who do not sell food. This is to examine whether the food sector is particularly affected by internal market barriers. It should be noted, however, that the sample only contains a small number of participants who do not sell food and that they are distributed across only seven Member States. The results for the Visegrád countries (Poland, Slovakia, Czech Republic and Hungary) will also be compared with the rest of the Member States. In this regard, it should be noted, that the Czech Republic is underrepresented, since only one Czech participant filled out the questionnaire.

2.1 Barriers to the trade of goods in the internal market

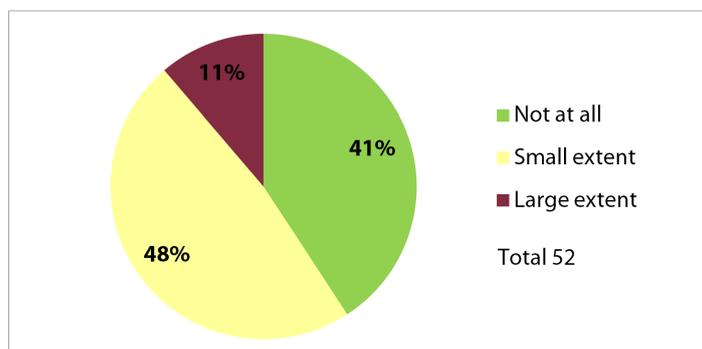
The following sub-chapter 2.1.1 outlines the obstacles to selling goods from other Member States in the EU internal market (hereinafter referred to as “barriers to trade”). It should be noted that barriers to trade can be created by both Member State rules and administrative measures.

Sub-chapter 2.2.2 shows how the trade barriers have developed in recent years.

2.1.1 Current barriers to trade in the internal market

The survey shows that 41% of participants do not see themselves as being hampered by barriers to trade in their Member State. However, 48% said that there are barriers to trade in their Member State which hamper them to a small extent, 11% of participants said that they are hampered by trade barriers to a large extent (see Fig. 5). Thus, about half of the participants feel hampered by barriers to trade in the internal market.

Figure 5: Barriers to the sale of goods from other Member States



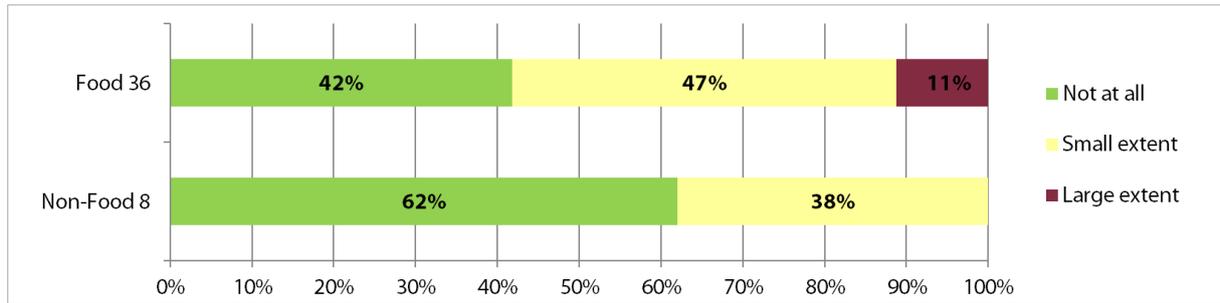
Source: cep

Question: To what extent does the selected Member State hinder your company in selling goods from other Member States in the selected Member State?

Participants from the food sector are more often hampered by trade barriers to a large extent than companies that do not sell food (see Fig. 6). The former also report to be hampered by trade barriers to a small extent more often. However, the differences between the two groups of participants

(food and non-food) are not statistically significant.² Therefore, it cannot be excluded that these are coincidental differences.

Figure 6: Barriers to trade in the food sector



Source: cep

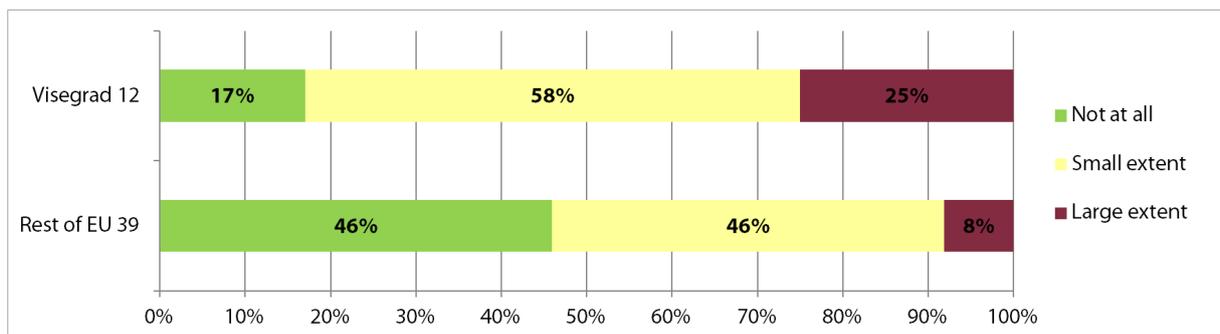
Level of significance: not significant.

Question: To what extent does the selected Member State hinder your company in selling goods from other Member States in the selected Member State?

The numbers next to the group names indicate the number of participants from each group.

Participants in the Visegrád countries stated more often that they are confronted with trade barriers to a large extent than participants in the other Member States. The same is true for restrictions to a small extent due to trade barriers (see Fig. 7). Since the differences between the two groups (Visegrád and “rest of the EU”) are statistically significant, it can be concluded that companies in the Visegrád countries are more likely to be restricted by trade barriers than companies in other Member States.

Figure 7: Barriers to trade in the Visegrád countries



Source: cep

Level of significance: 90%.

Question: To what extent does the selected Member State hinder your company in selling goods from other Member States in the selected Member State?

The numbers next to the group names indicate the number of participants from each group.

² The significance of the differences between the two groups was calculated using the Chi-squared test. Unless otherwise stated, all following significance tests were also carried out with the Chi-squared test.

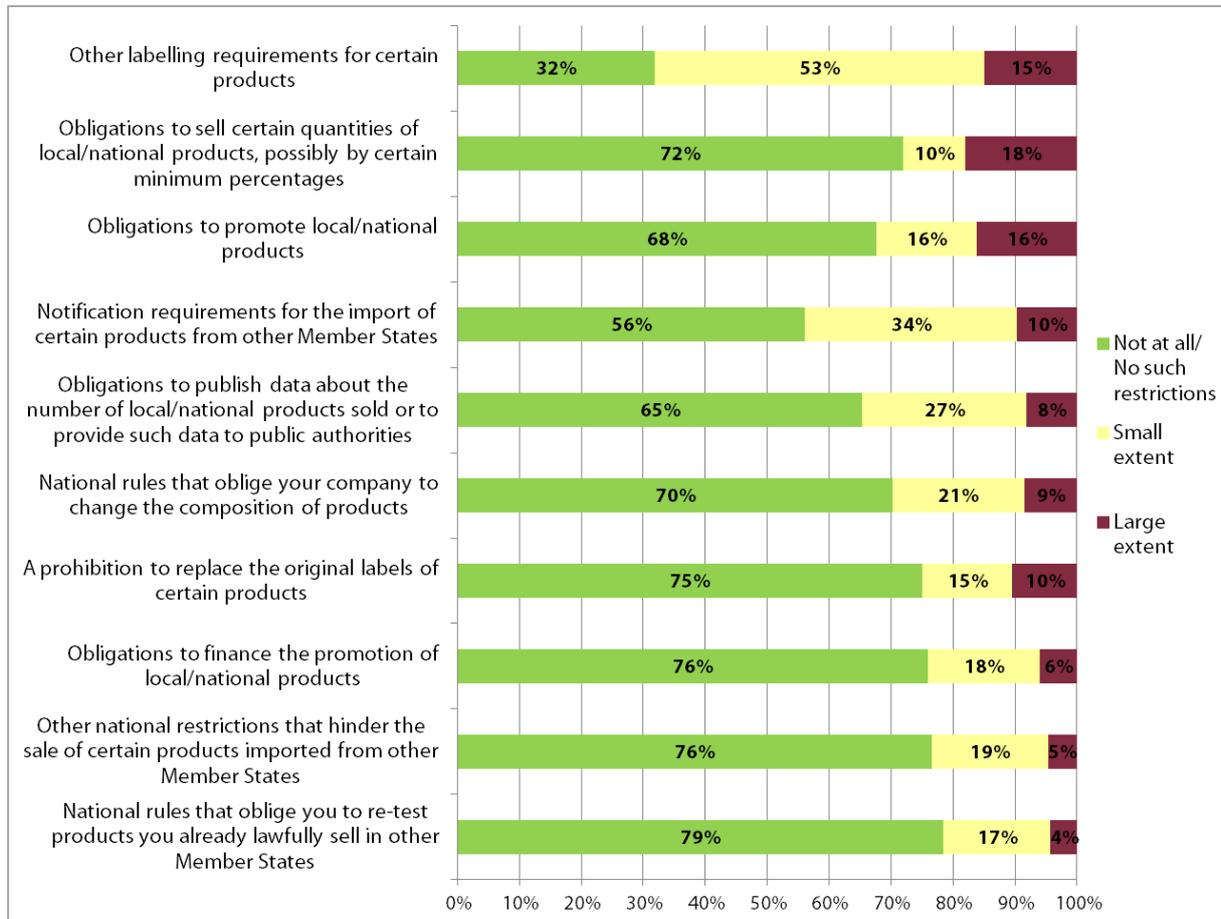
Looking at the various measures which may affect trade in the internal market, it appears that trade is particularly hampered by other requirements for the labelling of goods. **Other labelling requirements** include all labelling requirements except prohibitions to exchange original labels – e.g. by covering or removing them. For the latter type of trade barriers, there was a separate answer option in the questionnaire. More than two-thirds of the participants see themselves restricted by other labelling requirements to a large or small extent when selling goods from other Member States (see Fig. 8). A homogeneity test shows, that the responses regarding this measure significantly differ from the responses regarding the other measures (level of significance 99%).³ This is due to the fact that the participants responding to the questionnaire have rated this trade barrier as a small barrier significantly more frequently than the other trade barriers. In addition, participants stated significantly less frequently that other labelling requirements in the concerned Member State did not constitute an obstacle.

In addition to the other rules on labelling, participants are particularly hampered in selling products from other EU countries by rules which oblige them to sell certain quantities of local and/or national products (hereinafter referred to as “**minimum sales quotas for domestic products**”). 18% of the participants stated that they are hampered by such rules to a large extent. Regarding this measure, the answers also differ significantly from the responses regarding other trade barriers (level of significance 95%). In this case, the reason is that significantly more participants see themselves as being hampered to a large extent by minimum sales quotas for domestic products. At the same time, however, significantly fewer participants are affected by such Member State rules at least to a small extent.

The responses regarding the other trade barriers do not differ significantly.

³ For this purpose, the answers of the remaining measures were grouped together.

Figure 8: Categories of trade barriers in the internal market⁴



Source: cep

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? (Hindrances can be established by legal restrictions as well as administrative measures of authorities).

Since at EU level, the participants feel that they are hampered by labelling requirements and minimum sales quotas for domestic products to a large extent when selling goods from other Member States (and this is a significant number), the answers to these two barriers are presented in detail in the following sub-chapters 2.1.1.1 and 2.1.1.2.

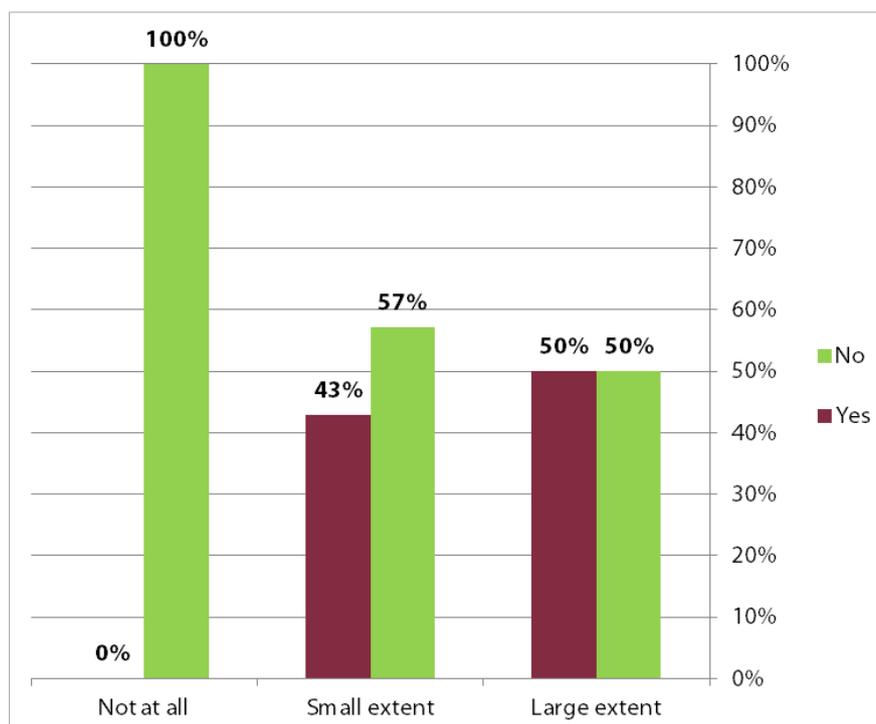
In addition, the responses to the question asking to which extent obligations to promote domestic products are a barrier to trade are also presented in detail (sub-chapter 2.1.1.1.3). Although these do not differ significantly from the answers to the other barriers to trade, a relatively large number of participants – albeit not significantly more – reported that they were hampered by these trade barriers to a large extent.

⁴ The categories are initially sorted according to whether the answers to the relevant category differ significantly from the answers to the other categories. In a second step, the answers were weighted to continue sorting the categories. The percentage of responses that selected “to a large extent” was multiplied by three and added to the percentage of responses that selected “to a small extent”. The categories were then sorted in descending order according to the amount of this sum.

2.1.1.1 Other labelling requirements

Half of the participants who are hampered by other labelling requirements to a large extent when selling products from other Member States, stated that they would offer more products from other Member States if this barrier to trade was eliminated. Of those participants who are hampered by such trade barriers to a small extent, 43% would offer more products from other Member States if such rules were abolished (see Fig. 9). This means: The more a company perceives other labelling requirements as a barrier to trade, the more likely it is that it would offer and therefore import goods from other Member States if the relevant labelling rules ceased to apply. This positive correlation is significant at the 99% level.⁵

Figure 9: Other labelling requirements: impact on imports



Source: cep

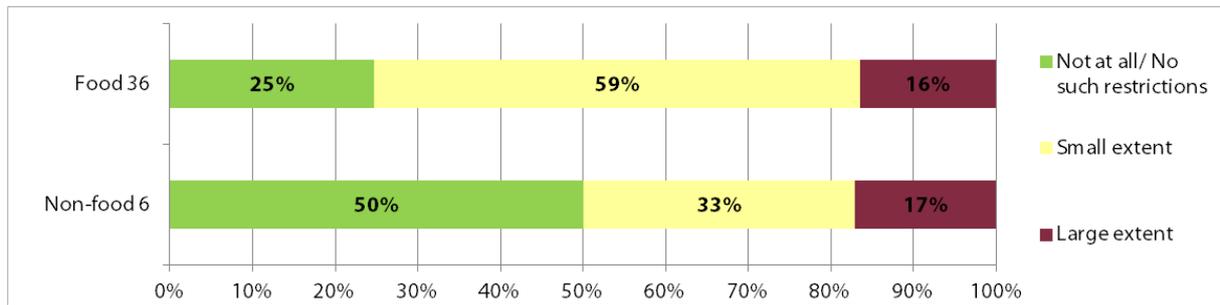
Spearman's rank correlation coefficient: 0.69 (level of significance 99%).

Question: Would your company offer more goods from other Member States in the selected Member State, if the following types of restrictions did not exist? Other labelling requirements for certain products (e.g. more comprehensive information requirements than in the Member State from which the products are imported).

A comparison of the responses of participants from the food sector with those of participants who do not sell food shows that the former are more likely to find that they are hampered by other labelling requirements to a small extent when selling products from another EU country than the latter. In contrast, participants who do not sell foodstuffs often do not perceive other labelling requirements as a trade barrier at all (see Fig. 10). However, the differences are not statistically significant, so they could be coincidental.

⁵ The level of significance is determined via Spearman's rank correlation coefficient.

Figure 10: Other labelling requirements: food sector



Source: cep

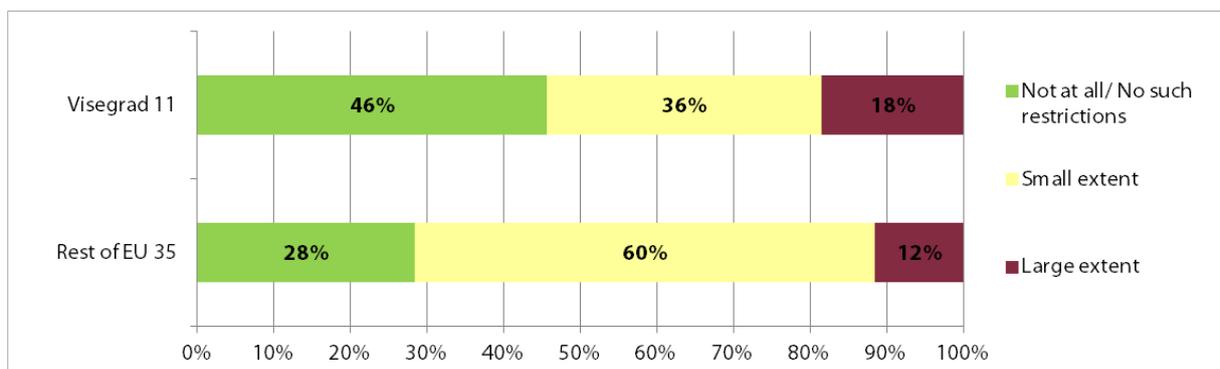
Level of significance: not significant.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Other labelling requirements for certain products (e.g. more comprehensive information requirements than in the Member State from which the products are imported).

The numbers next to the group names indicate the number of participants from each group.

It also becomes evident that participants in the Visegrád countries are more likely to perceive themselves as being hampered to a large extent by other labelling requirements when selling products from another EU country than participants in other Member States. However, there are also relatively more participants in the Visegrád countries who do not feel hampered at all by other labelling requirements (see Fig. 11). Similarly, the differences between the two groups (Visegrád countries and the rest of the EU) are not statistically significant, meaning they could be coincidental as well.

Figure 11: Other labelling requirements: Visegrád countries



Source: cep

Level of significance: not significant.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Other labelling requirements for certain products (e.g. more comprehensive information requirements than in the Member State from which the products are imported).

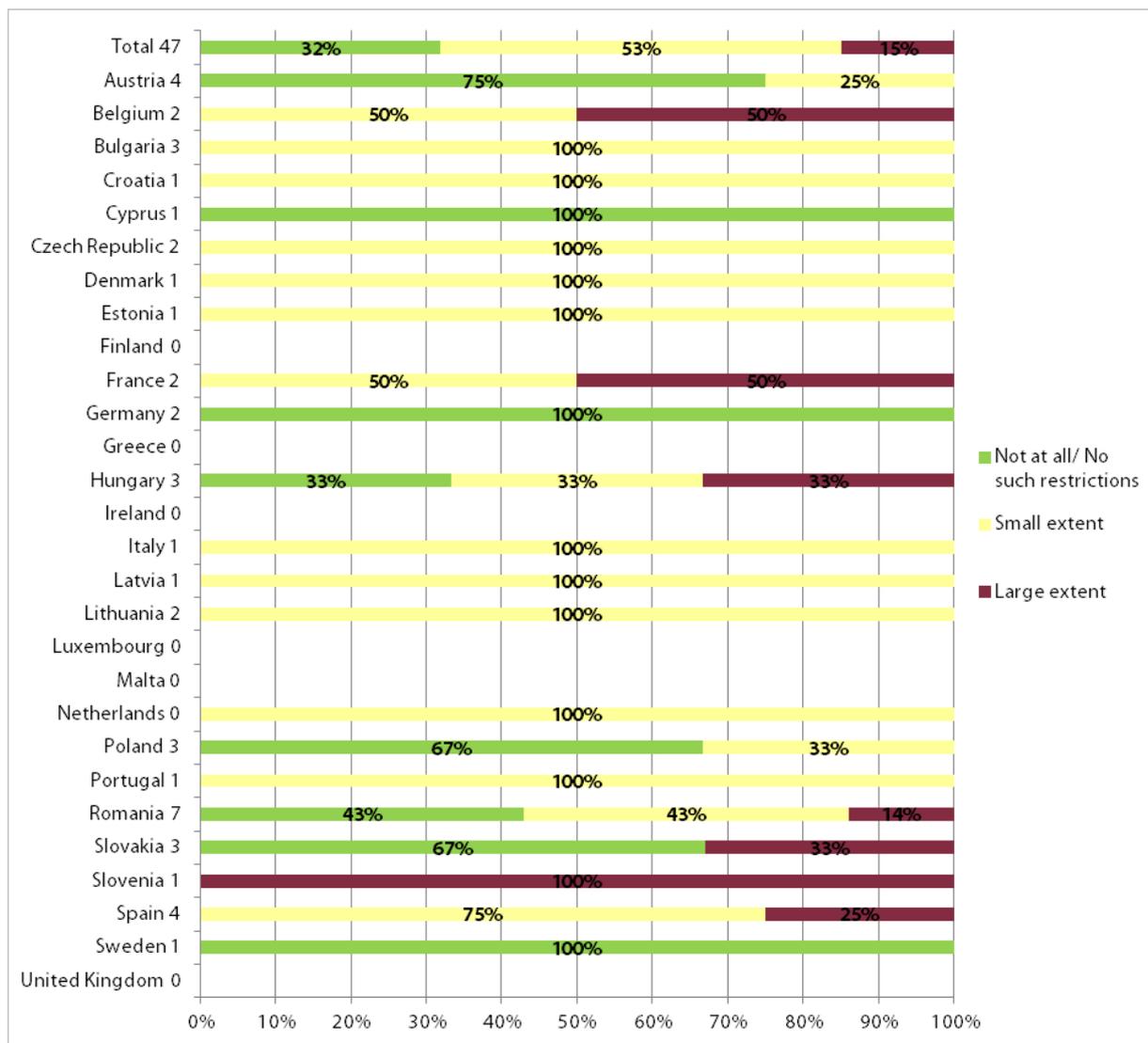
The numbers next to the group names indicate the number of participants from each group.

When comparing at EU level the extent to which other labelling requirements hamper the sale of products from other EU countries, it can be seen that such rules are perceived as a barrier particularly by companies in Slovenia, Belgium and France. In contrast, most companies in Germany, Aus-

tria, Poland, Sweden and Cyprus stated that they were not hampered by such regulations at all (see Fig. 12).

However, results at country level should always be interpreted with the utmost caution, since the number of companies surveyed in the Member States is generally not large enough to be indicative of the totality of all companies in the Member State.

Figure 12: Other labelling requirements: country overview



Source: cep

Level of significance: A test as to whether the responses in each Member State significantly differ from one another cannot be carried out in most Member States due to the small number of participants.

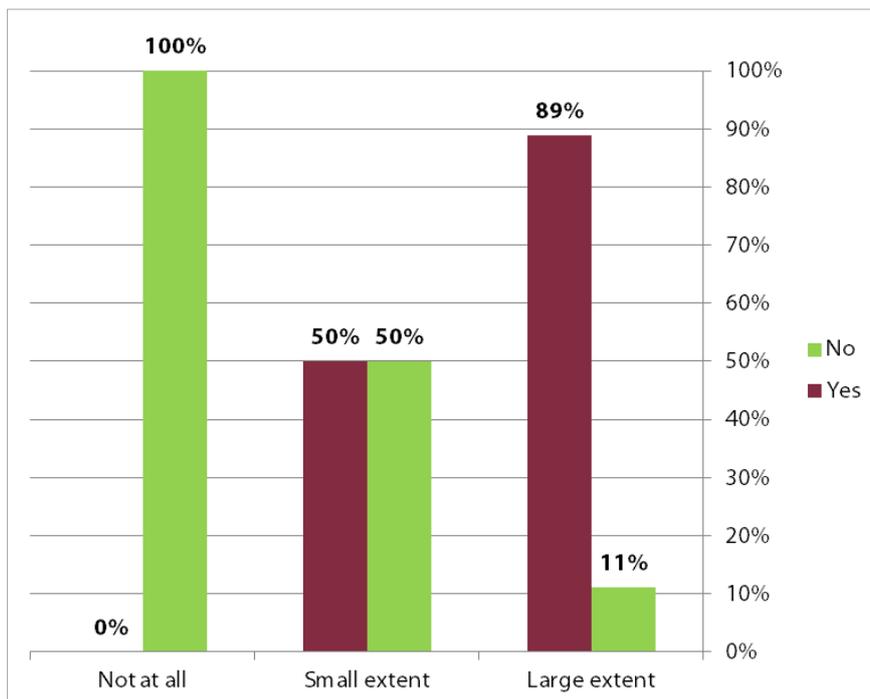
Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Other labelling requirements for certain products (e.g. more comprehensive information requirements than in the Member State from which the products are imported).

The numbers next to the Member State names indicate the number of participants from each Member State.

2.1.1.2 Minimum sales quotas for domestic products

Half of the participants who classify minimum sales quotas for domestic products as hampering to a small extent would offer more goods from other Member States if this type of trade barriers was removed. In the group of participants who indicated that they are hampered to a large extent by such quotas, the figure is as large as 89%. This means: The more a company perceives minimum sales quotas for domestic products as a barrier to trade, the more likely it would offer and therefore import goods from other Member States if the minimum quotas were abolished (see Fig. 13). This positive correlation is significant at the 99% level.

Figure 13: Minimum sales quotas for domestic products: impact on the import of products

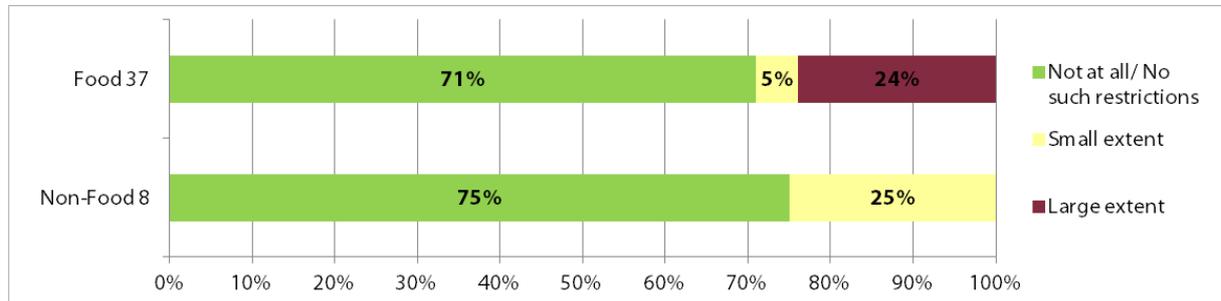


Source: cep

Spearman's rank correlation coefficient: 0.69 (level of significance 99%).

Question: Would your company offer more goods from other Member States in the selected Member State, if the following types of restrictions did not exist? Obligations to sell certain quantities of local/national products, possibly at certain minimum percentages.

Comparing participants from the food sector with those who do not sell food shows that the former are more likely to be hampered to a large extent by minimum sales quotas for domestic products when selling products from other EU countries. On the other hand, participants who do not sell food more often perceive this type of trade barriers as a minor obstacle (see Fig. 14). However, the differences are not large enough to be statistically significant.

Figure 14: Minimum sales quotas for domestic products: food sector

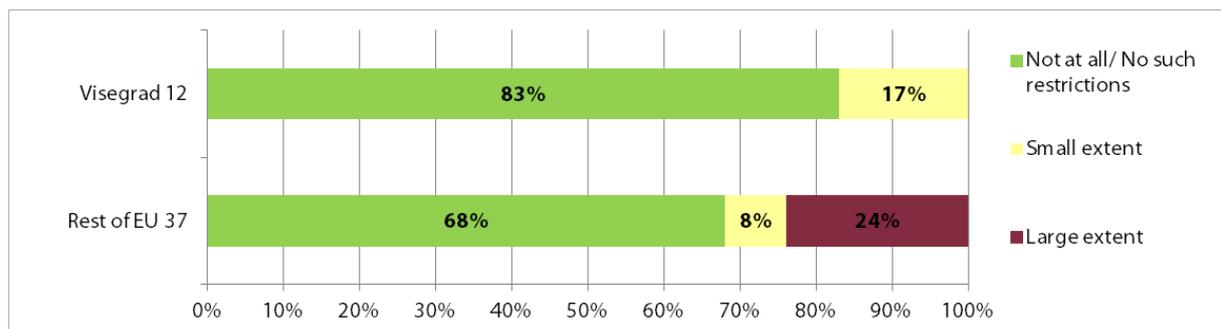
Source: cep

Level of significance: not significant.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Obligations to sell certain quantities of local/national products, possibly at certain minimum percentages.

The numbers next to the group names indicate the number of participants from each group.

A comparison of companies in the Visegrád countries with companies in the rest of the Member States regarding the extent to which they are hampered in selling products from other EU Member States by minimum sales quotas for domestic products, it becomes apparent that such minimum quotas do not constitute a major obstacle for the former (see Fig. 15). In contrast, almost one quarter of the companies in the rest of the Member States indicated that minimum quotas were a major obstacle to the sale of products from other Member States. However, respondents in the Visegrád countries more often stated that they are hampered by such minimum quotas to a small extent. However, the differences between the two groups (Visegrád countries and the rest of the EU) are not statistically significant.

Figure 15: Minimum sales quotas for domestic products: Visegrád countries

Source: cep

Level of significance: not significant.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Obligations to sell certain quantities of local/national products, possibly at certain minimum percentages.

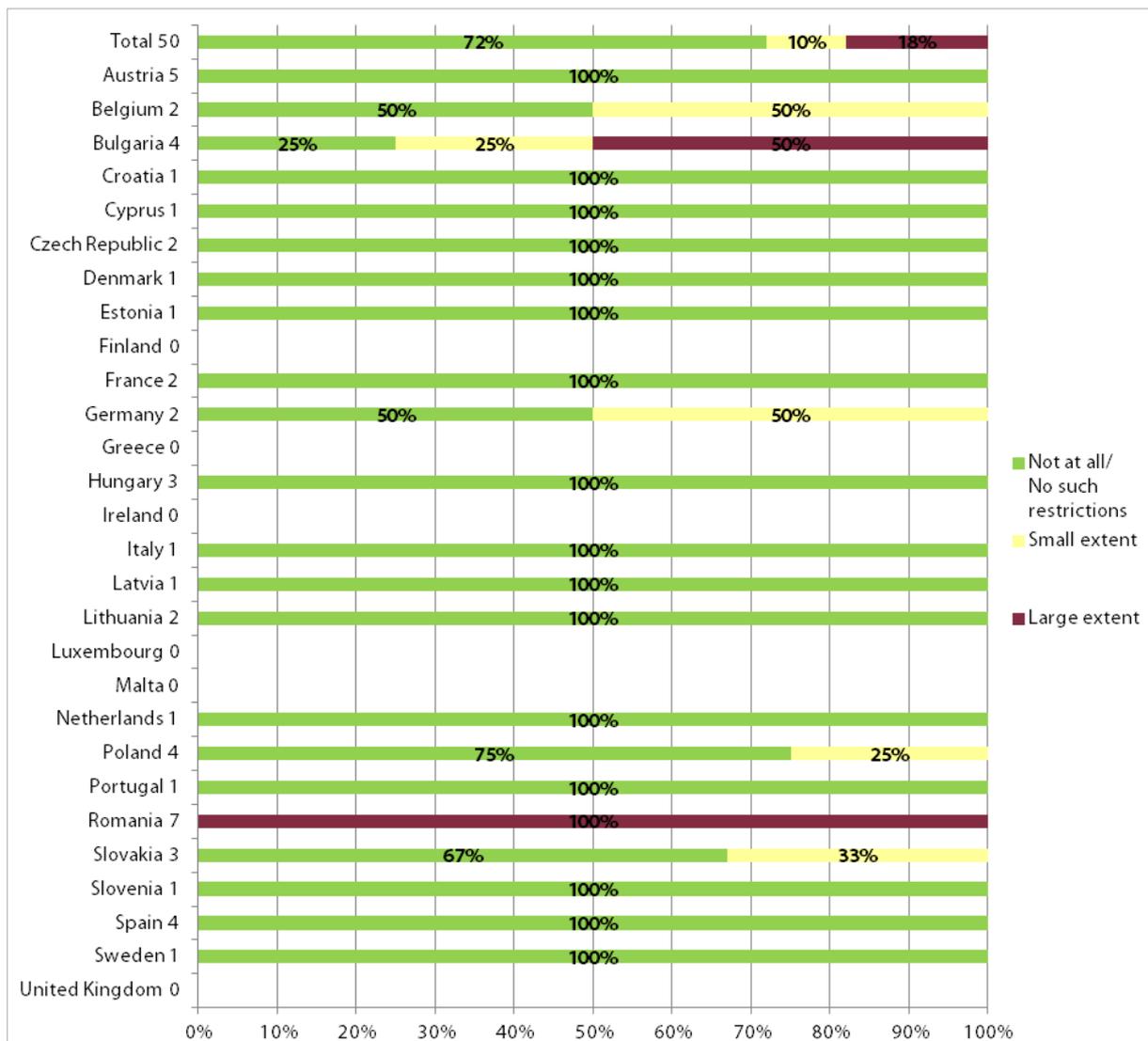
The numbers next to the group names indicate the number of participants from each group.

At the level of the Member States, when assessing the responses of the participants to the question as to what extent they are hampered by minimum sales quotas for domestic products when selling

products from other EU countries, there are concentrations in Romania⁶ and Bulgaria. A comparison of responses at country level shows that the seemingly high relevance of minimum quotas as trade barriers at EU level is mainly due to the responses of Romanian companies. In the vast majority of Member States, all enterprises stated that these minimum quotas do not constitute a barrier to trade at all (see Fig. 16).

However, results at country level should always be interpreted with the utmost caution, since the number of companies surveyed in an individual Member State is generally not large enough to be indicative of the totality of all companies in the Member State.

Figure 16: Minimum sales quotas for domestic products: country overview



Source: cep

Level of significance: A test as to whether the responses in each Member State significantly differ from one another cannot be carried out in most Member States due to the small number of participants.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Obligations to sell certain quantities of local/national products, possibly at certain minimum percentages.

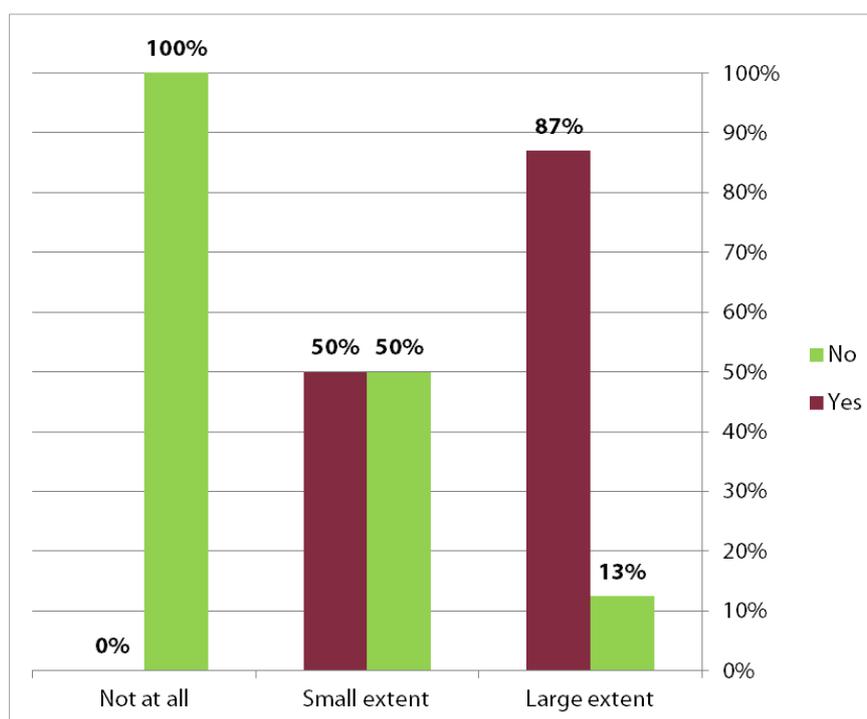
The numbers next to the Member State names indicate the number of participants from each Member State.

⁶ For Romania, see chapter 3.

2.1.1.3 Obligations to promote domestic products

Half of the participants who feel hampered to a small extent by obligations to promote domestic products when selling products from other Member States would offer more products from other EU countries if these obligations were eliminated. Of the participants who consider themselves hampered to a large extent by such obligations, 87% would offer more goods from other EU countries if the corresponding obligations were abolished (see Fig. 17). This means: The more a company perceives obligations to promote domestic products as a barrier to trade, the more likely it is that it would offer and therefore import goods from other Member States if these obligations were abolished. This positive correlation is significant at the 95% level.

Figure 17: Obligations to promote domestic products: impact on the import of products



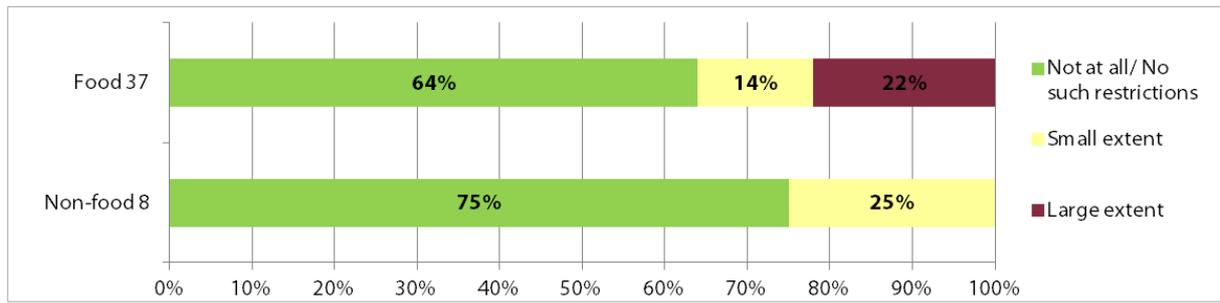
Source: cep

Spearman's rank correlation coefficient: 0.59 (level of significance 95%).

Question: Would your company offer more goods from other Member States in the selected Member State, if the following types of restrictions did not exist? Obligations to promote local/national products.

A comparison of the responses of participants from the food sector with those of participants who do not sell food shows that the former are hampered in the sale of products from other EU countries to a larger extent than the latter. Indeed, while 22% of the participants from the food sector stated that they were hampered by such obligations to a large extent, no participant from the group that does not sell food took this view. Participants who do not sell food also stated more frequently that obligations to promote domestic products are not a barrier to the sale of products from other EU countries (see Fig. 18). However, the differences are not statistically significant. Thus, it cannot be excluded that these are coincidental differences.

Figure 18: Obligations to promote domestic products: food sector



Source: cep

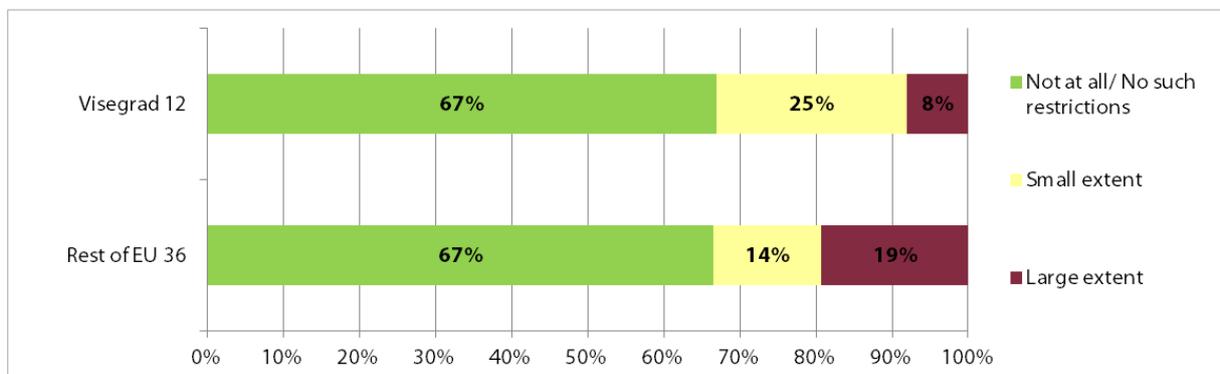
Level of significance: not significant.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Obligations to promote local/national products.

The numbers next to the group names indicate the number of participants from each group.

A comparison of the responses of participants in Visegrád countries with those of the remaining participants shows that the former classify such requirements as being hampering to a large extent in fewer cases than the latter. However, among the participants in the Visegrád countries there are relatively more participants, who perceive such duties as being hampering to a small extent when selling products from other EU countries (see Fig. 19). However, the differences between the two groups (Visegrád countries and the rest of the EU) are not statistically significant.

Figure 19: Obligations to promote domestic products: Visegrád countries



Source: cep

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Obligations to promote local/national products.

The numbers next to the group names indicate the number of participants from each group.

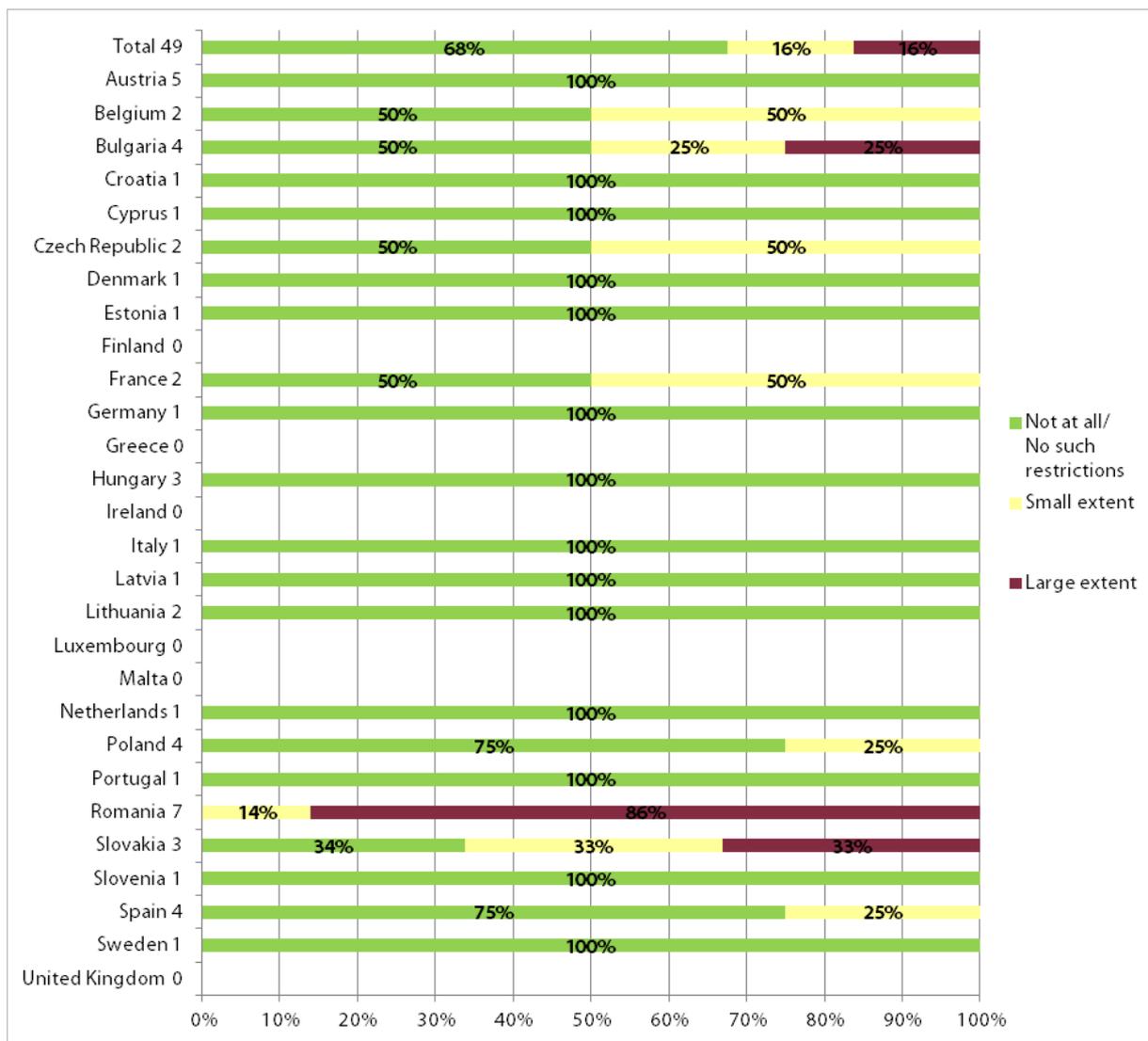
Looking at the responses at Member State level, it becomes apparent that obligations to promote domestic products are a major obstacle to the sale of products from other EU countries particularly for companies in the following Member States: Romania⁷, Slovakia and Bulgaria. However, as with minimum sales quotas for domestic products, it becomes evident that the seemingly high relevance of obligations to promote domestic products as a trade barrier at EU level can be attributed

⁷ For Romania, see chapter 3.

primarily to the responses of companies in Romania. In the vast majority of Member States, all participants stated that these minimum quotas do not constitute a barrier to trade at all (see Fig. 20).

However, results at country level should always be interpreted with the utmost caution, since the number of companies surveyed in an individual Member State is generally not large enough to be indicative of the totality of all companies in the Member State.

Figure 20: Obligations to promote domestic products: country overview



Source: cep

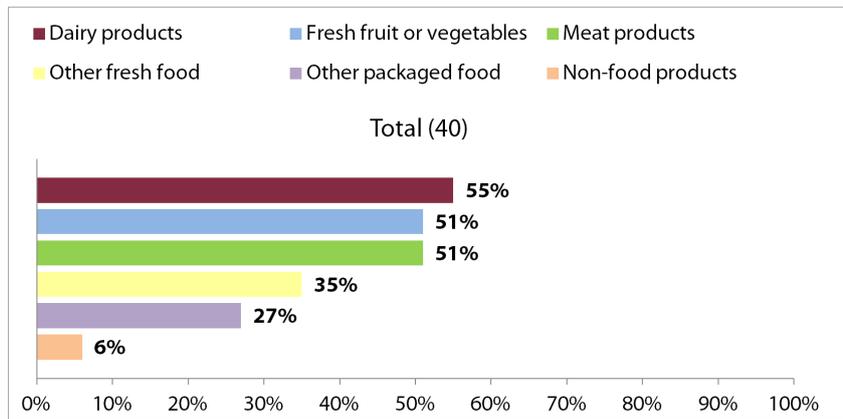
Level of significance: A test as to whether the responses in each Member State significantly differ from one another cannot be carried out in most Member States due to the small number of participants.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? Obligations to promote local/national products.

The numbers next to the Member State names indicate the number of participants from each Member State.

The following categories of goods are particularly affected by attempts by Member States to “encourage” the sale of domestic products (e.g. via minimum sales quotas for domestic products or obligations to promote them in any other way): dairy products, fresh fruit and vegetables as well as meat products (see Fig. 21).

Figure 21: Obligations to promote domestic products: affected product categories



Source: cep

Question: What categories of goods are subject to efforts by the selected Member State to promote the sale of local/national products?

2.1.2 Development of trade barriers for businesses in the internal market

After Chapter 2.1.1 examined which measures are considered to be particularly trade-restrictive by the participants, we will now examine how the trade-restrictive measures have developed since 2012. The analysis of this question shows that two trade-restrictive measures in particular have increased (see Fig. 22):⁸

- obligations to promote domestic products and
- minimum sales quotas for domestic products.⁹

The development of trade-restrictive measures as perceived by the participants is therefore largely in line with their assessment of the current barriers to trade.¹⁰ This is because both obligations to promote domestic products as well as minimum sales quotas for domestic products are classified as obstacles to the sale of products from other EU countries by an above-average number of participants.

The answers to the question of how other labelling requirements have developed since 2012 are also interesting. In this case, an above-average number of participants stated that such regulations have decreased (9%) since 2012 or that there has not been any change (42%). A reduction of this type of trade-restricting legislation has taken place particularly in Bulgaria, Hungary, Croatia and Spain. According to the participants, there were no changes in Belgium, Denmark, France, Italy and the Netherlands. However, due to the small sample size, these statements at country level only

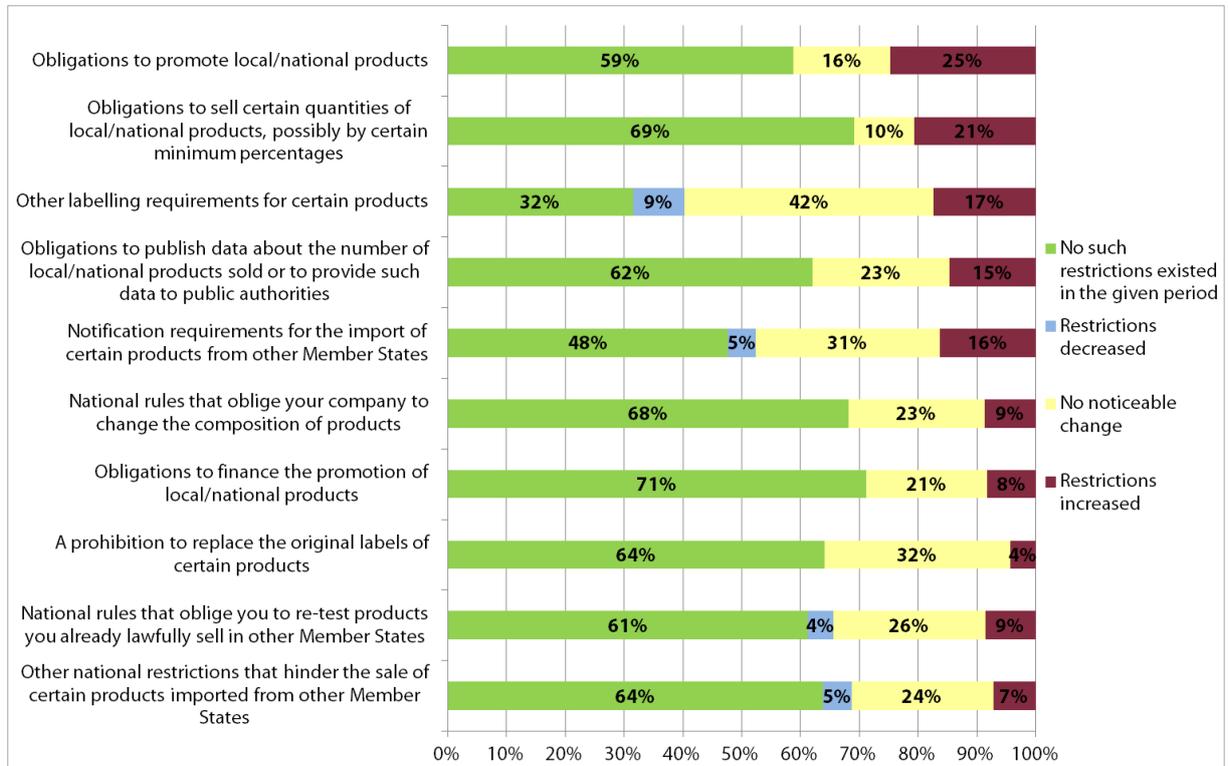
⁸ The differences between the answers are significant at the 95% level.

⁹ The responses to this measure also differ significantly from those to the remaining measures because very few participants believe that there has not been any change regarding this measure in their Member State.

¹⁰ See chapter 2.1.1.

offer preliminary guidance. In order to be able to make reliable statements, more comprehensive results from the individual countries would have to be available.

Figure 22: Development of the categories trade barriers¹¹



Source: cep

Question: How have the following types of restrictions on the sale of goods from other Member States evolved in the selected Member State since 2012?

All in all, the data reveals that obligations to promote domestic products and minimum quotas are increasingly restricting trade in the internal market. Other labelling requirements also affect trade in the internal market, but this barrier shows a downward trend.

¹¹ The categories are initially sorted according to whether the answers to the relevant category differ significantly from the answers to the other categories. In a second step, the answers were weighted to continue sorting the categories. The weighting is carried out in descending order according to the following value: $((\text{"increased"} - \text{"decreased"}) * 2 + ((100\% - \text{"no restrictions exist"}) * \text{"no noticeable change"}))$.

Preliminary conclusion

The survey found that 59% of respondents were hampered by trade-restrictive measures to a small (48%) or large (11%) extent when selling products from other EU countries. Companies in the Visegrád countries are particularly affected. It cannot be concluded with absolute certainty whether participants from the food sector are more affected by such measures than those who do not sell food.

The biggest barriers to selling products from other Member States arise as a result of the following measures "other labelling requirements", "minimum sales quotas for domestic products" and "obligations to promote domestic products". An assessment of the evolution of trade-restrictive measures shows that two of the three most detrimental barriers to trade have increased significantly more strongly since 2012 than the remaining measures. These are "minimum sales quotas for domestic products" and "obligations to promote domestic products". The situation is different with regard to trade barriers due to other labelling requirements. These have not increased since 2012, but have even tended to decrease.

2.2 Discrimination against foreign companies in the internal market

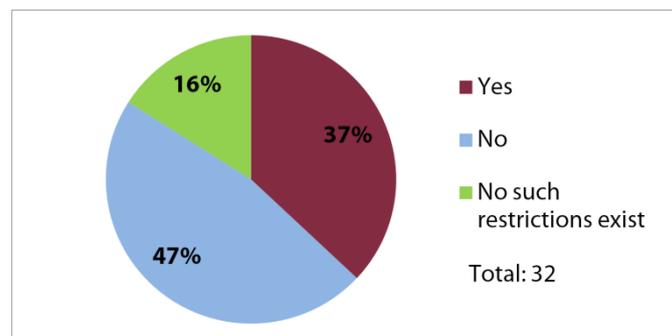
The following section examines the extent to which foreign participants feel discriminated against by trade barriers in the internal market vis-à-vis their domestic competitors. For this purpose, sub-chapter 2.2.1 examines whether foreign participants feel that they are more severely hampered by the trade barriers described in chapter 2.1 than domestic competitors. Sub-chapter 2.2.2 then analyses whether foreign participants feel that they are at a disadvantage compared with domestic competitors when operating, opening or expanding subsidiaries in the respective Member State.

2.2.1 Discrimination against foreign companies due to trade barriers

Discriminating against foreign companies vis-à-vis domestic companies through national barriers to trade has a double negative effect. On the one hand, such national barriers restrict the free movement of goods within the internal market by impeding cross-border trade in goods. On the other hand, such barriers can prevent companies from opening a branch in another EU country. For example, this is the case, if a foreign company offers significantly more products from other EU countries than domestic competitors and therefore relies more heavily on the free movement of goods in the internal market. The negative consequences – higher prices and a lower choice of products – are mainly borne by consumers.

The following figure (see Fig. 23) shows that across the EU, 37% of foreign participants feel discriminated against by trade barriers vis-à-vis their domestic competitors. Foreign participants feel they are at a disadvantage most often in Bulgaria and Hungary. However, the majority of foreign participants (63%) do not feel discriminated against by trade barriers, because either there are no trade barriers in the Member State concerned (16%) or foreign companies are not affected more severely by existing trade barriers than domestic competitors (47%). It is therefore impossible to conclude that foreign companies are automatically discriminated against by trade barriers.

Figure 23: Discrimination against foreign companies due to trade barriers



Source: cep

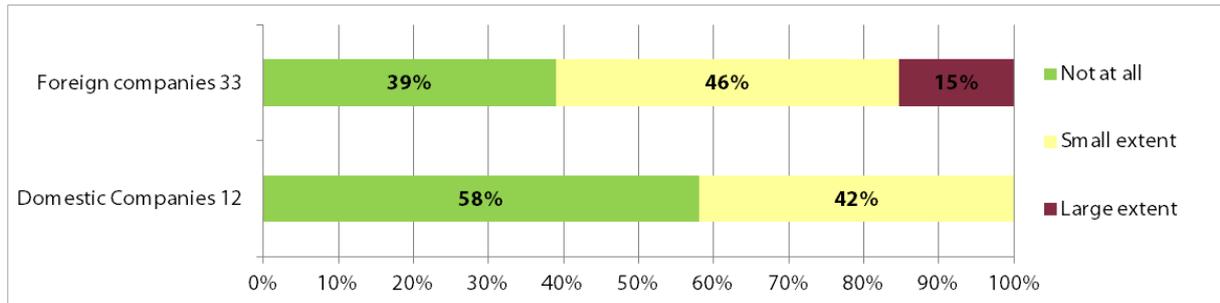
Question: Do you think your company is more affected by national obstacles to trade within the EU than domestic competitors from the selected Member State?

A similar picture emerges when comparing the responses of foreign and domestic participants to the question as to what extent their company is hampered in the sale of products from another EU country by the selected Member State. It can be seen that across the EU, 15% of foreign participants specify that they are hampered to a large extent by trade barriers in the respective Member State. On the other hand, none of the domestic participants indicated that they were hampered to a large extent by trade barriers in the Member State concerned. At the same time, more domestic

than foreign participants stated that they were not affected by trade barriers at all in the respective Member State.

All in all, the results show that foreign companies feel more hampered in selling products from other EU countries than domestic companies. Thus, in addition to Fig. 23, Fig. 24 also points towards a discrimination against foreign companies by trade barriers. However, the differences between the two groups are not statistically significant (see Fig. 24).

Figure 24: Comparison of the impact of trade barriers on foreign and domestic participants



Source: cep

Level of significance: not significant.

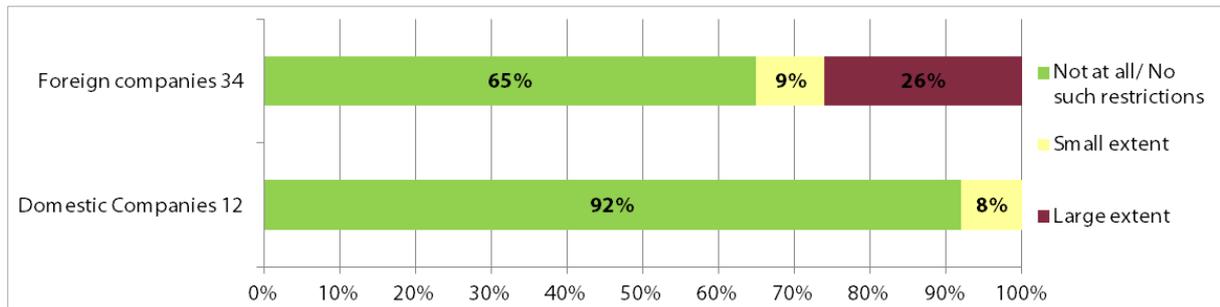
Question: To what extent does the selected Member State hinder your company in selling goods from other Member States in the selected Member State?

The numbers next to the group names indicate the number of participants from each group.

Therefore, the following section examines which trade-restrictive measures particularly contribute to foreign participants feeling more affected than domestic participants. To this end, the responses of foreign and domestic companies to the question as to what extent they feel hampered by a particular trade barrier in the sale of products from other EU countries will be compared. A comparison shows that the responses of foreign and domestic participants significantly differ regarding some of the measures. These are presented below.

Domestic participants stated significantly less frequently than foreign participants that minimum sales quotas for domestic products hamper the sale of products from other EU countries to a large extent¹² (see Fig. 25). Since the difference is significant, it can be assumed that the differences between the two groups are not coincidental, i.e. foreign companies are discriminated against by minimum quotas.

¹² In order to be able to carry out a significance test, the responses “to a small extent” and “to a large extent” were pooled into one group.

Figure 25: Discrimination due to minimum sales quotas for domestic products

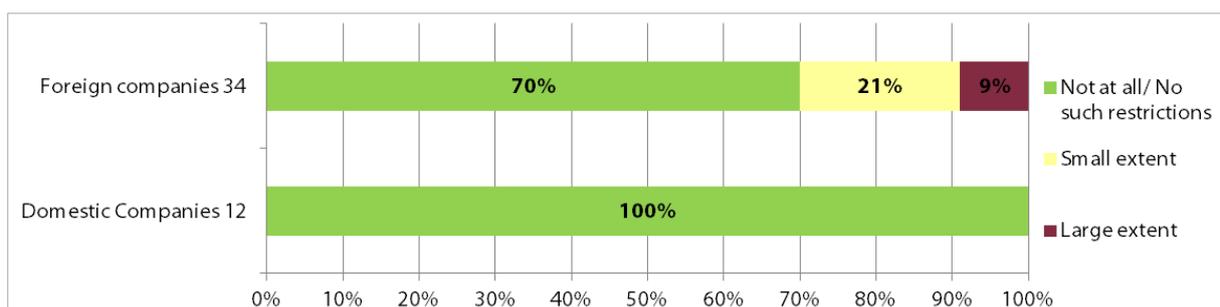
Source: cep

Level of significance: 90% In the significance test, the responses “to a small extent” and “to a large extent” were pooled into one group so that the number of responses for each response option would be large enough.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? (Hindrances can be established by legal restrictions as well as administrative measures of authorities). Obligations to sell certain quantities of local/national products, possibly at certain minimum percentages.

The numbers next to the group names indicate the number of participants from each group.

There is also a significant difference in the responses of foreign and domestic participants regarding measures that force companies to promote the sale of domestic products – for example through compulsory contributions to a marketing fund (hereinafter referred to as “obligations to fund the promotion of domestic products”). When asked to what extent such regulations hamper the sale of products from other Member States, 30% of foreign participants stated that they are hampered by the respective regulations in the Member State concerned to a large or at least small extent¹³. In contrast, 100% of domestic participants in the respective Member State do not perceive any barriers to trade of this kind (see Fig. 26). As this difference is significant, it can be assumed that foreign companies are discriminated against by obligations to fund the promotion of domestic products.

Figure 26: Discrimination due to obligations to fund the promotion of domestic products

Source: cep

Level of significance: 95% In the significance test, the responses “to a small extent” and “to a large extent” were pooled into one group so that the number of responses for each response option would be large enough.

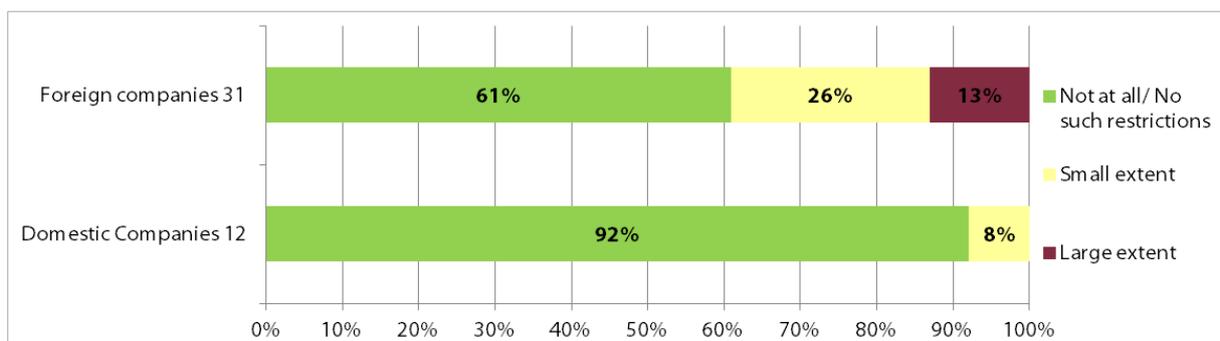
Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? (Hindrances can be established by legal restrictions as well as administrative measures of authorities). Obligations to finance the promotion of domestic products (e.g. to contribute to a marketing fund that promotes domestic products).

The numbers next to the group names indicate the number of participants from each group.

¹³ In order to be able to carry out a significance test, the responses “to a small extent” and “to a large extent” were pooled into one group.

There are also significant differences between the responses of foreign and domestic companies to the question as to whether they are hampered by regulations on the product composition of EU goods when selling products from other EU countries. Such rules require companies to adapt the composition of products which are already being marketed lawfully in other Member States in order to be able to sell them in the Member State concerned. For example, this is the case, when individual Member States unilaterally prohibit the use of individual ingredients in certain products, such as microplastic particles in cosmetic products. Domestic participants stated much less frequently than foreign participants that they are hampered to a large or at least a small extent¹⁴ by trade barriers of this kind when selling products from other Member States (see Fig. 27). Since the differences are significant, it can be assumed that the differences between the two groups are not coincidental. In comparison to domestic companies, foreign companies are thus discriminated against by regulations on the product composition of EU goods when selling products from other EU countries.

Figure 27: Discrimination due to regulations on the product composition of EU goods



Source: cep

Level of significance: 90% In the significance test, the responses “to a small extent” and “to a large extent” were pooled into one group so that the number of responses for each response option would be large enough.

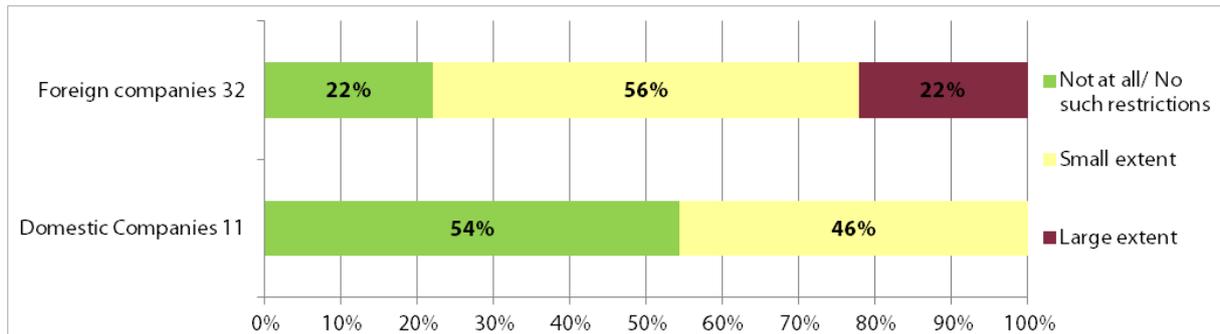
Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? (Hindrances can be established by legal restrictions as well as administrative measures of authorities.) National rules that oblige your company to change the composition of products.

The numbers next to the group names indicate the number of participants from each group.

When selling products from other EU countries, domestic participants (46%) also feel significantly less often affected to a small or large extent¹⁵ by other labelling requirements than foreign participants (78%) (see Fig. 28). Since these differences are also significant, it can be deduced that in comparison with domestic companies, foreign companies are discriminated against by other labelling requirements.

¹⁴ In order to be able to carry out a significance test, the responses “to a small extent” and “to a large extent” were pooled into one group.

¹⁵ In order to be able to carry out a significance test, the responses “to a small extent” and “to a large extent” were pooled into one group.

Figure 28: Discrimination due to other labelling requirements

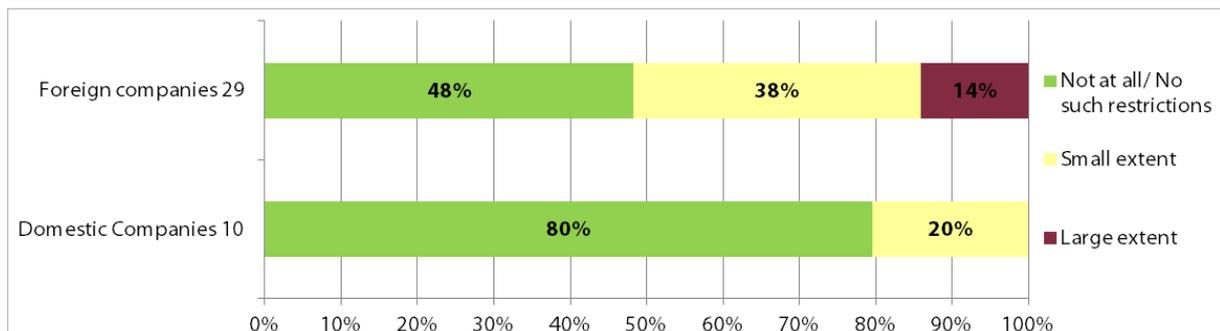
Source: cep

Level of significance: 95% In the significance test, the responses “to a small extent” and “to a large extent” were pooled into one group so that the number of responses for each response option would be large enough.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? (Hindrances can be established by legal restrictions as well as administrative measures of authorities.) Other labelling requirements for certain products (e.g. more comprehensive information requirements than in the Member State from which the products are imported).

The numbers next to the group names indicate the number of participants from each group.

Finally, when selling products from other EU countries, domestic participants are considerably less likely than foreign participants to feel hampered to a large or small extent¹⁶ (see Fig. 29) by national regulations which oblige companies to report the import of certain products to an authority of the importing country (hereinafter referred to as “notification requirements for the import of goods”). Due to the significance of the differences, it can be deduced that foreign companies are discriminated against vis-à-vis domestic competitors by notification requirements for the import of goods.

Figure 29: Discrimination due to notification requirements for the import of goods

Source: cep

Level of significance: 90% In the significance test, the responses “to a small extent” and “to a large extent” were pooled into one group so that the number of responses for each response option would be large enough.

Question: To what extent does the selected Member State hinder the sale of goods from other Member States by way of the following types of restrictions? (Hindrances can be established by legal restrictions as well as administrative measures of authorities.) Notification requirements for the import of certain products from other Member States (e.g. 24-hour prior notice on the import of fresh fruit).

The numbers next to the group names indicate the number of participants from each group.

¹⁶ In order to be able to carry out a significance test, the responses “to a small extent” and “to a large extent” were pooled into one group.

The following table summarises the results once again:

Table 1: Discrimination against foreign companies due to trade-restrictive measures

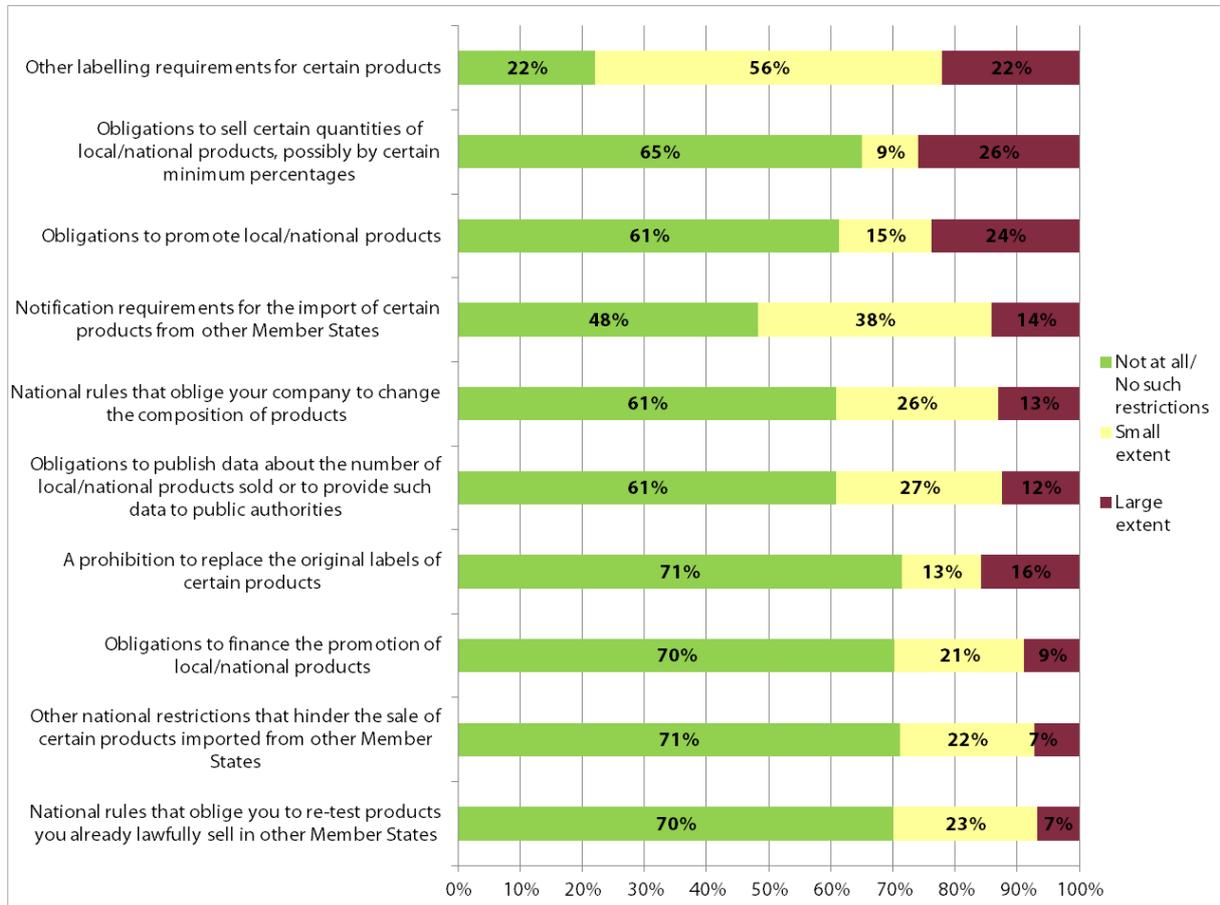
Trade-restrictive measures that lead to discrimination against foreign enterprises vis-à-vis domestic ones:

Minimum sales quotas for domestic products
Obligations to fund the promotion of domestic products
Regulations on the product composition of EU goods
Other labelling requirements
Notification requirements for the import of goods

Source: cep.

Comparing Table 1 with the measures that foreign participants classify as being most obstructive when selling products from another EU country, there are some similarities. Thus, other labelling requirements are not only the biggest barrier to trade for foreign companies (see Fig. 30), but also affect foreign companies significantly more than domestic companies when selling products from another EU country (see Fig. 28). The same is true for minimum sales quotas for domestic products. These measures are not only the second biggest barrier to trade for foreign companies (see Fig. 30), but also affect foreign companies more heavily than domestic companies (see Fig. 25). According to foreign participants, notification requirements for the import of goods also constitute a major obstacle to the sale of products from other EU countries. At the same time, foreign companies are more affected by such measures than domestic competitors (see Fig. 29).

The remaining two trade-restrictive measures which discriminate against foreign companies (“obligations to fund the promotion of domestic products” and “regulations on the product composition of EU goods”), only have a moderate effect on foreign companies when selling products from other EU countries.

Figure 30: Categories of trade barriers against foreign companies¹⁷

Source: cep

This will allow the sorting of the discriminatory trade-restrictive measures according to their negative effects:

Table 2: Discriminatory trade-restrictive measures, sorted by severity

Trade-restrictive measures that lead to discrimination against foreign enterprises vis-à-vis domestic ones:
1. Other labelling requirements
2. Minimum sales quotas for domestic products
3. Notification requirements for the import of goods
4. Regulations on the product composition of EU goods
5. Obligations to fund the promotion of domestic products

¹⁷The categories are initially sorted according to whether the answers to the relevant category differ significantly from the answers to the other categories. In a second step, the answers were weighted to continue sorting the categories. The percentage of responses that selected "to a large extent" was multiplied by three and added to the percentage of responses that selected "to a small extent". The categories were sorted in descending order according to the amount of this sum.

The EU Commission should set the following priorities in reducing discriminatory trade barriers.

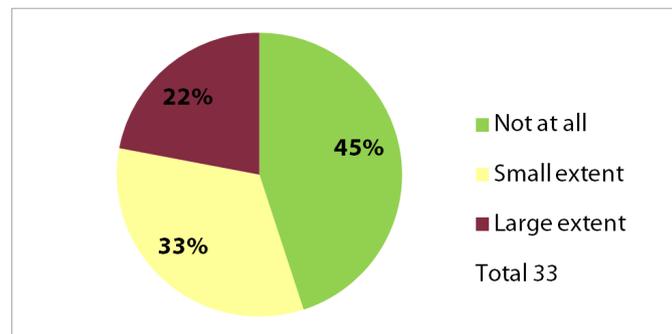
2.2.2 Discrimination against foreign companies in the operation, opening or expansion of subsidiaries

Sub-chapter 2.2.2.1 below examines the extent to which foreign participants feel that they are discriminated against in the operation, opening or expansion of subsidiaries in the respective Member State vis-à-vis domestic competitors, irrespective of the origin of the goods traded. Sub-chapter 2.2.2.2 then examines how potential discrimination against foreign companies in the operation, opening or expansion of subsidiaries has developed since 2012.

2.2.2.1 Current discrimination against foreign companies in the operation, opening or expansion of subsidiaries

The survey shows that 45% of foreign participants do not feel that they are currently discriminated against vis-à-vis domestic competitors when operating their subsidiaries in the respective Member State. However, the majority of foreign participants in each Member State are subject to discriminatory restrictions in the operation of their subsidiaries. 22% of foreign participants stated that in the operation of their subsidiaries, they were even affected by discriminatory restrictions to a large extent (see Fig. 31).

Figure 31: Discriminatory restrictions against foreign companies with respect to the operation of subsidiaries

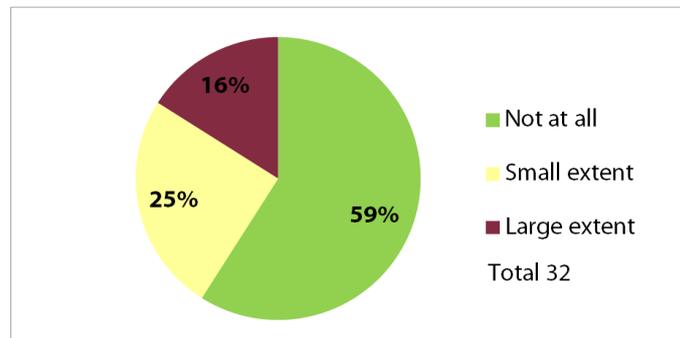


Source: cep

Question: To what extent do discriminatory restrictions hamper your company's retail operations in the selected Member State?

Foreign participants are considerably less likely to feel discriminated against when opening or expanding subsidiaries. More than half of the foreign participants (59%) stated that they are not placed at a disadvantage in the opening or expansion of subsidiaries in the respective Member State compared to domestic competitors. However, 41% of foreign participants said that they were affected by discriminatory restrictions to a large or small extent when opening or expanding subsidiaries (see Fig. 32).

Figure 32: Discriminatory restrictions against foreign companies with respect to the opening or expansion of subsidiaries



Source: cep

Question: To what extent do discriminatory restrictions hinder your company in opening new shops or enlarging existing ones in the selected Member State?

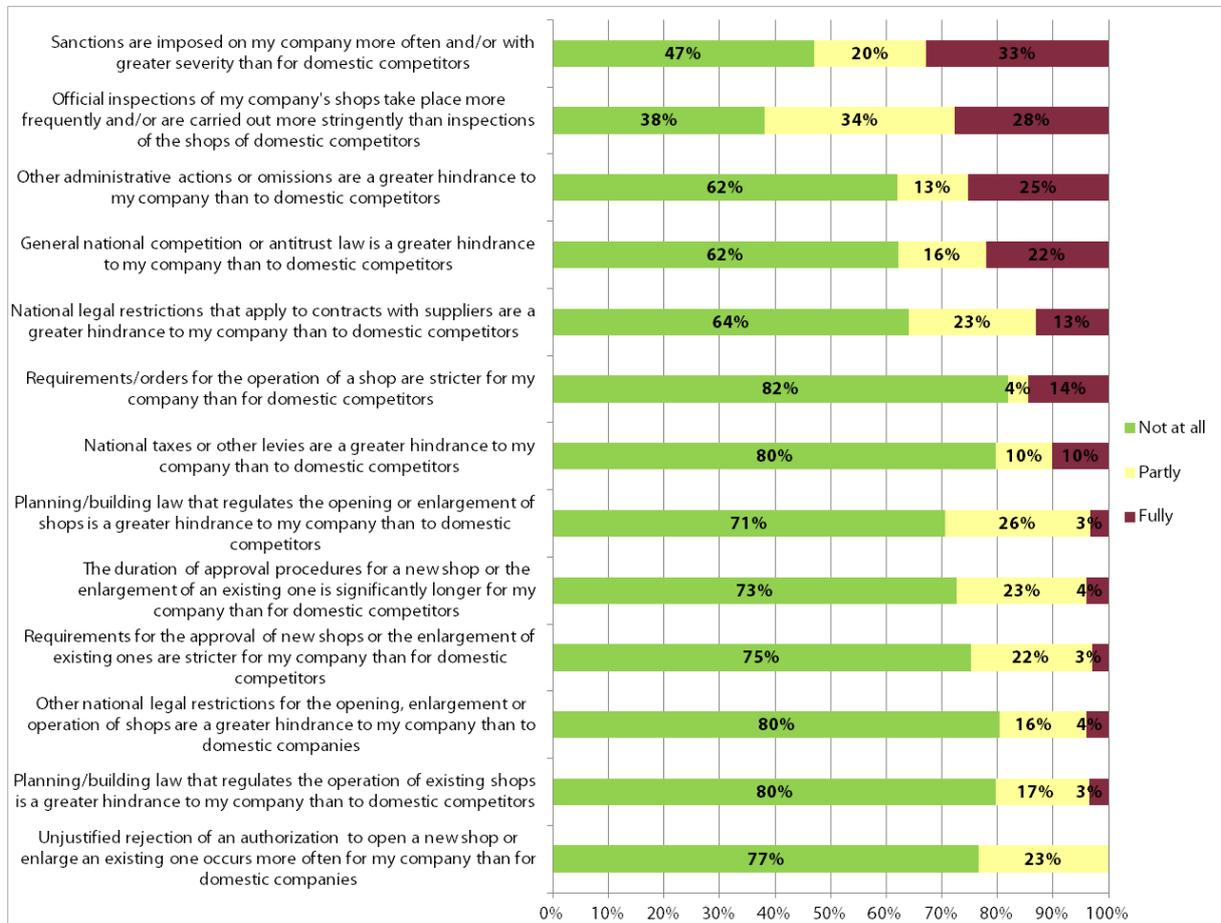
In the following, it is examined which specific measures result in foreign companies feeling discriminated against vis-à-vis domestic competitors in the operation, opening or expansion of subsidiaries.

The results of the survey show that foreign participants (33%) feel that they are most severely discriminated against by more frequent and/or stricter official sanctions (hereinafter referred to as "official sanctions") vis-à-vis domestic competitors (see Fig. 33). A similar statement can be made for more frequent and/or stricter official controls of the subsidiaries of foreign participants (hereinafter referred to as "official controls") in comparison with domestic competitors. Such discriminatory official controls also play a major role in making foreign participants feel discriminated against (28%) or partially discriminated against (34%) vis-à-vis domestic competitors.

The responses regarding these two measures differ significantly from the responses to the remaining measures. It can be ruled out with a certainty level of 99% that the greater discrimination of these two measures, compared to the other measures, is coincidental.

The operation of subsidiaries is hampered by both official sanctions and official controls. Thus, these answers are in line with the previous findings that foreign participants feel discriminated against primarily in the operation of subsidiaries.

Figure 33: Individual discriminatory measures in the operation, opening or expansion of subsidiaries



Source: cep

Question: To what extent do you agree with the following statements regarding the selected Member State?

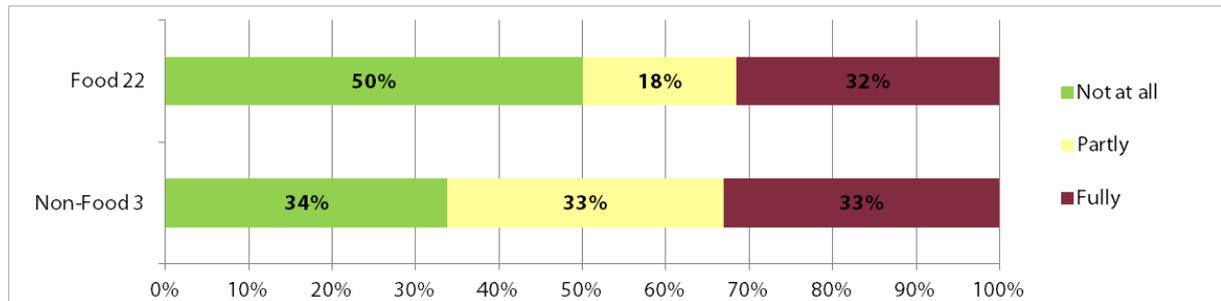
The following section will describe in detail the two measures (official sanctions and official controls), which contribute most to the fact that foreign participants feel discriminated against vis-à-vis domestic competitors when operating subsidiaries. In addition, the results for “other administrative measures” will be presented – i.e. any form of administrative action or omission not covered by the other surveyed measures. This is because a comparatively high number of foreign participants feel discriminated against by these measures as well. In contrast to the first two measures mentioned above, the responses to this measure do not (albeit only just) significantly differ from the responses to the other measures.

2.2.2.1.1 Discrimination by means of official sanctions

The survey results show that foreign participants from the food sector feel discriminated against by official sanctions vis-à-vis domestic competitors roughly as often as foreign participants who do not sell food. However, foreign participants from the food sector feel partly discriminated against by official sanctions less frequently than foreign participants who do not sell food. Half of the foreign participants from the food sector do not feel discriminated against at all by official sanctions

vis-à-vis domestic competitors. Of the foreign participants who do not sell food, this number is only 34% (see Fig. 34). The differences between the two groups are not significant.¹⁸ Therefore, it cannot be concluded with certainty that foreign companies that do not sell foodstuffs are more severely affected by discriminatory official sanctions than foreign companies in the food sector.

Figure 34: Discrimination by means of official sanctions: food sector



Source: cep

Level of significance: not significant. In the significance test, the responses “partly” and “fully” were pooled into one group so that the number of responses for each response option would be large enough.

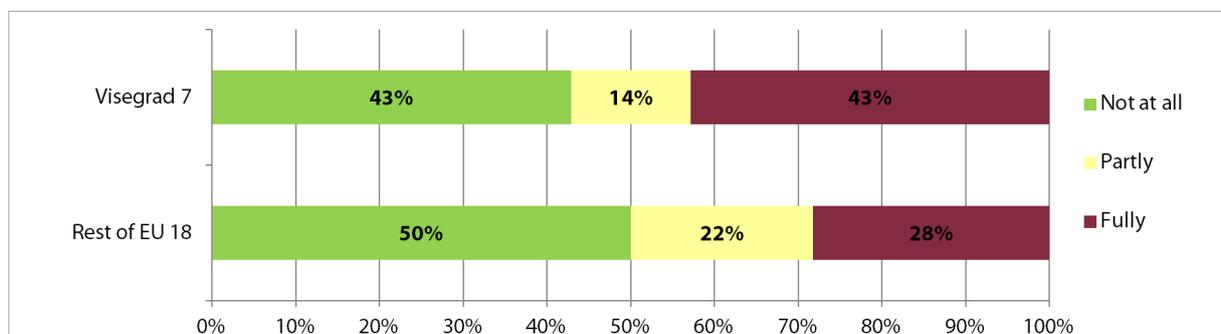
Question: To what extent do you agree with the following statements regarding the selected Member State? Sanctions are imposed on my company more often and/or with greater severity than for domestic competitors.

The numbers next to the group names indicate the number of participants from each group.

A comparison of the responses of the foreign participants in Visegrád countries with those of other foreign participants shows somewhat larger differences. While 43% of foreign participants in Visegrád countries feel discriminated against by official sanctions vis-à-vis domestic competitors, only 28% of foreign participants in the rest of the Member States share this assessment. However, foreign participants in the rest of the Member States are more likely to feel that they are only partially discriminated against by official sanctions than foreign participants in the Visegrád countries (see Fig. 35).

However, again, the differences between the two groups are not significant.¹⁹ Consequently, it cannot be concluded that foreign companies in the Visegrád countries are discriminated against by official sanctions more than foreign companies in other Member States.

Figure 35: Discrimination by means of official sanctions: Visegrád countries



¹⁸ In order to be able to carry out a significance test, the responses “partly discriminated against” and “discriminated against” were pooled into one group.

¹⁹ In order to be able to carry out a significance test, the responses “partly discriminated against” and “discriminated against” were pooled into one group.

Source: cep

Level of significance: not significant. In the significance test, the responses “partly” and “fully” were pooled into one group so that the number of responses for each response option would be large enough.

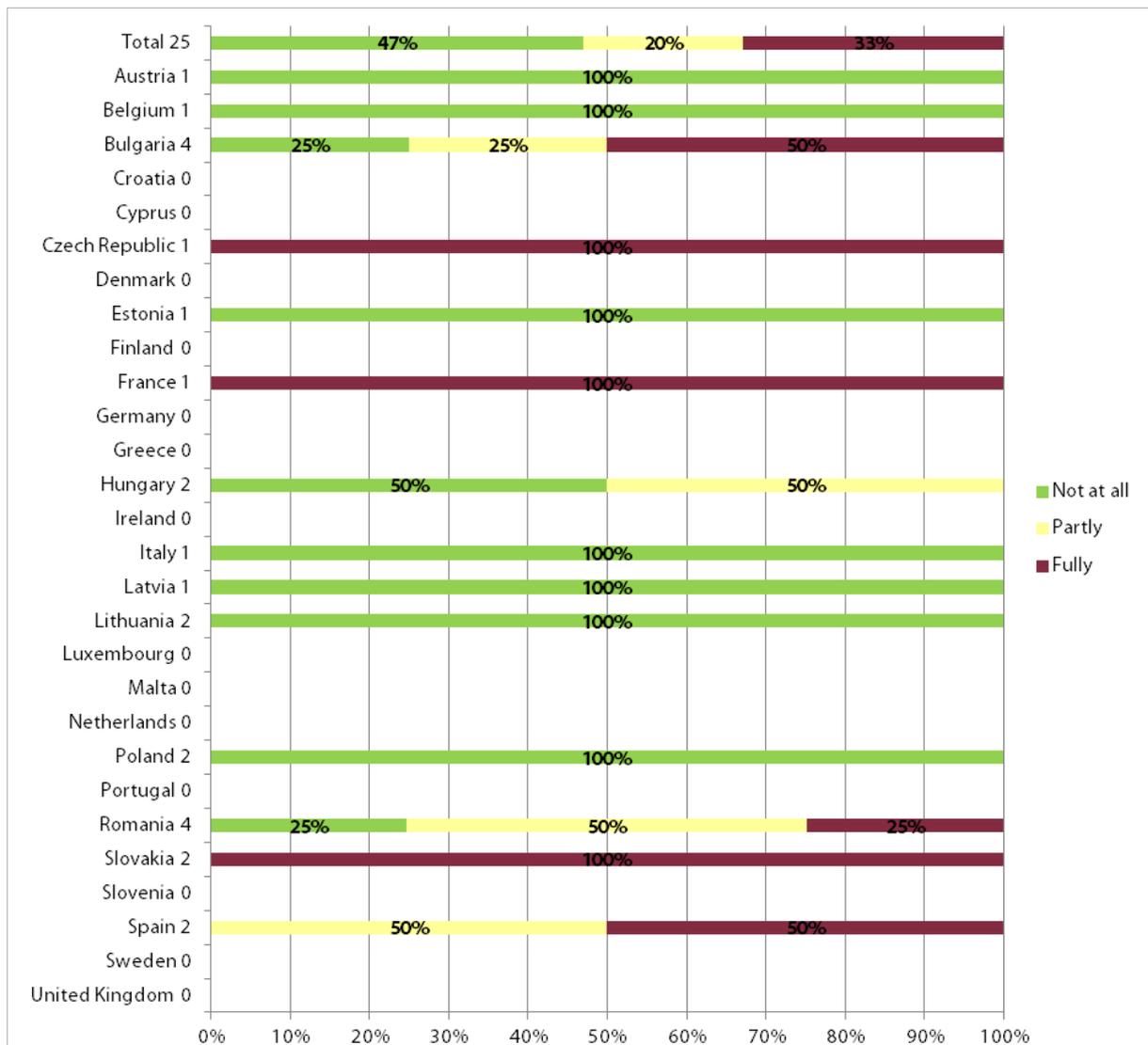
Question: To what extent do you agree with the following statements regarding the selected Member State? Sanctions are imposed on my company more often and/or with greater severity than for domestic competitors.

The numbers next to the group names indicate the number of participants from each group.

The following country overview shows that foreign participants, especially in the Czech Republic, France and Slovakia, feel discriminated against by official sanctions (see Fig. 36).

However, results at country level should always be interpreted with the utmost caution, since the number of companies surveyed in an individual Member State is generally not large enough to be indicative of the totality of all companies in the Member State.

Figure 36: Discrimination by means of official sanctions: country overview



Source: cep

Level of significance: A test as to whether the responses in each Member State significantly differ from one another cannot be carried out in most Member States due to the small number of participants.

Question: To what extent do you agree with the following statements regarding the selected Member State? Sanctions are imposed on my company more often and/or with greater severity than for domestic competitors.

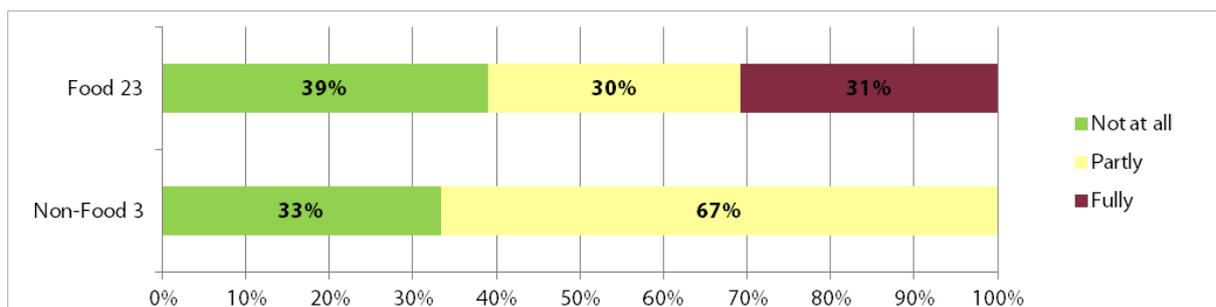
The numbers next to the Member State names indicate the number of participants from each Member State.

2.2.2.1.2 Discrimination by means of official inspections

The survey results show that foreign participants from the food sector feel discriminated against by official controls more frequently than foreign participants who do not sell food. However, foreign participants who do not sell food are more likely than foreign participants from the food sector to feel at least partially discriminated against by official controls. About one third of the participants from both groups do not feel discriminated against by official controls (see Fig. 37).

The differences between the two groups are not significant.²⁰ This is probably due to the fact that the two response options “partly” and “fully” had to be pooled into one response option in the homogeneity test. The reason for this are the few foreign participants who do not sell food. Non-significance means that it cannot be concluded with certainty that foreign companies from the food sector are more affected by discriminatory official controls than foreign companies that do not sell food.

Figure 37: Discrimination by means of official inspections: food sector



Source: cep

Level of significance: not significant. In the significance test, the responses “partly” and “fully” were pooled into one group so that the number of responses for each response option would be large enough.

Question: To what extent do you agree with the following statements regarding the selected Member State? Official inspections of my company's shops take place more frequently and/or are carried out more stringently than inspections of the shops of domestic competitors.

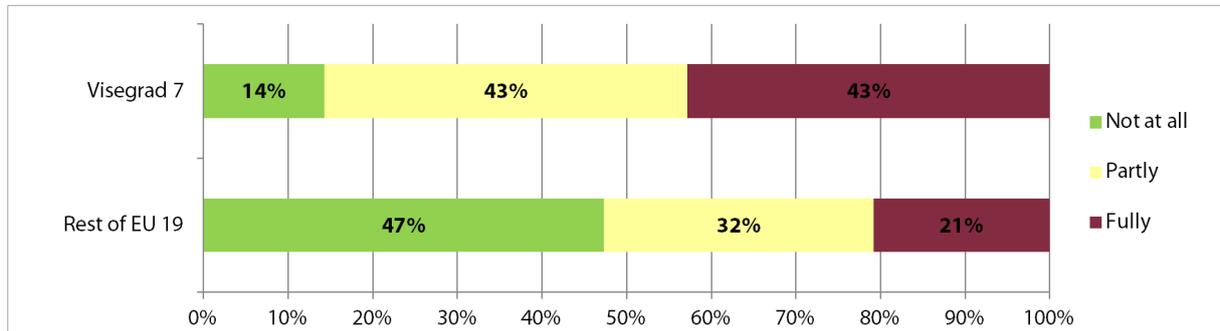
The numbers next to the group names indicate the number of participants from each group.

Foreign participants in Visegrád countries are more likely to feel discriminated against by official controls than foreign participants in other Member States. Moreover, foreign participants in the Visegrád countries feel at least partially discriminated against by official controls more often than foreign participants in other Member States (see Fig. 38). Again, the differences between the two groups are not significant.²¹ Therefore, it cannot be concluded with certainty that foreign companies are more affected by discriminatory official controls in the Visegrád countries than foreign companies in other Member States.

²⁰ In order to be able to carry out a significance test, the responses “partly discriminated against” and “discriminated against” were pooled into one group.

²¹ In order to be able to carry out a significance test, the responses “partly discriminated against” and “discriminated against” were pooled into one group.

Figure 38: Discrimination by means of official inspections: Visegrad countries



Source: cep

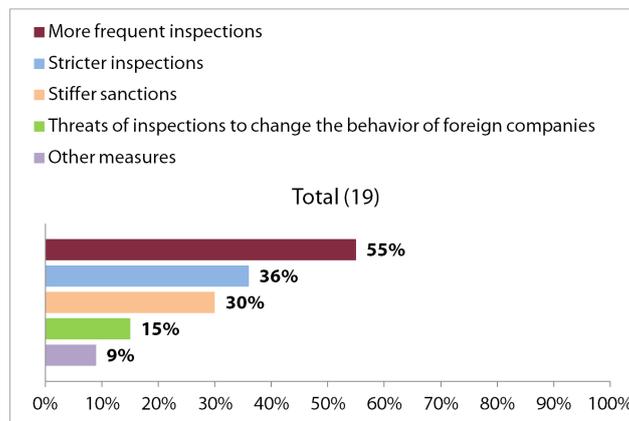
Level of significance: not significant. In the significance test, the responses “partly” and “fully” were pooled into one group so that the number of responses for each response option would be large enough.

Question: To what extent do you agree with the following statements regarding the selected Member State? Official inspections of my company's shops take place more frequently and/or are carried out more stringently than inspections of the shops of domestic competitors.

The numbers next to the group names indicate the number of participants from each group.

The results of the survey also show that public authorities most often use controls as a means of discrimination against foreign companies over domestic ones by controlling foreign companies more frequently. For example, 55% of foreign participants stated that the authorities of the respective Member States generally carry out controls more frequently on foreign companies than on domestic ones. Significantly fewer, but as many as 36% of foreign participants stated that official controls are generally carried out more rigorously at foreign companies than at domestic companies. 30% of foreign participants believe that the authorities of the Member State concerned generally impose tougher sanctions on foreign companies than on domestic ones. On the other hand, the mere threat of controls seems to be a means of discriminating against foreign companies which is less frequently used by authorities (see Fig. 39).

Figure 39: How are controls by authorities used as a discriminatory tool?



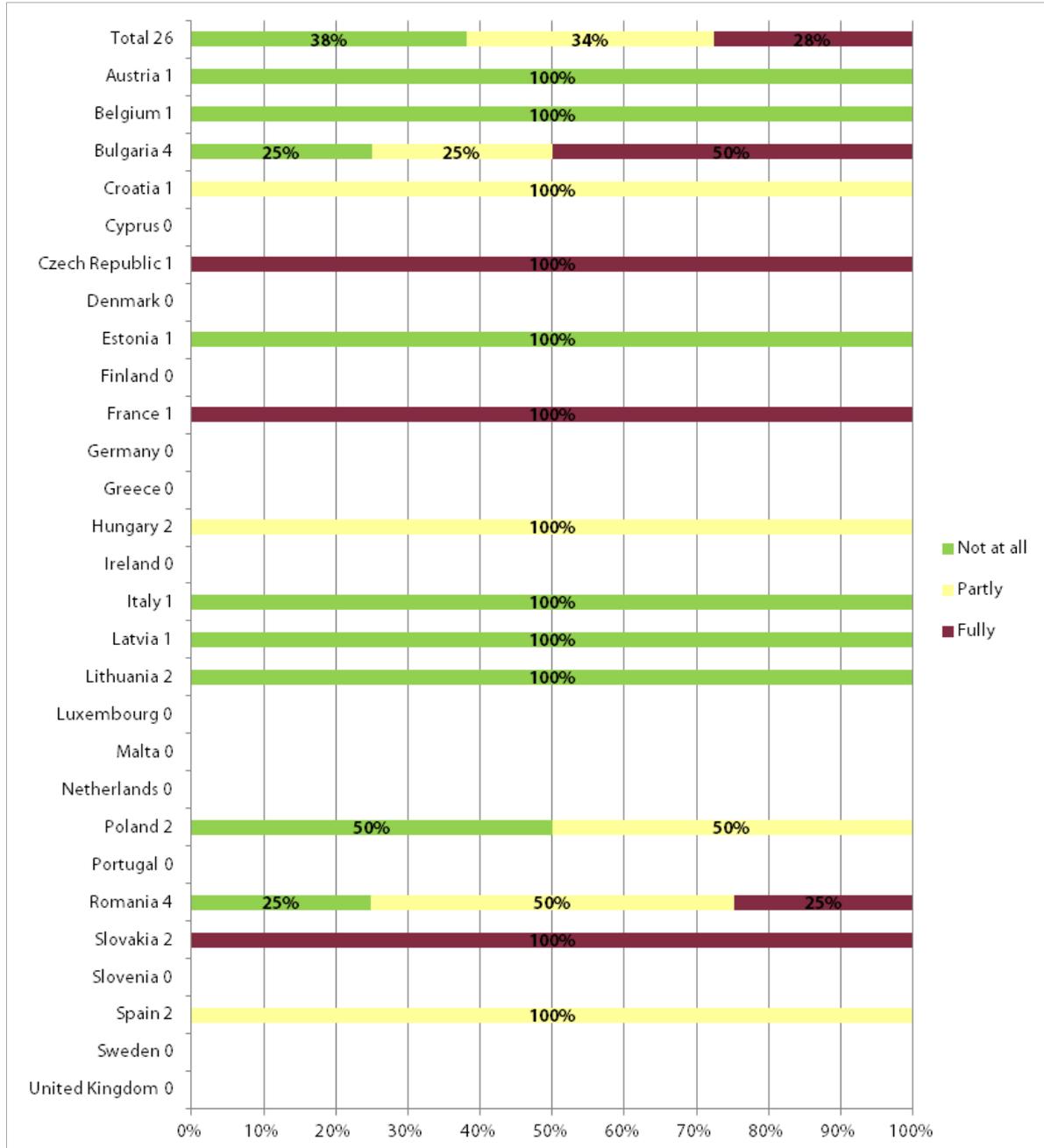
Source: cep

Question: How do authorities in the selected Member State use official inspections to discriminate against foreign companies vis-à-vis domestic ones?

The following country overview shows that foreign participants especially in the Czech Republic, France and Slovakia feel discriminated against by official controls (see figure 40).

However, results at country level should always be interpreted with the utmost caution, since the number of companies surveyed in an individual Member State is generally not large enough to be indicative of the totality of all companies in the Member State.

Figure 40: Discrimination by means of official inspections: country overview



Source: cep

Level of significance: A test as to whether the responses in each Member State significantly differ from one another cannot be carried out in most Member States due to the small number of participants.

Question: To what extent do you agree with the following statements regarding the selected Member State? Official inspections of my company's shops take place more frequently and/or are carried out more stringently than inspections of the shops of domestic competitors.

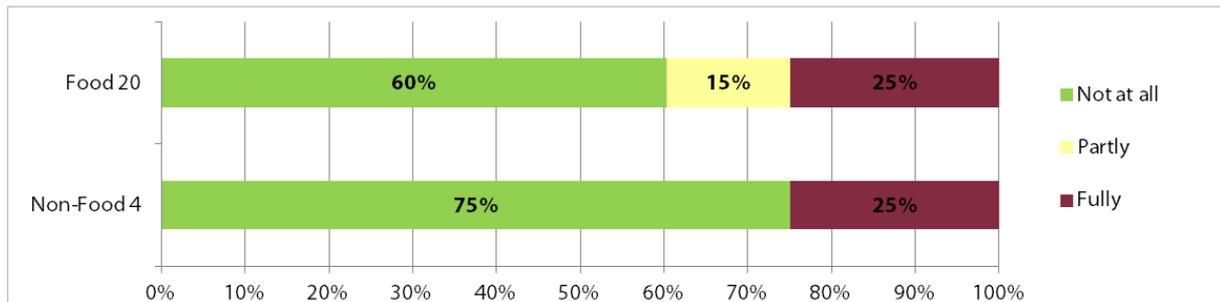
The numbers next to the Member State names indicate the number of participants from each Member State.

2.2.2.1.3 Other discriminatory administrative measures

In addition to official sanctions and controls, foreign participants feel that they are at a disadvantage vis-à-vis domestic competitors, in particular as a result of other administrative measures. A comparison of the responses of foreign participants from the food sector regarding this measure with those of foreign participants who do not sell food does not show any significant differences (see Fig. 41). Both, one quarter of foreign participants from the food sector as well as one quarter of foreign companies that do not sell food feel discriminated against by other administrative measures in comparison with domestic competitors. In addition, as many as 15% of foreign participants from the food sector stated that they were partially discriminated against by other administrative measures. In both groups, however, the majority of participants stated that they were not discriminated against by such measures at all.

Since the differences between the two groups are not significant, it cannot be deduced from the results of the survey that foreign companies in the food sector are more often discriminated against by other administrative measures than companies that do not sell food.

Figure 41: Other discriminatory administrative measures: food sector



Source: cep

Level of significance: Not significant (in the significance test, the responses “partly” and “fully” were pooled into one group so that the number of responses for each response option is greater than 1).

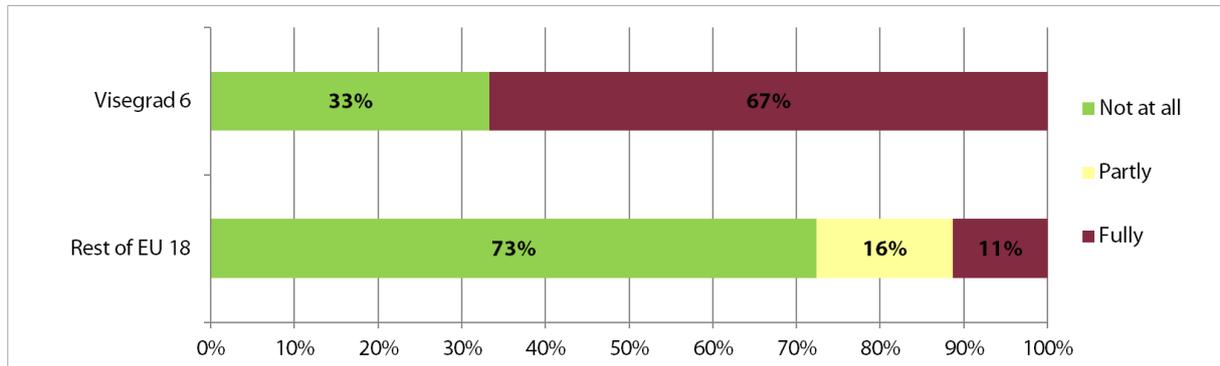
Question: To what extent do you agree with the following statements regarding the selected Member State? Other administrative actions or omissions are a greater hindrance to my company than to domestic competitors.

The numbers next to the group names indicate the number of participants from each group.

A comparison of the responses of foreign participants in Visegrád countries with those of foreign participants in other Member States shows that the former feel more often discriminated against by other administrative measures (67% compared to 11%). It is therefore hardly surprising that only one third of the foreign participants in the Visegrád countries do not feel discriminated against by other administrative measures vis-à-vis domestic competitors, whereas in the group of foreign participants in other Member States, this is true for three quarters (see Fig. 42).

The differences between the two groups are significant.²² Thus, it can be concluded with 90 per cent certainty that foreign companies in the Visegrád countries are discriminated against by other administrative measures more often than foreign companies in the rest of the Member States.

²² In order to be able to carry out a significance test, the responses “partly discriminated against” and “discriminated against” were pooled into one group.

Figure 42: Other discriminatory administrative measures: Visegrád countries

Source: cep

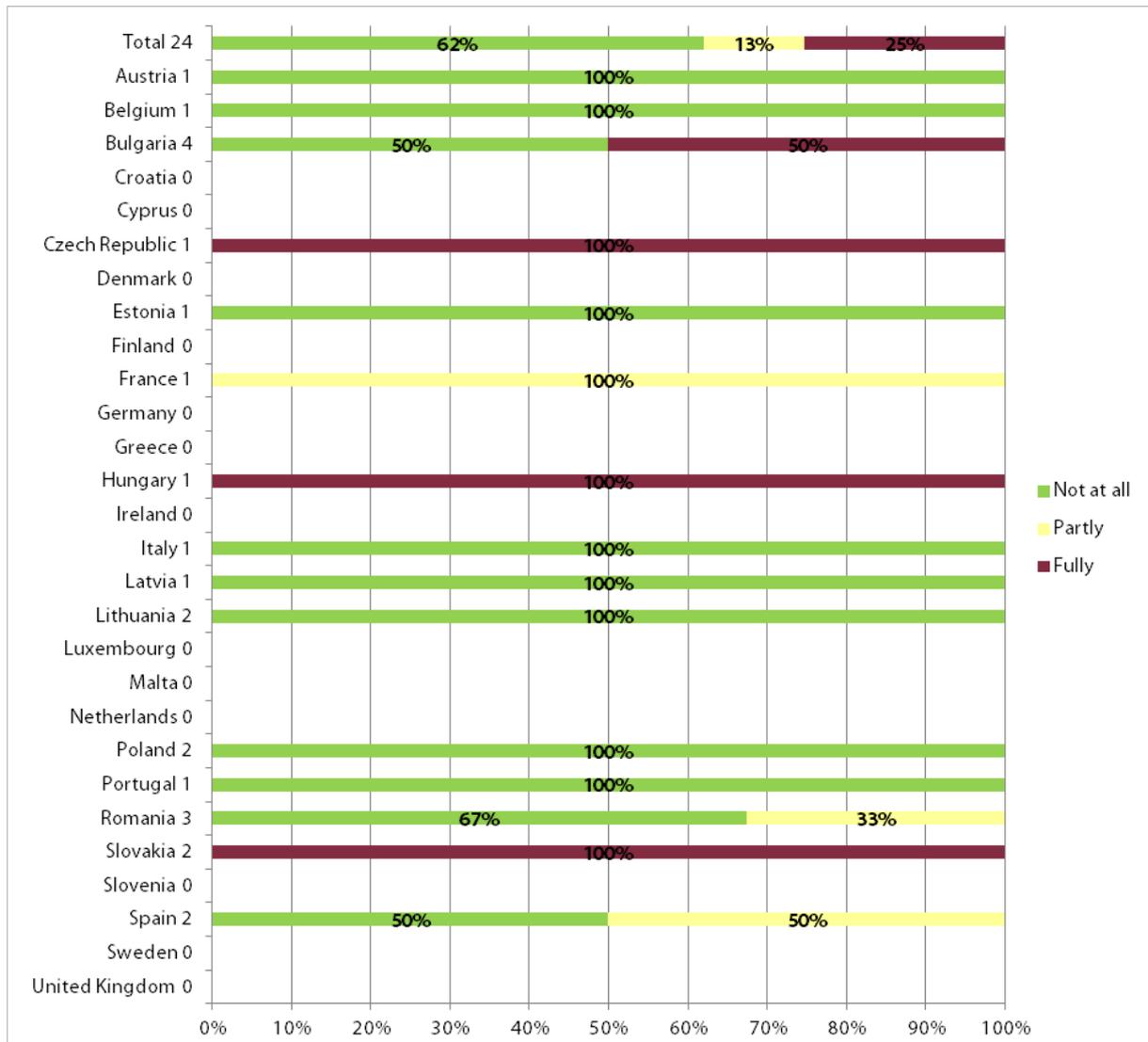
Level of significance: 90% In the significance test, the responses “partly” and “fully” were pooled into one group so that the number of responses for each response option would be large enough.

Question: To what extent do you agree with the following statements regarding the selected Member State? Other administrative actions or omissions are a greater hindrance to my company than to domestic competitors.

The numbers next to the group names indicate the number of participants from each group.

The following country overview shows that foreign participants, especially in the Czech Republic, Hungary and Slovakia, feel discriminated against by other administrative measures (see Fig. 43). However, results at country level should always be interpreted with the utmost caution, since the number of companies surveyed in an individual Member State is generally not large enough to be indicative of the totality of all companies in the Member State.

Figure 43: Other discriminatory administrative measures: country overview



Source: cep

Level of significance: A test as to whether the responses in each Member State significantly differ from one another cannot be carried out in most Member States due to the small number of participants.

Question: To what extent do you agree with the following statements regarding the selected Member State? Other administrative actions or omissions are a greater hindrance to my company than to domestic competitors.

The numbers next to the group names indicate the number of participants from each group.

2.2.2.2 Development of the discrimination against foreign companies in the operation, opening or expansion of subsidiaries

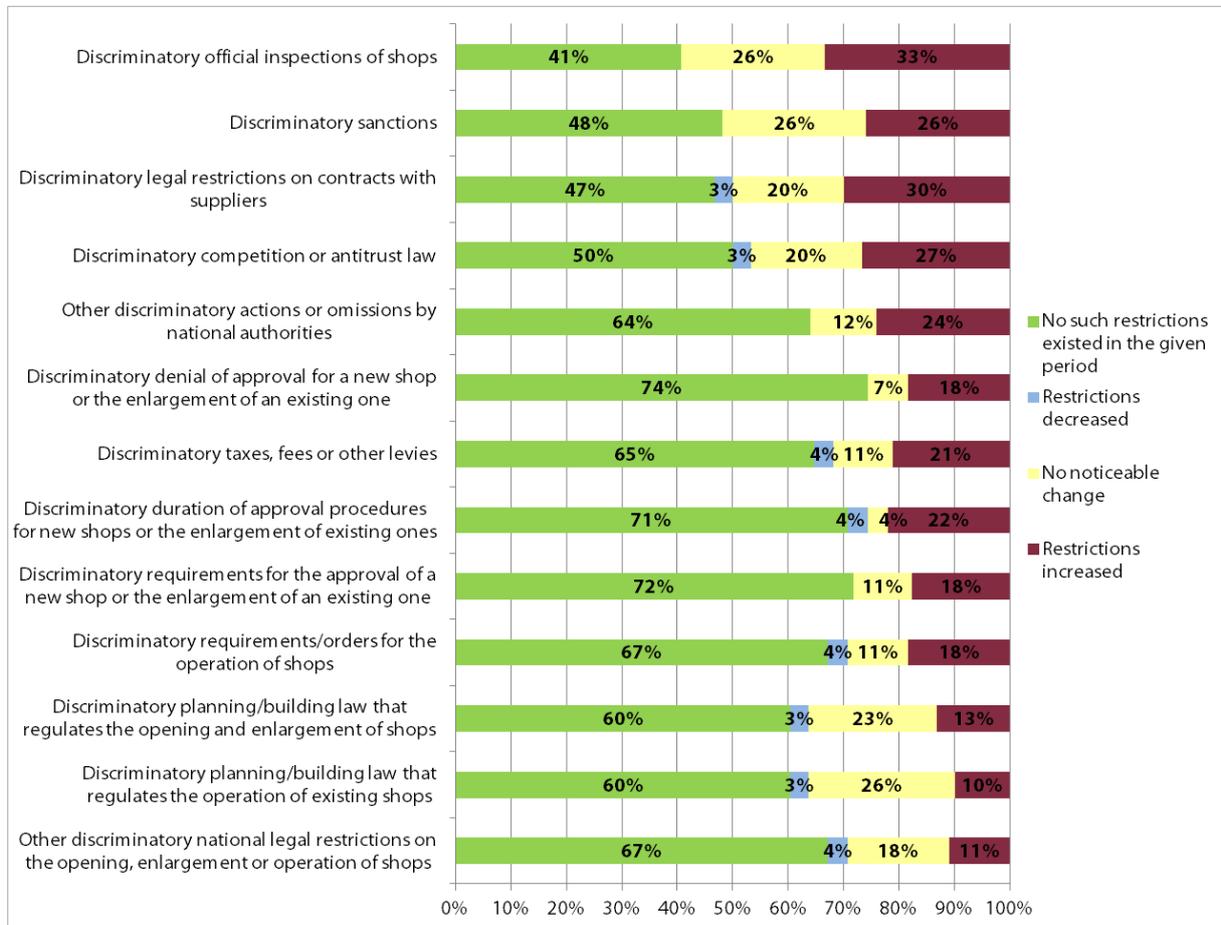
The following section examines how measures that discriminate against foreign companies in the operation, opening or expansion of subsidiaries vis-à-vis domestic competitors have developed since 2012.

A comparison of the evolution of individual discriminatory measures shows that discriminatory controls by public authorities have increased the most across the EU since 2012 (33% of respondents agree). This is in line with the assessment by foreign participants, according to which official controls are the second most relevant discriminatory measure in the operation of subsidiaries (see Fig. 33). The second-largest increase was recorded for discriminatory official sanctions. This is also in line with the assessment by foreign participants, according to which official sanctions are the most relevant discriminatory measure in the operation of subsidiaries (see Fig. 33).

The sharp increase in discriminatory legal restrictions regarding the design of contracts with suppliers is also interesting to note. So far, this measure is “only” in fifth position in the ranking of discriminatory measures (see Fig. 33). This may either be due to the fact that this is a relatively new discriminatory measure, which is not yet very widespread, or that it is a measure which restricts foreign companies less than other discriminatory measures and there is therefore less awareness of its discriminatory effect.

The differences between the responses to the individual measures are not significant. It is therefore impossible to say with certainty which measures have grown more strongly than other measures. For this reason, a detailed presentation of individual measures is not provided here.

Figure 44: Development of the individual measures which discriminate in the operation, opening or expansion of subsidiaries²³



Source: cep

Question: How have the following types of discrimination against your company as compared with domestic companies evolved in the selected Member State since 2012?

²³ The categories are initially sorted according to whether the answers to the relevant category differ significantly from the answers to the other categories. In a second step, the answers were weighted to continue sorting the categories. The weighting is carried out in descending order according to the following value: ((“increased” - “decreased”)*2+((100% - “no restrictions exist”)* “no noticeable change”).

Preliminary conclusion

On the one hand, this chapter examined the extent to which foreign participants feel discriminated against by barriers to trade in the internal market vis-à-vis their domestic competitors. It is shown that foreign companies are discriminated against by the following trade barriers: “other labelling requirements”, “minimum sales quotas for domestic products”, “notification requirements for the import of goods”, “rules on the product composition of EU goods” as well as “obligations to fund the promotion of domestic products”. In addition, the first three measures in particular have a comparatively high adverse effect on trade.

On the other hand, the chapter analysed, whether foreign participants feel that they are at a disadvantage compared with domestic competitors when operating, opening or expanding subsidiaries in the respective Member State. This shows that foreign companies see themselves at a disadvantage compared with domestic companies, especially when it comes to the operation of subsidiaries. In concrete terms, foreign companies feel that discriminatory official sanctions, discriminatory official controls and other forms of administrative discrimination place them at a disadvantage compared to their domestic competitors. The results also do not show any significant differences between foreign companies in the food sector and companies that do not sell food. They also show that foreign companies in Visegrád countries are discriminated against by other administrative actions significantly more often than companies in other Member States. There are no significant differences between foreign companies in Visegrád countries and other Member States when it comes to discriminatory official sanctions and discriminatory official controls.

Finally, the survey shows that discriminatory controls, discriminatory official sanctions and discriminatory legal restrictions on the design of supplier contracts have increased most since 2012. However, the differences are not significant, so that the possibility cannot be ruled out that this result is coincidental.

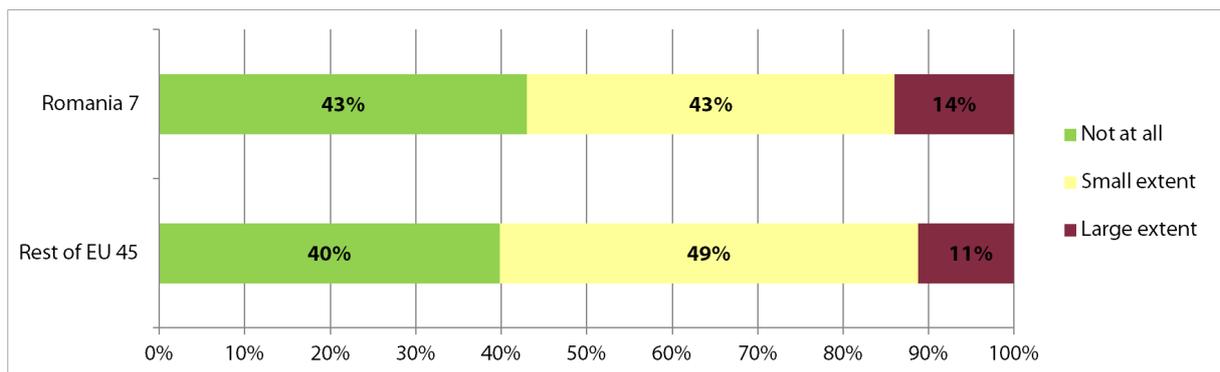
3 Country Report Romania

Romania is the only Member State with an appropriate number of participants to allow for a reliable evaluation at the country level. Accordingly, in closing, we will present the results of the survey for Romania. Subchapter 3.1 will examine whether and, if applicable, which trade barriers in Romania affect the internal market in particular. Subchapter 3.2 will investigate whether and, if applicable, through which measures foreign companies in Romania are disadvantageously positioned in comparison to domestic competitors.

3.1 Barriers to trade in Romania

The survey results show that over half of the participants in Romania feel impeded by trade barriers when selling products from other EU countries (see Fig. 45). By implication, the internal market for goods in Romania – as in the rest of the EU – functions to a limited degree. When comparing the responses of Romanian participants to the question of how much they are hampered in the sale of products from another EU country with the responses of the remaining participants, there are only minor differences visible between the two groups. The differences between the two groups are thus insignificant. Consequently, barriers to trade are not a bigger problem in Romania than in the other Member States.

Fig. 45: Romania: trade barriers



Source: cep

Insignificant

Question: To what extent does the selected Member State hinder your company from selling goods from other Member States in the selected Member State?

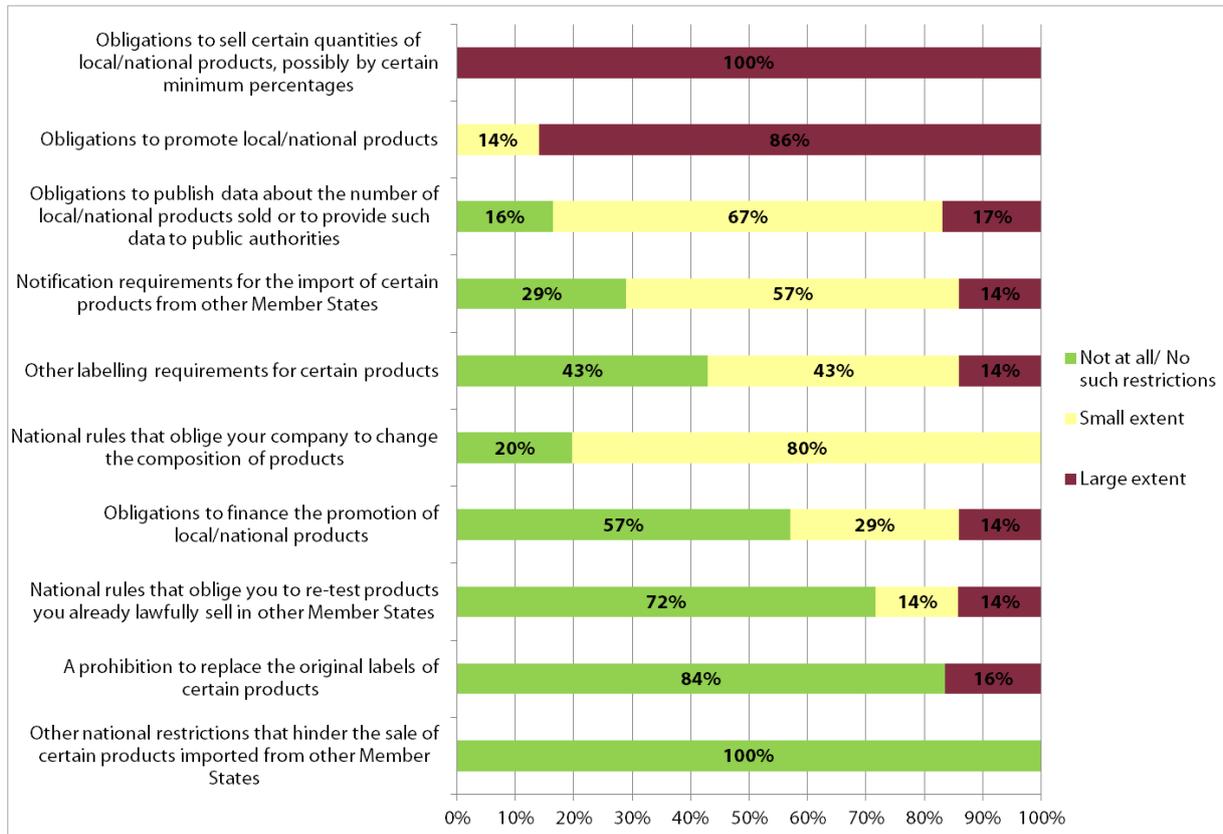
The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

When looking at the concrete measures that lead Romanian participants to feel hampered when selling products from other EU countries, peculiarities indicative to Romania are evident. Participants in Romania are frequently hampered by minimum sales quotas for domestic products when selling products from other EU countries. All participants in Romania indicated that they are restricted to a large extent by such measures (see Fig. 46). This result is a highly significant deviation from the responses by Romanian participants to other trade-restrictive measures. Therefore, it can be stated with 99 per cent certainty that this particular trade-restrictive measure is one of the most serious measures in Romania.

Obligations to promote domestic products constitute the second largest barrier to trade (see Fig. 46). EU-wide, this measure ranks number three (see Fig. 8). As with the previously mentioned measures, participants in Romania also stated with substantially more frequency than regarding

other trade barriers that such obligations hampered the sale of products from other EU countries to a large extent. Therefore, it can be concluded with 99 per cent certainty that obligations to promote domestic products are one of the most serious trade barriers in Romania.

Fig. 46: Romania: categories of trade barriers



Source: cep

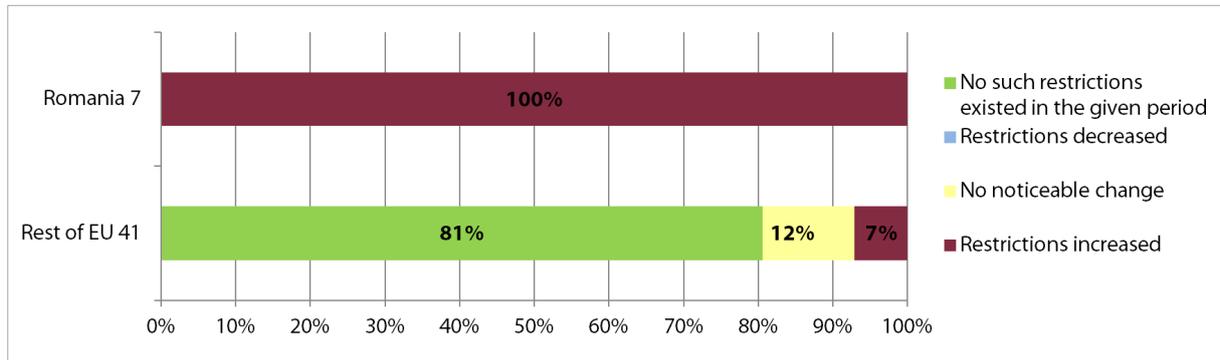
Question: To what extent does the selected Member State hinder your company in selling goods from other Member States in the selected Member State through the following types of restrictions?

What follows is a comparison of the responses from Romanian participants with those of the participants in the other Member States in relation to individual trade-restrictive measures. This allows for the identification of trade barriers that are more pronounced in Romania than in other EU Member States.

A comparison of the responses to the question – to what extent do minimum sales quotas for domestic products present a barrier to trade – shows that participants in Romania more frequently feel restricted in the sales of products from other EU countries to a large or at least to a small extent²⁴ than participants in other Member States (Fig. 47). Therefore, it can be concluded with 99 per cent certainty that minimum quotas not only present one of the largest trade barriers within Romania, but also more substantially hinder companies in Romania than companies in the rest of the EU.

²⁴ In order to be able to conduct a significance test, the responses “small extent” and “large extent” were pooled into one group.

Fig. 47: Romania: minimum sales quotas for domestic products



Source: cep

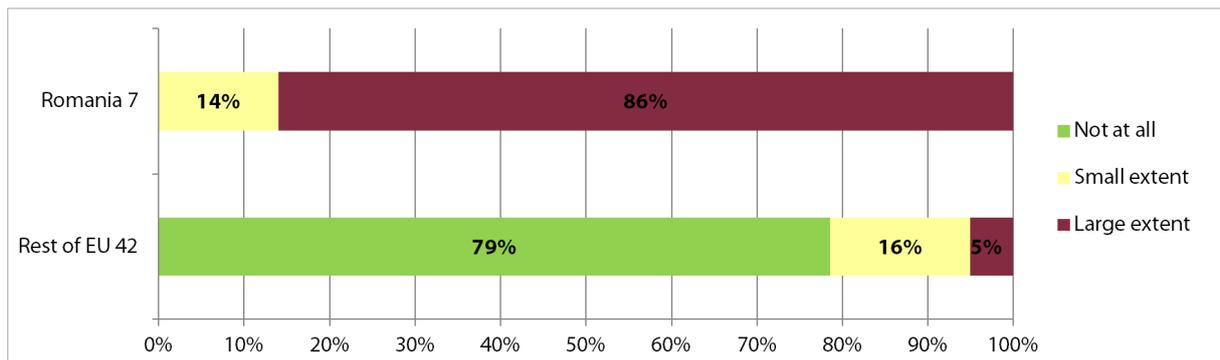
Significance level: 99% The responses “small extent” and “large extent” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: To what extent does the selected Member State hinder your company from selling goods from other Member States in the selected Member State through the following types of restrictions? Obligations to sell certain quantities of domestic / national products, possibly by certain minimum percentages.

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

A comparison of the responses of the participants in Romania with the responses of the participants in other Member States also shows that, on average, it is significantly less common for the latter to be confronted with obligations to promote domestic products than for Romanian participants (see Fig. 48). Therefore, regarding this trade-restrictive measure, it can also be concluded with 99 per cent certainty that obligations to promote domestic products are not only one of the largest trade barriers in Romania, but that companies in Romania are also more starkly hindered by such measures than companies in the rest of the EU.

Fig. 48: Romania: obligations to promote the sale of domestic products



Source: cep

Significance level: 99% The responses “small extent” and “large extent” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

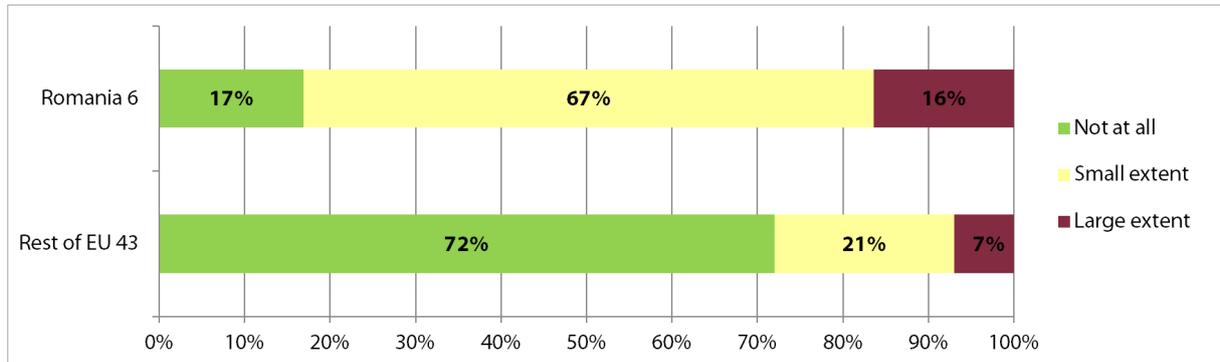
Question: To what extent does the selected Member State hinder your company from selling goods from other Member States in the selected Member State through the following types of restrictions? Obligations to promote local/national products.

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

The comparison between the responses of the Romanian participants and participants in the other members states also indicates that national regulations which oblige companies to publish the sales figures for domestic products or release them to the authorities (described below as “obliga-

tions to publish or release sales figures for domestic products”) are significantly more frequently felt as a trade restriction by Romanian participants than by participants in other Member States. Therefore, regarding this trade-restrictive measure, it can be concluded with 99 per cent certainty that obligations to publish or release sales figures for domestic products more strongly hinder companies in Romania than companies in the rest of the EU.

Fig. 49: Romania: obligations to publish or release sales figures for domestic products



Source: cep

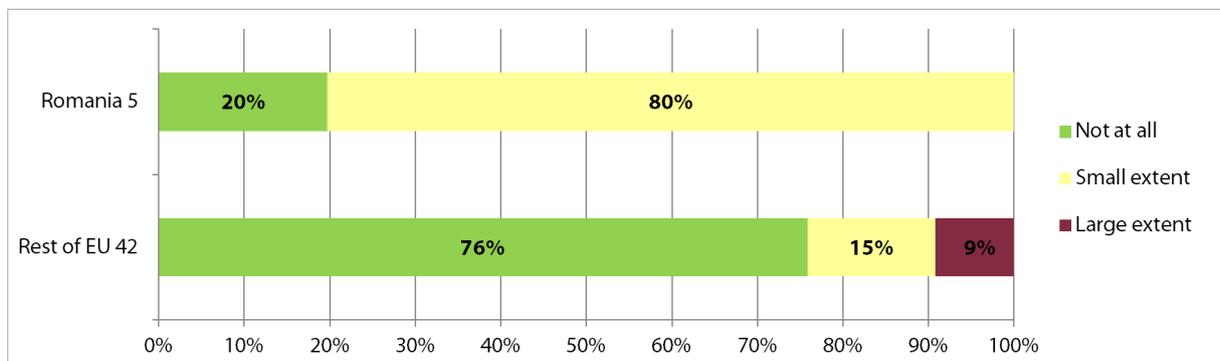
Significance level: 99% The responses “small extent” and “large extent” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: To what extent does the selected Member State hinder your company from selling goods from other Member States in the selected Member State through the following types of restrictions? Obligations to publish data about the number of local / national products sold or to provide such data to public authorities.

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

A comparison between the responses of participants in Romania with the responses from the rest of the participants ultimately indicates that provisions on the product composition of EU goods are more significantly perceived as a restriction on the sales of products from other EU countries by Romanian participants than by participants in other Member States. Therefore, regarding this trade-restrictive measure, it can be concluded with 99 per cent certainty that provisions on product composition of EU goods more strongly hinder the sales of products from other EU countries by companies in Romania than by companies in the rest of the EU.

Fig. 50: Romania: provisions on the product composition of EU goods



Source: cep

Significance level: 99% The responses “small extent” and “large extent” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: To what extent does the selected Member State hinder your company from selling goods from other Member

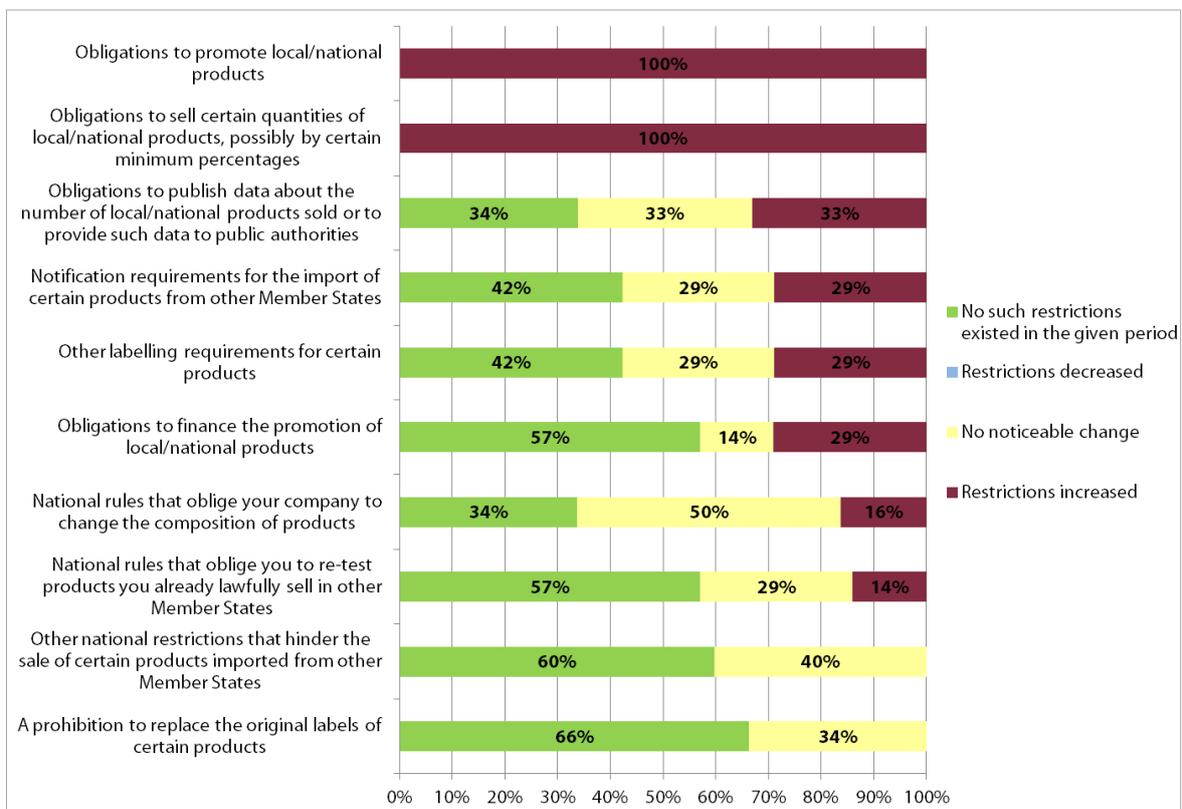
States in the selected Member State through the following types of restrictions? National regulations that oblige your company to change the composition of products.

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

Looking at the development of trade-restrictive measures in Romania shows that obligations to promote domestic products have increased more significantly since 2012 than the remaining trade-restrictive measures in Romania.²⁵ The differences are statistically significant.

The same applies to minimum sales quotas for domestic products. Here, too, participants in Romania indicated that this trade restriction has increased far more substantially since 2012 than the remaining trade-restrictive measures.²⁶ The responses for the remaining measures do not differ significantly.

Fig. 51: Development in Romania: categories of trade barriers



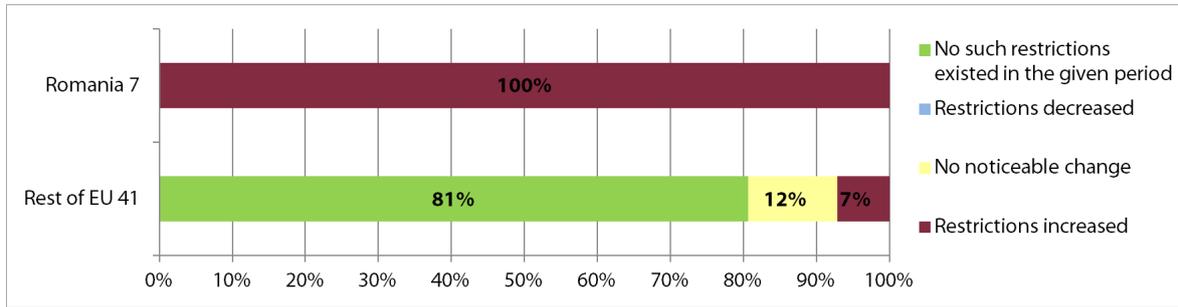
Source: cep

Question: How have the following types of restrictions on selling goods from other Member States evolved in the selected Member State since 2012?

The increase in minimum sales quotas for domestic products in Romania also stands out in an EU-wide comparison. While all participants in Romania indicated that this restriction has increased, only 7% of the participants in the remaining Member States shared this opinion. Nevertheless, it is important to note that the participants who see no restrictions to trade in this particular category were included in this comparison.

²⁵ The significance level is 95%.

²⁶ The significance level is 95%.

Fig. 52: Development in Romania: minimum sales quotas for domestic products

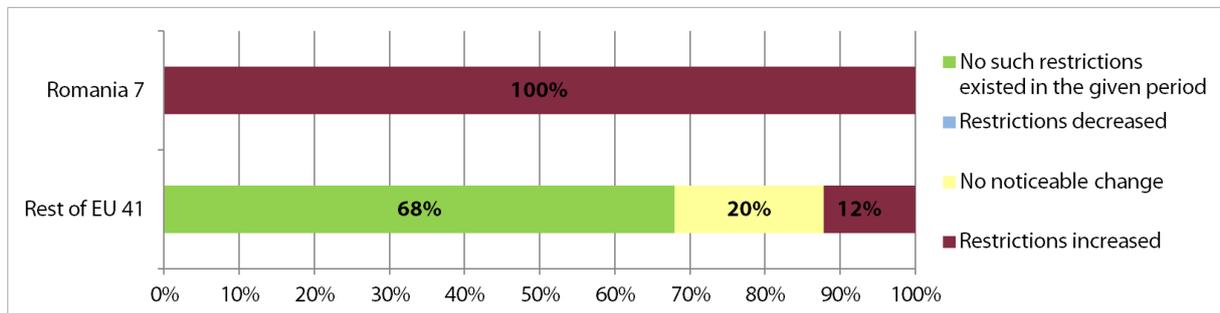
Source: cep

Significance level: The responses “restrictions decreased” and “no noticeable change” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: How have the following types of restrictions on selling goods from other Member States evolved in the selected Member State since 2012? Obligations to sell certain quantities of local / national products, possibly by certain minimum percentages.

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

All participants in Romania stated that trade-restrictive obligations to promote domestic products have been increasing since 2012. In the remaining Member States, this number was only 12% of the participants.

Fig. 53: Development in Romania: obligations to promote the sale of domestic products

Source: cep

Significance level: The responses “restrictions decreased” and “no noticeable change” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

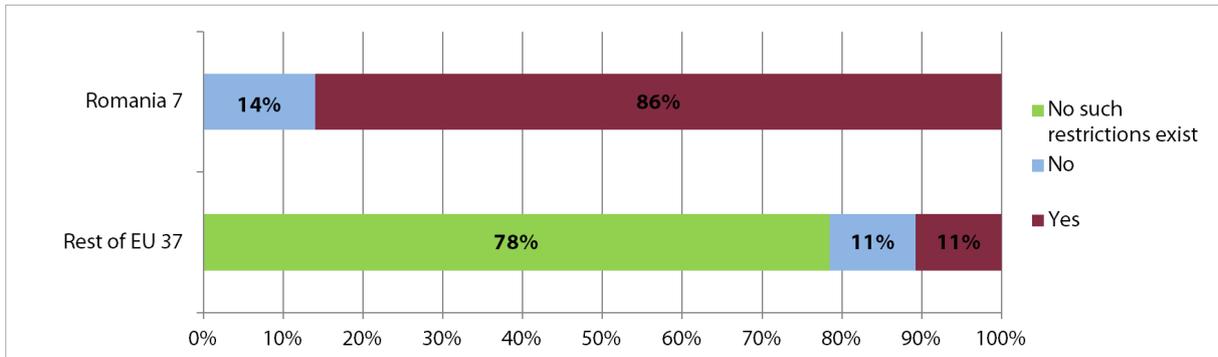
Question: How have the following types of restrictions on selling goods from other Member States evolved in the selected Member State since 2012? Obligations to promote local/national products.

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

The following must always be taken into consideration with respect to the comparison of the responses of the Romanian participants with those of the participants in other Member States regarding the implications of the individual restriction categories on the import of products from other Member States: Participants were also included who do not experience such trade barriers and whose imports are therefore not negatively impacted. So, the comparison is not between the effects of the respective category of trade barriers on imports in the case that such a trade barrier exists, but rather between the effects on imports taking into account the relevance of the trade barrier.

The degree to which minimum sales quotas for domestic products hinder the import of products from other EU countries to Romania is demonstrated by the fact that 86% of the participants in Romania stated they would offer more products from other EU countries if these restrictions were dropped.

Fig. 54: Impact on imports: minimum sales quotas for domestic products



Source: cep

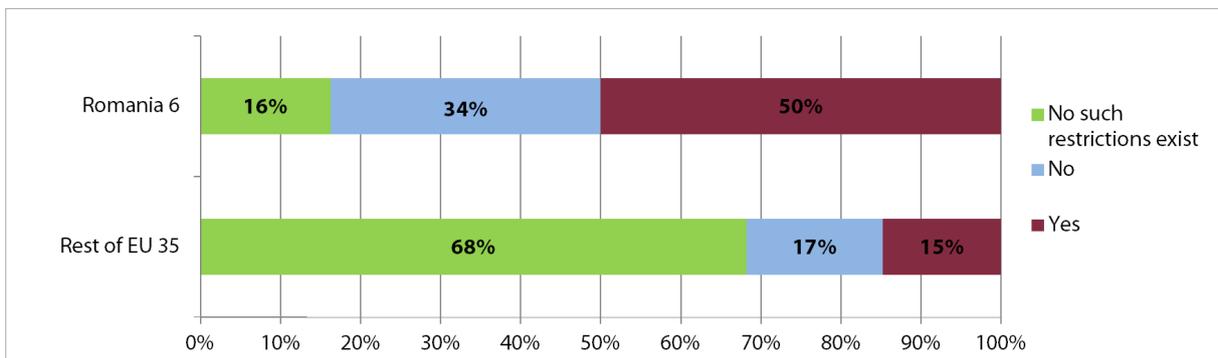
Significance level: 99% The responses “no” and “no such restriction exists” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: Would your company offer more goods from other Member States in the selected Member State if the following types of restrictions did not exist? Obligations to sell certain quantities of local / national products, possibly by certain minimum percentages.

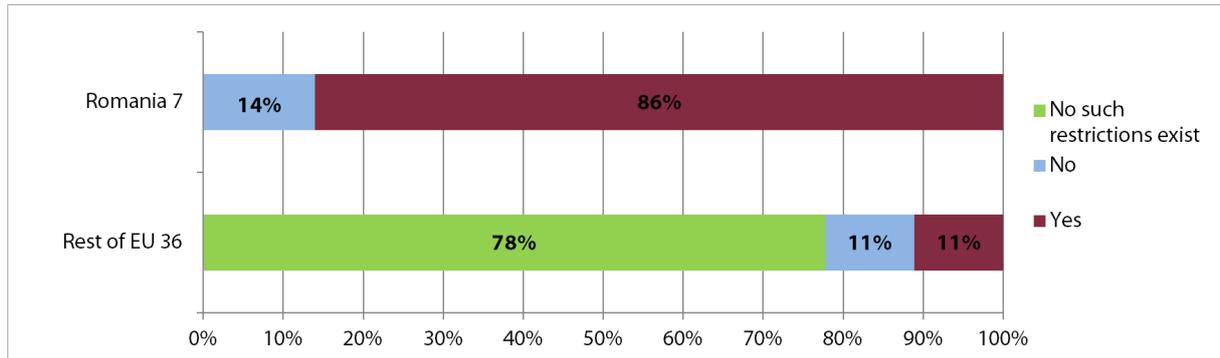
The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

In addition, participants in Romania indicated significantly more often than participants in other Member States that they would offer more products from other EU countries if obligations to publish and release the sales figures for domestic products were to be abolished.

Fig. 55: Impact on imports: obligations to publish or release sales figures for domestic products



Significantly more participants in Romania than participants in other Member States also indicated that they would offer more goods from other EU countries in Romania if there were no obligations to promote the sale of domestic products there.

Fig. 56: Impact on import: obligations to promote the sale of domestic products

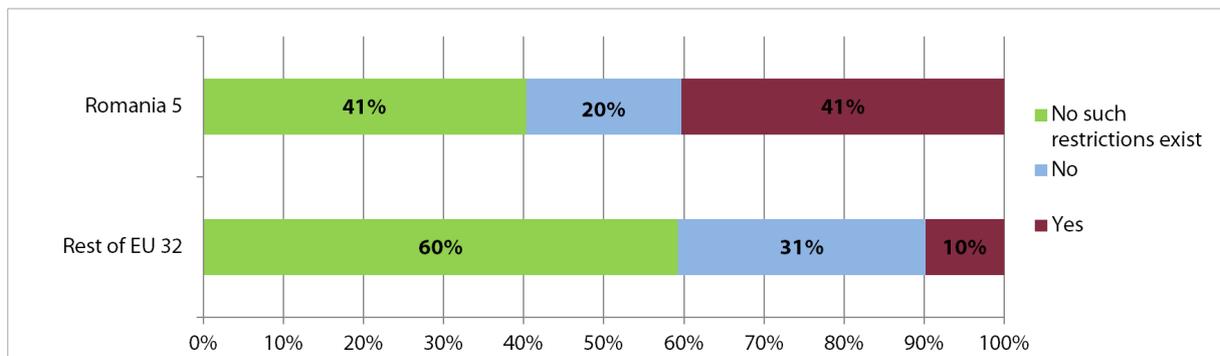
Source: cep

Significance level: 99% The responses "no" and "no such restriction exists" were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: Would your company offer more goods from other Member States in the selected Member State if the following types of restrictions did not exist? Obligations to promote local/national products.

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

It is also interesting that ending notification requirements for the import of goods in Romania would more often compel participants in this country than participants in other Member States to offer more goods from other EU countries. This shows that trade barriers due to notification requirements for the import of goods constitute a significant restriction to trade, even if Romanian companies are affected by this trade barrier at an average frequency.

Fig. 57: Impact on imports: notification requirements for the import of goods

Source: cep

Significance level: 90% The responses "no" and "no such restriction exists" were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: Would your company offer more goods from other Member States in the selected Member State if the following types of restrictions did not exist? Notification requirements for the import of certain products from other Member States (e.g. 24-hour prior notice on the import of fresh fruit).

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

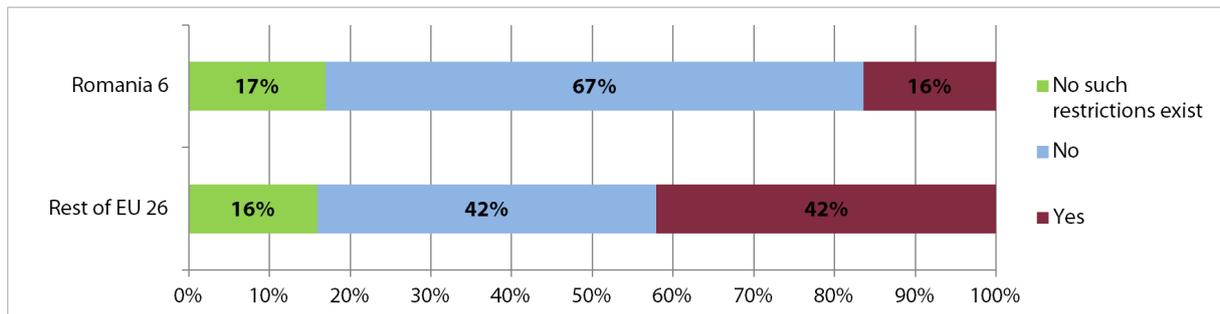
3.2 Discrimination of foreign companies in Romania

The following section examines whether foreign companies in Romania are discriminated against. We begin with an investigation into whether foreign companies are more strongly affected by trade barriers in Romania than in other Member States. Subsequently, it will be analysed whether

the discrimination takes place in the form of operational restrictions or restrictions on the opening or expansion of subsidiaries of foreign companies in Romania.

Only 16% of the foreign companies in Romania answered the question regarding whether their company is more affected by trade barriers than domestic companies with “yes”. In the other Member States, it was 42%. Indeed, the majority of the foreign companies in Romania, who took part in the survey, believe that they are not more limited by trade barriers than domestic companies. No wide-ranging discrimination of foreign companies through trade barriers in Romania can be deduced from these results. Rather, the results imply that the problem is smaller in Romania than in other Member States.

Fig. 58: Romania: discrimination through trade barriers



Source: cep

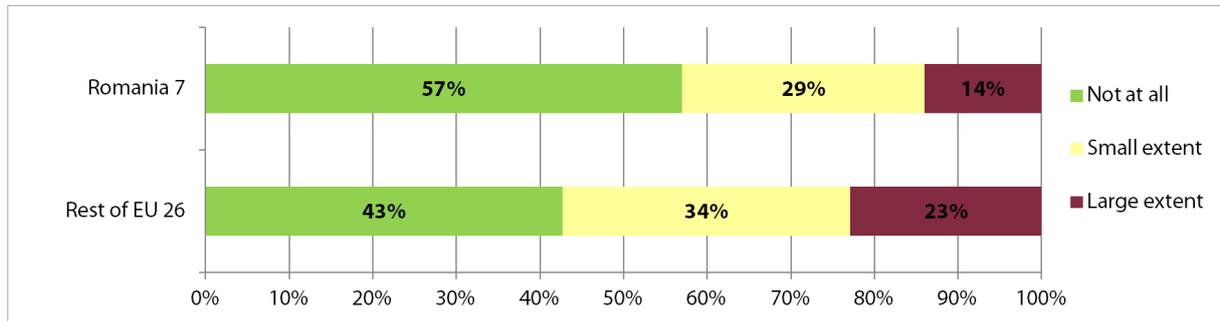
Significance level: Insignificant The responses “no” and “no such restriction exists” were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: Do you think your company is more affected by national obstacles to trade within the EU than domestic competitors from the selected Member State?

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

In response to the question, to what extent is your company affected by discriminatory restrictions on the operation of subsidiaries, only 14% of the foreign companies in Romania responded with “to a large extent”. In the remaining Member States, it was 23%. The majority of the foreign companies in Romania believe that they are not discriminated against compared to domestic companies through restrictions on their trading activities.

No wide-ranging discrimination of foreign companies through trade barriers in Romania can be deduced from these results. Rather, the results imply that the problem is smaller in Romania than in other Member States.

Fig. 59: Romania: discrimination in the operation of subsidiaries

Source: cep

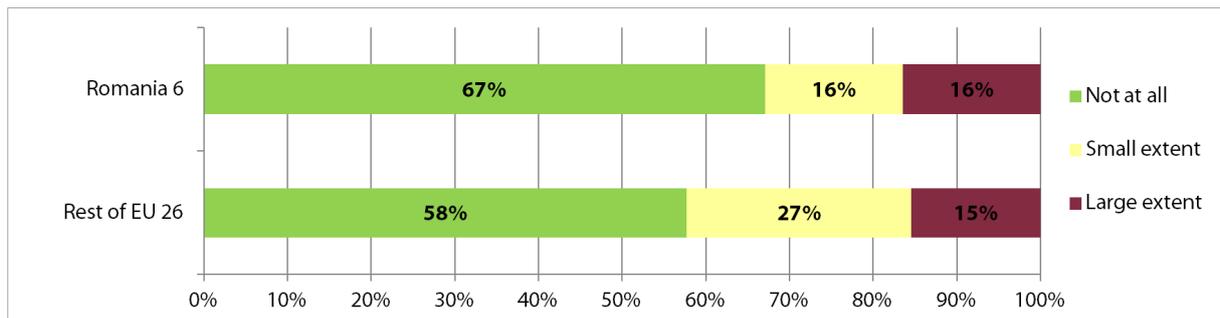
Significance level: Insignificant. The responses "no" and "no such restriction exists" were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

Question: To what extent do discriminatory restrictions hamper your company's retail operations in the selected Member State?

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

In response to the question – to what extent is your company affected by discriminatory restrictions on the operation of subsidiaries – 16% of the foreign companies in Romania responded with "to a large extent". In the other Member States, it was only 15%. The majority of the foreign companies in Romania believes that they are not discriminated against compared to domestic companies when opening or expanding subsidiaries in Romania.

No wide-ranging discrimination of foreign companies in Romania through restrictions on the opening or expansion of subsidiaries can be deduced from these results. Rather, the results imply that the problem is approximately the same size in Romania as in other Member States.

Fig. 60: Romania: discrimination in the opening and expansion of subsidiaries

Source: cep

Significance level: Insignificant. The responses "no" and "no such restriction exists" were pooled into one group in the significance test so that the number of responses would be sufficiently large for each response option.

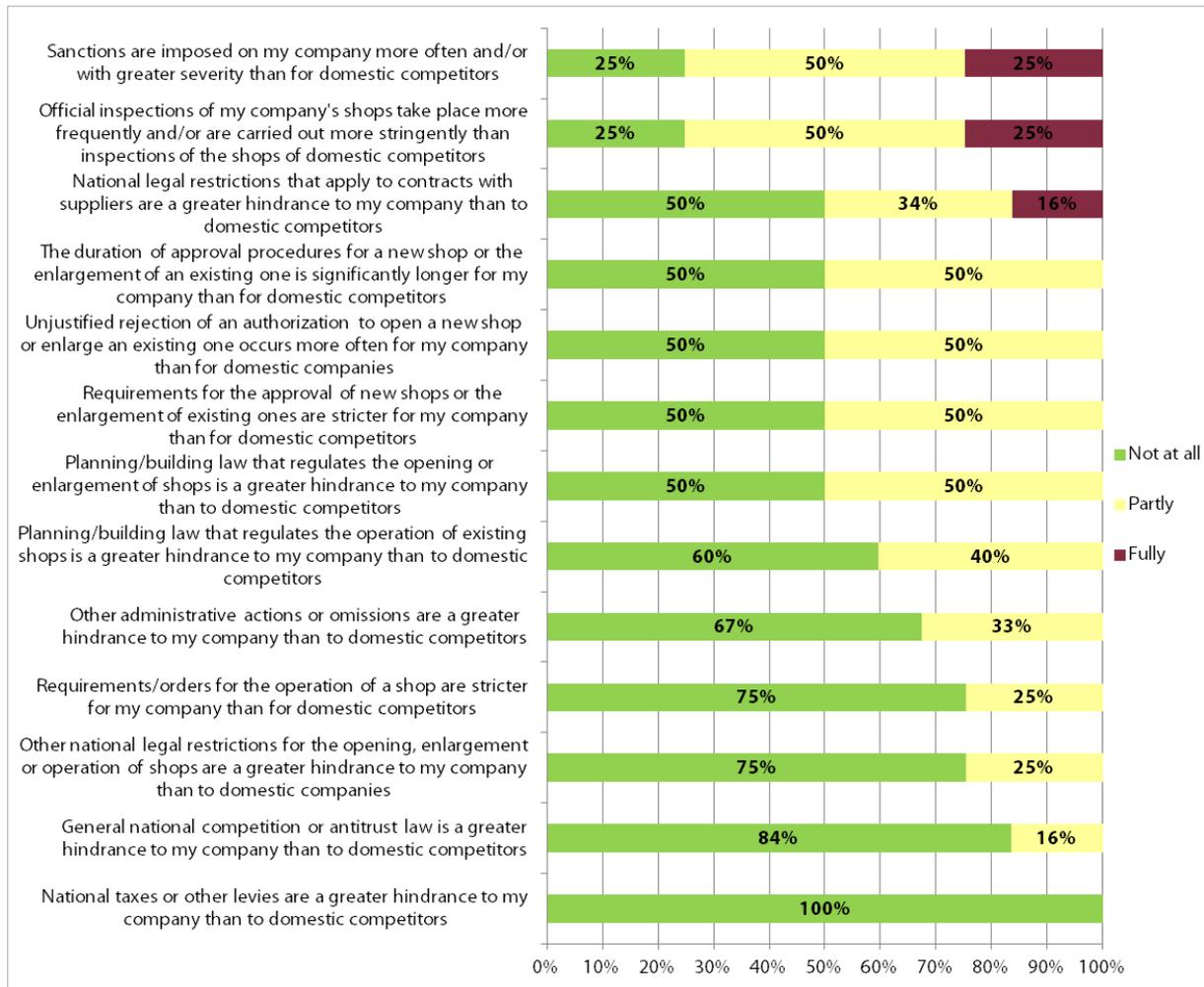
Question: To what extent do discriminatory restrictions hinder your company in opening new shops or enlarging existing ones in the selected Member State?

The number next to Romania, and next to Rest of EU respectively, indicates the number of participants per group.

Looking at the various discriminatory measures, two types of measures stand out. On the one hand, foreign companies in Romania feel discriminated against through administrative sanctions.

In this matter, three-quarters of all foreign companies in Romania reported that they feel discriminated against or at least partially discriminated against compared to domestic competitors. On the other hand, three-quarters of the participants feel discriminated against or at least partly discriminated against through official inspections. However, the differences regarding the remaining measures are not significant. Therefore, it cannot be excluded that the discrepancies between the responses to these two measures are merely coincidental. Moreover, it is evident that the responses for any of the different measures do not show any significant deviation from the responses of foreign participants in all other Member States taken together.

Fig. 61: Romania: discrimination categories



Source: cep

Question: To what extent do you agree with the following statements regarding the selected Member State?

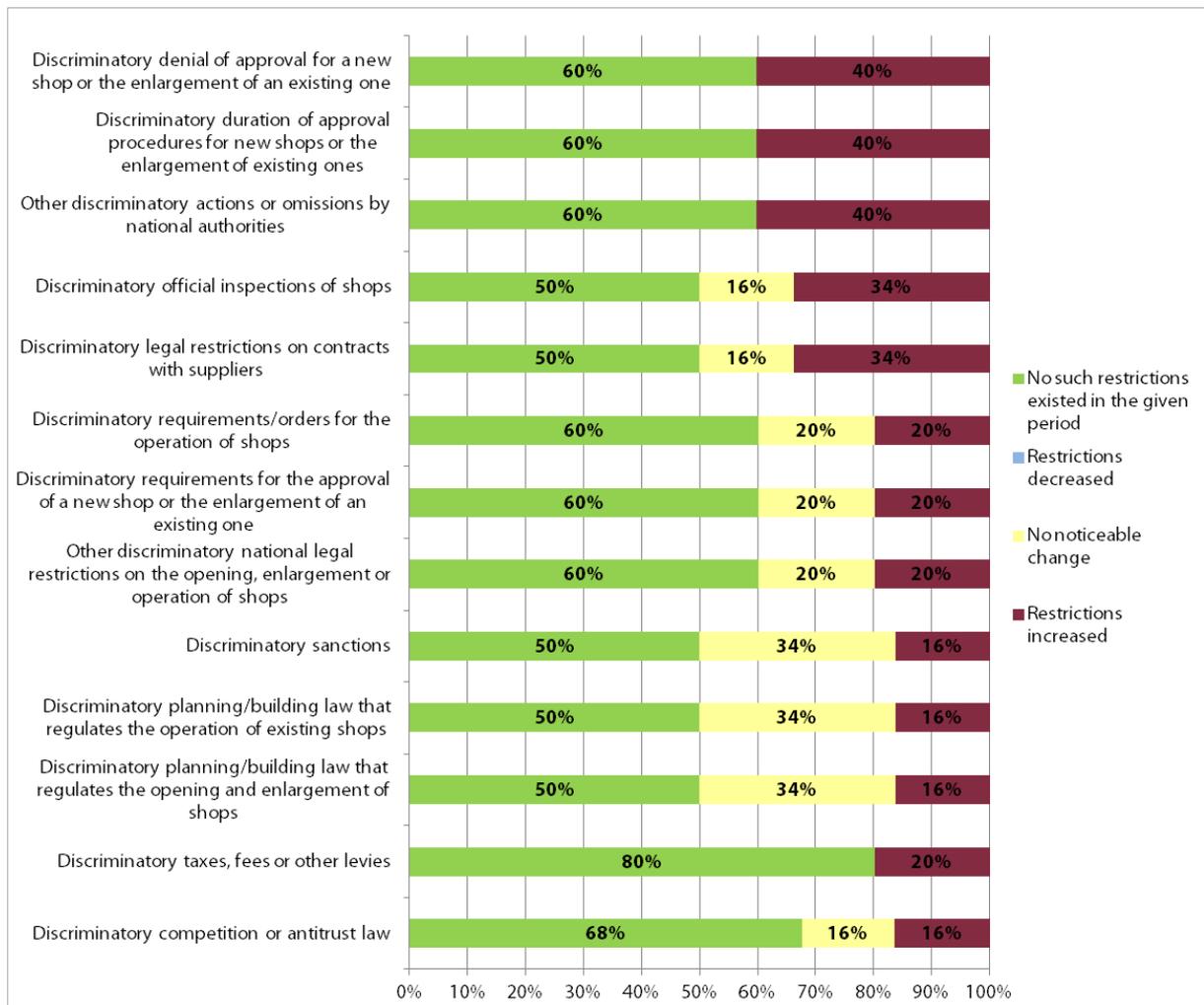
Looking at the development of various discriminatory measures, three measures stand out. 40% of foreign companies in Romania stated that there has been an increase in discrimination through failed permits for applications to open or expand subsidiaries. The same goes for the duration of the procedures for reaching such administrative decisions. 40% of foreign participants in Romania also stated that discrimination has increased in such situations. Finally, 40% of the foreign participants in Romania stated that other discriminatory measures have increased. However, 60% of foreign companies in Romania also stated that there are no discriminatory measures across these

three measures. The differences between the individual measures are not significant. Therefore, it cannot be excluded that the deviations in the responses to these three measures are coincidental.

In addition, as regards all discriminatory measures being questioned, it is noticeable that at least half of the foreign companies stated that they are not discriminated against through these respective measures compared to domestic companies.

Finally, it is evident that none of the responses to the measures being questioned deviates significantly from the responses of foreign participants in other Member States.

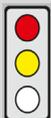
Fig. 62: Development in Romania: discrimination categories



Source: cep

Question: How have the following types of discrimination against your company as compared with domestic companies evolved in the selected Member State since 2012?

The following tables summarise the results:

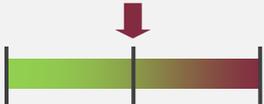
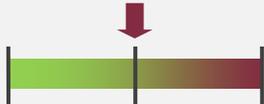
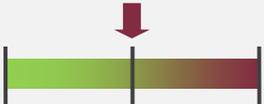
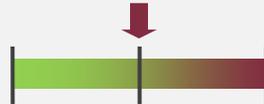
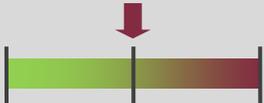
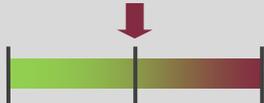
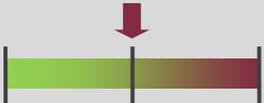
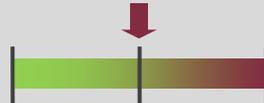
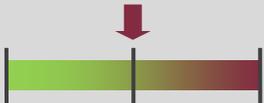
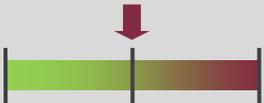


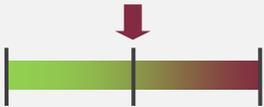
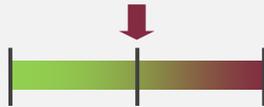
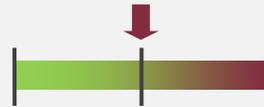
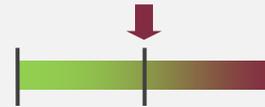
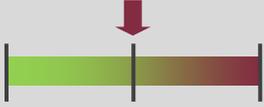
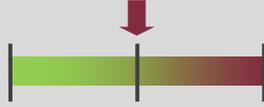
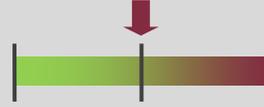
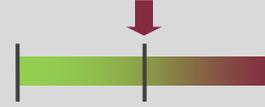
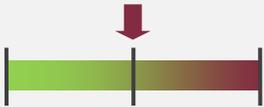
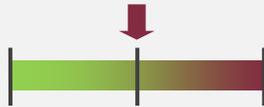
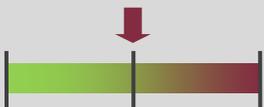
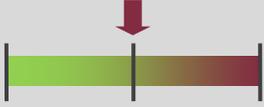
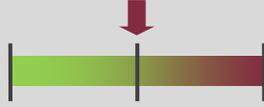
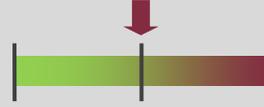
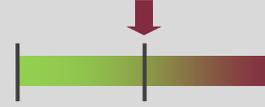
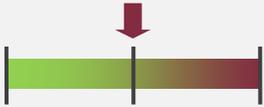
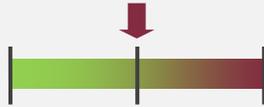
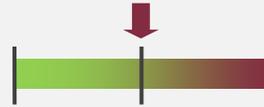
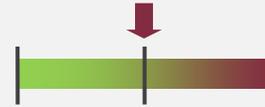
How strongly do trade barriers impair trade companies in the internal market?

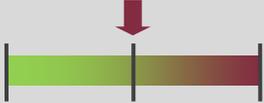
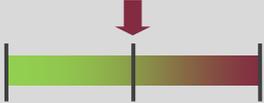
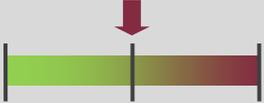
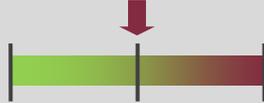
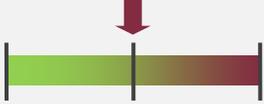
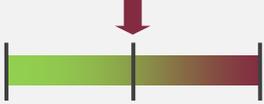
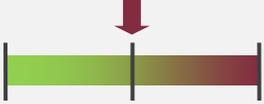
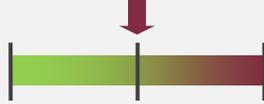
Trade barriers	Relevance of the trade barriers		Development of the trade barriers		Impact on imports as compared to the rest of the EU
	Comparison with same trade barriers in the EU	Comparison with different trade barriers in Romania	Comparison with same trade barriers in the EU	Comparison with different trade barriers in Romania	
Obligations to sell certain quantities of local/national products, possibly by certain minimum percentages	*** ↓	*** ↓	↓	↓	↓
Obligations to promote local/national products	*** ↓	*** ↓	*** ↓	** ↓	↓
Obligations to publish data about the number of local/national products sold or to release such data to public authorities	↓	↓	↓	↓	↓
National regulations that oblige your company to change the composition of products	*** ↓	** ↓	↓	↓	↓
A restriction on replacing the original labels of certain products	↓	↓*	↓	↓	↓
Other national restrictions that hinder the sale of certain products imported from other Member States	↓	*** ↓	↓	↓	↓
Notification requirements for the import of certain products from other Member States	↓	↓	↓	↓	↓

Significance level 90%, * significance level 95%, * significance level 99%

To what extent are trade companies in other EU States discriminated against?	
	Discrimination by trade barriers
	Discrimination in the operation of subsidiaries
	Discrimination in the opening or expansion of subsidiaries

Discriminatory measure	Relevance of the discriminatory measure		Development of the discriminatory measure	
	Comparison with same measure in the EU	Comparison with same measure in Romania	Comparison with same measure in the EU	Comparison with same measure in Romania
Sanctions are imposed on my company more often and/or with greater severity than for domestic competitors				
Official inspections of my company's shops take place more frequently and/or are carried out more stringently than inspections of the shops of domestic competitors				
National legal restrictions that apply to contracts with suppliers are a greater hindrance to my company than to domestic competitors				
The duration of approval procedures for a new shop or the expansion of an existing one is significantly longer for my company than for domestic competitors				

<p>Unjustified rejection of a permit to open a new shop or expand an existing one occurs more often for my company than for domestic companies</p>				
<p>Requirements for the approval of new shops or the expansion of existing ones are stricter for my company than for domestic competitors</p>				
<p>Planning/building law that regulates the opening or expansion of shops is a greater hindrance to my company than to domestic competitors</p>				
<p>Planning/building law that regulates the operation of existing shops is a greater hindrance to my company than to domestic competitors</p>				
<p>Other administrative actions or omissions are a greater hindrance to my company than to domestic competitors</p>				
<p>Requirements/orders for the operation of a shop are stricter for my company than for domestic competitors</p>				
<p>Other national legal restrictions for the opening, expansion or operation of shops are a greater hindrance to my company than to domestic companies</p>				

General national competition or antitrust law is a greater hindrance to my company than to domestic competitors				
National taxes or other levies are a greater hindrance to my company than to domestic competitors				

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