

Pan-European B2B Trading

Opportunities and Issues

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Empires



Portuguese Empire



British Empire

The buyer was king!



Byzantine Empire

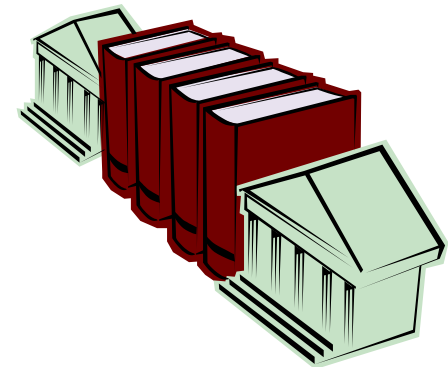


Austro-Hungarian Empire



Roman Empire

- As empires overlapped, different trading approaches and methods needed to be agreed
- Power moved from the buyer to the seller
 - The seller started to set the rules
 - Local authorities started to drive direction
 - Border regulation became more stringent
- The government became king



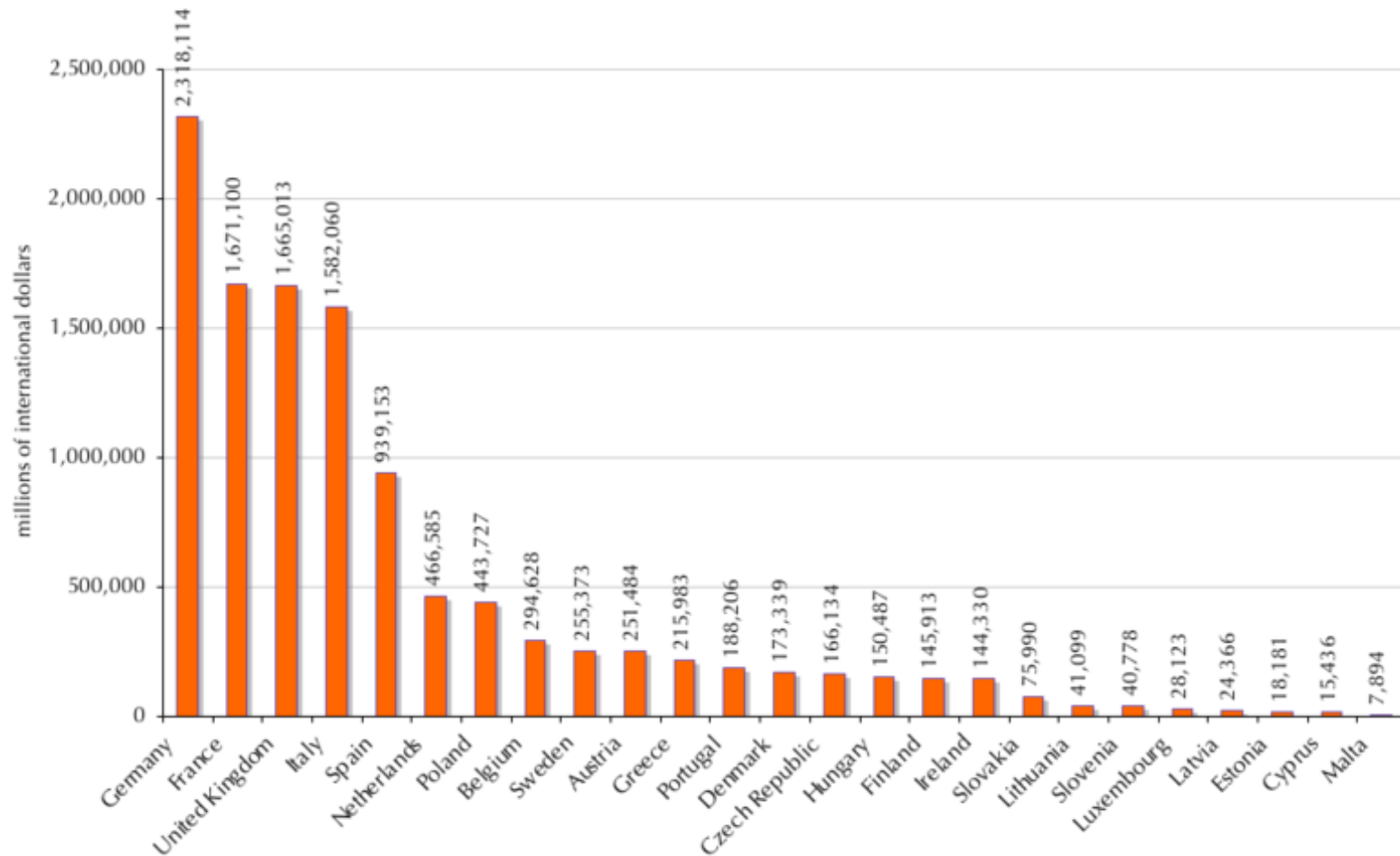


The Enlarged EU - 2008

- The Single Market?
- Trading Harmonisation?
- One culture?
- Open trading?
- No barriers?

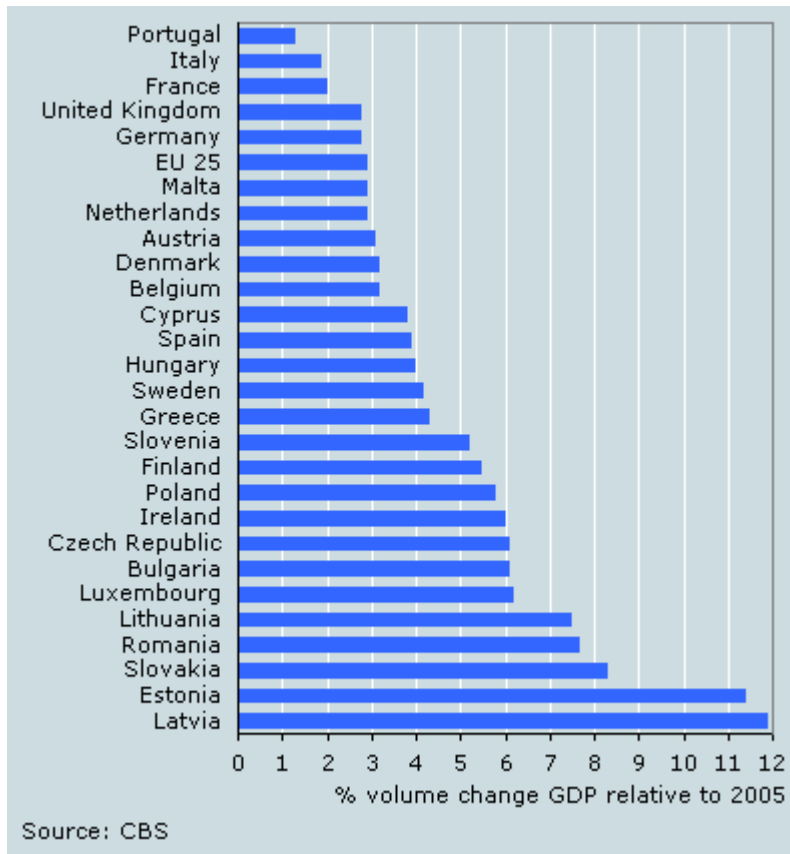
- Currently 27 member states
- 493 million inhabitants, making the EU the third largest trading bloc behind China and India
- €11t overall GDP (2007 estimate) – largest financial bloc in the world (IMF, World Bank, CIA World Fact Book)
- Over 25 million non-primary private enterprises
 - 90% employ less than 10 people
 - 53% of the workforce
 - 50% of financial activity

European Union: GDP (PPP) 2004



- Access to cheaper supplies
- Greater flexibility in suppliers
 - Better inventory management
 - Better negotiation capabilities
- Access to a greater number of possible customers
 - Greater reach
 - Drive revenues





- Accession countries are growing rapidly
- Impact on costs as time progresses
- Can you chase best costs?
- Should you chase best costs?



- The move from 17 to 27 member states brought in many ex-Soviet and independent communist/socialist states
- Many had been through a process of profound and/or forced change
- Brought in a large number of well educated, hard working resources
- Inward investment has created many state of the art manufacturing capabilities
- But – Lack of formal handover from pre-change to post-change governments created opportunities for criminal elements

- The EU is not a single market
 - Different tax rates
 - Different inflation rates
 - Different trade laws
 - Still some cross-border constraints
- Worries with “gateway” countries
 - Eastern countries acting as means of goods coming from outside the EU
- There are perceptions that this is the new frontier
 - Less regulated
 - Less “trustworthy”



- US Special 301 Report identifies Hungary, Italy, Lithuania, Poland and Romania as being EU countries with insufficient controls to provide sufficient intellectual property protection
- Transparency International's CPI (Corruption Perceptions Index) has Romania, Bulgaria and Poland as having levels of corruption similar to Namibia and Ghana
- Stop Child Trafficking identifies Romania, Poland, Bulgaria as major child trafficking centres

- Language
 - English is not necessarily a *lingua franca*
 - Problems due to misunderstanding can be costly/dangerous
- Local laws and customs
 - Understanding e.g. tax laws
 - No cultural *faux pas*
- Cross border issues
 - Getting better, but paperwork had still better be in order!



- Where does the € symbol go in Bulgarian contracts?
 - At the end – e.g. 1 543,21 €
- What is the spelling for Euros in Greek?
 - *ΕΥΡΩ*
- Where do I use commas and spaces to mark thousands, and where do I use commas and full stops to mark the point between Euros and Cents?
 - It's different by country
- If I'm transferring goods between Schengen countries, do I need border papers?
 - Generally, yes



- Pre-EU laws still not fully moved to post-EU laws
 - Lack of commonality
- Harmonisation ongoing
 - But slow – and unsure as to how it will all pan out
- New laws continuously coming through
 - E.g. Common Consolidated Corporate Tax Base (CCCTB), ECOFIN...
 - Central v regional fighting

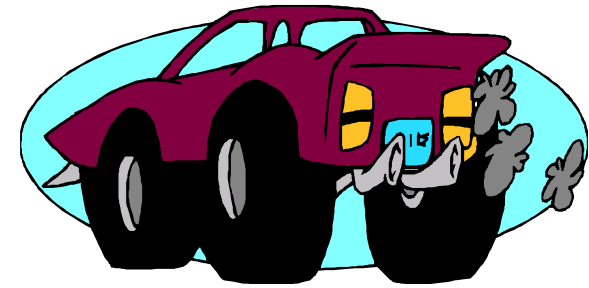


- What are your choices?
 - Do it yourself
 - Hide and pretend it doesn't matter
 - Let someone else do it





- Manage multiple languages
- Keep up to date with changing local and EU legal situation
- Ensure that all paperwork is kept current
- Identify and deal with all suppliers, customers and logistics parts of the value chain
- Ensure that cultural fit with multiple different countries is maintained
- Oh – and carry on doing business at the same time



The Competition

It's too tough – let's not do it

- Manage on-ramps
- Enable sharing of RFPs, RFIs, RFQs, etc, etc
- Share catalogues
- Manage paper trails
- Translate as necessary
- Manage payment transactions
- Manage different existing ecommerce solutions



- Europe is not a single entity – it still consists of the EU plus those outside
- The EU is still too dynamic – harmonisation is not complete
 - Plus – new countries will join for the foreseeable future
- Pan-European trade is costly to do on your own
 - And will continue to change
- The opportunities are, however, too important to ignore
- Outsourcing management of the value chain makes sense