



20 October 2010

### PRESENTATION TO THE INFORMAL TRADE POLICY COMMITTEE MEETING

Philippe de Buck, Director General of BUSINESSEUROPE  
22 October 2010 (9h30-12h30), Val Duchesse

Ladies and Gentlemen,

My name is Philippe de Buck and I am the Director General of BUSINESSEUROPE. Our organization regroups all the business federations across Europe and engages actively to promote a competitive European economy.

I am honoured to be invited by Ambassador Liliane Bloem to your meeting today because Trade Policy plays a central role in spurring competitiveness in Europe. Exports have been the main driver of the European recovery and will play a central role in job creation. We therefore need to support this positive momentum to put the crisis behind us. Your committee holds considerable responsibility to support a pro-competitive trade policy strategy for Europe as part of the Europe 2020 Strategy.

#### Key messages on the EU's future trade policy

##### 1. Go where the growth is!

- In the short term emerging countries in Asia and Latin America are coming out of the crisis faster than Europe.
- In the not too distant future of 2025, the centre of gravity of world production will move to Asia which could account for more than 30% of world GDP at that time (DG Research paper 2009 "The World in 2025"). By contrast the EU's GDP would be slightly more than 20% by that time. In the short and longer term **high growth rates are outside of Europe – and exports will be a key driver** for the European economy.
- This is not a time for complacency! The EU must move the trade agenda forward pro-actively to help our companies access those growth markets.

##### 2. Create a competitive framework for the future EU trade policy!

- The EU's new trade policy should continue along the lines set out in the *Global Europe* communication which has served Europe well since 2006. Its economic orientation and main components must remain in place if the EU is to continue to be competitive in the future.
- An updated trade policy strategy will need to take up changes in recent years, not least the economic crisis, the drive towards greener growth and the Lisbon treaty changes.



- However, the EU must address these new realities while remaining fully aware of trade's primary purpose – to generate long-term growth and employment in the European economy. **This requires a trade policy focused on competitiveness.**
- A first milestone for the future trade policy will be to define the EU's strategic objectives – mid-term and long term, especially in large emerging countries. As regards more “traditional” trading partners (US, Canada, Japan etc.), the main objective should be to tackle market access and advance regulatory convergence.
- There should also be a stronger competitiveness focus in internal policies to avoid that European business is disadvantaged in a globalised economy. DG Trade, along with DG Enterprise, should therefore systematically **assess EU regulatory proposals for their impact on the external competitiveness of European business.** Europe's energy and climate change policy is a specific example of this trend and must be adapted to be compatible with securing the future of European industry.

### 3. Deliver on real new market access for companies!

- The new trade policy should deliver real market access for European companies, to enable them to grow and boost employment. There are FIVE As to such a market access strategy:
  - Avoiding and fighting protectionism;
  - Advancing multilateral and bilateral negotiations;
  - Arranging regulatory cooperation;
  - Asserting EU interests when cooperating with strategic partners;
  - Addressing enforcement needs.
- An ambitious and balanced Doha Round deal is the best way to deliver trade liberalization for the world economy. **Key emerging countries, in particular Brazil, India and China, will have to make contributions according to their economic and political weight.** Specific sectoral agreements in goods (chemicals, renewable energy and energy efficient power equipment, machinery, gems and jewellery, footwear,) and services should be part of an ambitious Doha outcome.
- Bilateral free trade agreements are another essential component to **increase market access for European exports and investments** in fast-growing markets like South Korea, India, South East Asia, Latin America (MERCOSUR), Canada and Ukraine.
- The EU should use its bilateral dialogues with the US and Japan, to prevent damaging regulatory divergences in, for example, financial sector regulation. Regulatory convergence should be based on the development of open and pro-competitive standards for industrial and services markets. Dialogues with emerging countries like China, Brazil and India should work to **strengthen rules-based market liberalization for trade and investment.**
- Trade negotiations will prove meaningless without a **strong EU enforcement policy to ensure that trade partners live up to their commitments.** Europe's market access strategy should focus more specifically on barriers in leading emerging markets, including Russia, China, India and Brazil. It should also take a firmer line against countries which do not respect their international trade commitments.



- Access to raw materials and energy resources is a concern for EU companies due to heightened global competition, interventionist policies by some governments and the demand for green technologies. **There will be no green technological revolution in Europe without access to critical raw materials.** Action is needed here.
- Foreign direct investment is an important driver of global trade and the EU will need to develop a coherent investment policy, focusing on partners with high economic growth potential, such as Russia or China, which present real value-added in terms of investment opportunities and protection. **The most important goal for the EU should be to push access for and protection of its own investments abroad.**

#### 4. Go for a common approach on EU trade!

- In order to make the new trade policy a success, good cooperation between Commission, European Parliament, Member States and Business is critically important. The Lisbon Treaty strengthens the EU's hand in trade and investment policy which will help us speak with one powerful voice on the international stage.
- Although the market continues to be the main driver of globalisation, states play an increasingly important economic role in large emerging economies. Consequently, **European diplomacy will need to be much more responsive to the international development of EU companies** by providing political support and safeguarding European investments and technologies in foreign markets. In turn, European business can contribute to EU external policy objectives through responsible trade and investment.
- The EU should improve coordination of economic dialogues with large emerging countries. **The Trade Policy Committee should be a lead coordinator by preparing the Commission's negotiating mandates for dialogues.** The China High Level Economic Dialogue provides a good model and was instrumental in preparing the 5 October EU-China Summit. The strong focus of that summit on commercial issues was both welcome and useful for business. We need a similar structured approach for dialogues with other emerging countries.
- As regards **the External Action Service, we are concerned about the lack of economic orientation of the new service.** There are no plans for an Economic Department or for the creation of trade departments in EU embassies abroad. This is a serious disappointment for European business which needs EU support to develop in challenging emerging markets.

#### To conclude, my four messages are:

- Go where the growth is!
- Create a competitive framework for the future EU trade policy!
- Deliver on real new market access for companies!
- Go for a common approach on EU trade!

Thank you for your attention!

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