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DG TRADE SYMPOSIUM

***“The Challenge of Globalisation: the European Union’s
Market Access Strategy”***

28 November 2000
Palais des Congrès – Brussels

Mr Dirk F. Hudig
UNICE Secretary General

**“The Key Importance of Market Access for EU Business in
a Globalised World”**

Dear Commissioner,
Ladies and Gentlemen,

As a spokesman for more than 16 million small, medium-sized and large European companies, UNICE has put market access among its top priorities to meet the challenge of globalisation.

The globalisation of economic activities is an irreversible process, and constitutes a challenge for both governments and companies. Globalisation is not going to go away. On the contrary, under the combined effect of technological progress, notably in the areas of information and communication, and market liberalisation, it will become more marked in the years ahead. Globalisation creates a lot of anxiety in society. Existing certainties disappear. Governments lose the ability to steer economic and fiscal policies in their countries. Companies are not the cause of globalisation, but need to adapt to it to survive in the global market place.

To meet this challenge and to be able to benefit fully from the economic growth that market liberalisation engenders, many European companies are taking drastic measures. They are overhauling their structures and operations, and have launched large investment programmes to implement the changes that are necessary for their companies to survive in this new environment.

While globalisation generally contributes to economic development it might also have some negative side-effects. Therefore, UNICE concurs fully with Commissioner Lamy's view that globalisation needs to be channelled towards the objective of sustainable development.

We believe that the best vehicle for steering globalisation is a multilateral framework of rules governed by the World Trade Organisation (WTO). Such a framework provides the best guarantees for the rule of law as opposed to the rule of the strongest. It furthermore provides for a transparent and predictable trading environment, underpinned by a Dispute Settlement Body.

Such a framework of rules is needed to create the conditions for fair competition and to allow all countries and companies, whatever their size, to carry out their activities and develop new ones. It is also necessary to ensure that liberalisation of trade and investment maximises realisation of the aspirations shared by all, as citizens and consumers, in terms of improved living and working conditions, health and safety, and sustainable development.

For these reasons, UNICE is therefore an ardent supporter of the WTO as the guardian of the multilateral trading system. Production processes in industry are increasingly reliant on a free and unhindered flow of goods, services and investment across borders and upon the location of facilities close to markets. In an economic environment characterised by growing interdependence and ever-increasing globalisation of markets and production systems, the question of market access is of crucial importance to the competitiveness of European companies.

For them, market access is no longer limited to traditional commercial activities linked to export of goods. Market access comprises not only tariffs and non-tariff barriers, but also other aspects of economic activity, such as services and all the elements which render a company's economic activity in a third country possible or impossible, notably investment and intellectual property protection. It is the reason why UNICE supports, in the framework of the IGC underway, the extension of article 133, which governs EU commercial policy, to services, intellectual property and investment.

The Uruguay Round of multilateral trade negotiations created a framework of rules that has brought about major improvements in market access, thus contributing greatly to the liberalisation of trade and investment. UNICE therefore supports the inclusion of new members of this organisation.

We particularly welcome the successful conclusion of bilateral negotiations with China, and hope this country can now rapidly join the WTO. Yet integration of China in the multilateral trade system is a key achievement that will open the way to the Chinese market for smaller companies as well. Chinese accession is a major challenge for WTO. Effective technical assistance programmes need to be put in place to assist China with the effective implementation of the commitments resulting from its membership. This will not be an easy task and this process will take years. UNICE has also proposed the setting-up of a monitoring mechanism to identify possible difficulties in implementation and to determine, at an early stage, appropriate actions to alleviate them and prevent trade disputes from arising.

UNICE's other key priority remains therefore the full and effective implementation of the Uruguay Round commitments. UNICE is heartened that the implementation debate in Geneva regarding commitments resulting from the Uruguay Round has not led to an erosion of countries' obligations or to the reopening of existing agreements. UNICE has supported the extension of implementation deadlines in specific cases, provided these are justified, limited in time and subject to the submission of work programmes with clear timetables. Many developing countries are in need of technical assistance to fulfil their obligations. This aspect should be taken duly into account when new commitments are decided in a new round.

UNICE has strongly encouraged the development of a genuine integrated market access strategy at Community level. Since the launch of the Commission's Market Access strategy in 1996, UNICE has actively contributed to the Commission's actions to implement this strategy. It has set up a Market Access working group to make companies aware of this initiative and to encourage them to use it.

The results after four years of operation are very impressive indeed: the system delivers concrete and measurable results. The Commission's interactive electronic database is an extremely valuable tool for companies. It provides them with information on applied and bound tariffs and existing trade barriers. It also gives them the possibility to inform the Commission of barriers they encounter.

The exporters' guide to import formalities in third countries is also a useful tool for companies, in particular for SMEs, ensuring they have all the relevant information to fulfil the import requirements of third countries. It is also important to note the positive effects that the mere inclusion of barriers in the market access database can have on other countries. Indeed, in several cases countries have complied with their commitments when confronted with publication of their practices in the database.

This database allows the Commission and Member States to decide jointly what specific actions need to be taken vis-à-vis third countries that fail to meet their bilateral or international commitments. UNICE fully supports the market access strategy that the Council agreed in 1999 and is pleased to see that many of its recommendations as regards priority-setting and criteria have been taken into account.

This strategy makes it possible to take action at the appropriate level and to make full use of the existing array of bilateral, regional and multilateral instruments. In this way, unnecessary burdening of the WTO dispute settlement system can be avoided.

We note with some concern that the use of the Trade Barriers Regulation has remained below expectation. We understand that this is related to the extensive documentary evidence that is needed for the Commission to defend successfully cases in dispute settlement procedures. Whereas companies are able to provide prima facie proof of barriers in third countries, it is however extremely difficult for them to build a detailed dossier, especially if they are SMEs.

The globalised economy needs further liberalisation however. In UNICE's view, the best vehicle for this is a new, comprehensive trade round and we strongly support the Commission's endeavours to get such a round started as soon as possible. We all know that a new round raises many concerns in society, especially with civil society NGOs. One of the lessons of Seattle is that there will be no new round unless concerns of society are properly addressed and developing countries are more integrated in the WTO system.

We welcome the confidence-building measures that have been agreed since Seattle to work in this direction and we particularly welcome the recent Commission proposal to grant duty-free access for all products except arms originating from the least developed countries. We hope that the Council of Ministers will approve this proposal and that other Quad countries will follow this example.

UNICE believes that a new trade round should indeed better reflect the interests of the developing countries. A comprehensive approach will offer the best guarantees for trade-offs that allow all WTO members to gain in areas where they have competitive advantages.

UNICE has submitted detailed proposals for all the subjects that are likely to figure on the agenda of a new round. As regards tariff liberalisation, UNICE is seeking a comprehensive approach covering all sectors with substantial tariff reductions. Whilst UNICE firmly believes in the need for a comprehensive approach to tariff liberalisation, this should not constitute an impediment to initiatives for early tariff elimination for sectors aiming at deep tariff cuts or tariff elimination. UNICE insists, however, that such initiatives should only be pursued within the context of a broad round. The details of our proposals are set out in our position paper of July 2000.

Tariff liberalisation in itself will mean nothing if it is not pursued in tandem with further progress on the removal of non-tariff barriers to trade. Such barriers can take numerous forms, for instance registration, labelling, certification or customs procedures.

While harmonisation of legislation at the global level and mutual recognition agreements can effectively help to address a number of these barriers, trade facilitation can help remove trade obstacles occurring at the border. UNICE therefore strongly supports inclusion of this topic on the agenda of a new round.

As far as trade facilitation is concerned, UNICE believes that simplification, harmonisation and computerisation of trade and customs procedures will benefit all and that it can offer new trading opportunities, especially for small and medium-sized enterprises. UNICE priorities are: a WTO agreement on trade facilitation which integrates the Kyoto Convention, improved processing of administrative formalities notably in the field of transport, technical controls and means of payments, efficient fight against corruption and fraud without increasing unduly the constraints and burden on companies, co-operation between operators and customs and delegation of controls.

The right of establishment in third country markets is also a prerequisite to improve market access. Therefore a transparent and predictable set of rules governing trade and investment is another key priority for UNICE in a new trade round.

Another issue which is very likely to appear on the agenda of a new trade round is anti-dumping. UNICE considers that this trade instrument remains a necessary remedy against unfair trade practices which threaten the competitiveness of domestic industry. Developing countries are increasingly becoming users of anti-dumping as well, applying it against both developed and other developing countries. For SMEs, confrontation with an anti-dumping measure in practice often means that they have to forgo a market for five or ten years. Indeed, they neither have the in-house experience to deal with such cases, nor can they afford to call on expensive law firms to do this for them. The risk of trade liberalisation being undone by this trend is therefore very real and has led some countries to call for abolition or weakening of the instrument. UNICE believes, however, that the solution is not reopening of the agreement, which struck the right balance between the interests of all the parties concerned, but to seek more harmonised application of the WTO anti-dumping procedures.

UNICE also supports and encourages liberalisation of services markets throughout the world. As underlined at the ESF conference yesterday, for UNICE the GATS negotiations should achieve broad and deep coverage of services sectors in WTO members and acceding countries. They should also obtain the widest possible standstill commitments and go beyond these standstills in order progressively to remove barriers to trade and investment for the European services sector. Finally, they should ensure the developments of GATS rules and disciplines regarding government procurement of services and tackle the issues of subsidies and emergency safeguard measures. UNICE firmly believes that the best chances for successfully concluding services negotiations and achieving significant liberalisation commitments are within a new round.

While UNICE regards a multilateral approach as the best way of promoting market access, it nevertheless supports bilateral and regional initiatives which seek the progressive elimination of barriers to trade and investment.

We consider that such agreements can constitute useful steps towards subsequent multilateral liberalisation, provided they are developed in conformity with WTO rules. However, such agreements would leave a number of countries outside the system and do not necessarily improve market access by leaving aside the very sensitive issues.

Last but not least, I should stress that in order to allow European companies to benefit from further trade liberalisation, they need the right business environment on their home market to enable them to compete successfully on the global market.

Therefore, the implications of any new Community legislation or regulation for the competitiveness of European industry should be carefully scrutinised. UNICE continues to work actively in pursuit of this objective. This is a sine qua non to achieve the high level of growth and employment to which we all aspire. All of UNICE's actions in the areas of social, industrial, economic, financial and trade policy are aimed at realisation of this vital objective for our society.

In conclusion, let me summarise the key elements on market access for EU business.

- ?? UNICE actively supports launch of a new global round of multilateral negotiations.
- ?? UNICE looks for improved market access commitments, covering reduction of non-tariff barriers and tariffs. It also supports the liberalisation of services markets throughout the world and negotiation of a WTO trade facilitation agreement.
- ?? UNICE supports inclusion of a framework of rules on investment in the WTO as a necessary corollary to market access.
- ?? UNICE supports strengthening of intellectual property protection at international level and effective and timely implementation of the TRIPs agreement.
- ?? UNICE gives its unreserved support to the pro-active and interactive market access approach pursued by the Commission and Member States.
- ?? Any bilateral and regional market access approach should help to strengthen the WTO multilateral trading system.
- ?? UNICE supports a strong political determination at Community level to use all the trade defence instruments at the EU's disposal, in accordance with international WTO rules and when the circumstances so justify.

UNICE actively promotes all these priorities in the various dialogues it maintains with other business organisations in Europe and from third countries, other stakeholders of civil society and national, European and international authorities.

UNICE is committed to giving its full and active support to any market access initiative in line with this framework with a view to improving the competitiveness of European companies and meeting the challenges of a globalised world.

Thank you for your attention.

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