

**MARKET ACCESS SYMPOSIUM: A NEW CENTURY OF ADVANCES IN MARKET
INTEGRATION: THE EUROPEAN UNION'S MARKET ACCESS STRATEGY**
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**“Market Access: A priority for European Businesses on the Road to
International Competitiveness”**

Address by Baron Georges Jacobs - President of UNICE

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UNICE WEBSITE: www.unice.org

Dear Commissioner Lamy, Chairman Westendorp, President Leiti,
Ladies and Gentlemen,

As the President of UNICE, which represents more than 16 million European small, medium and large sized companies, I can assure you that market access is at the core of our preoccupations and that we look very carefully at the initiatives and decisions the EU is taking in the field of trade policy because of their direct impact on European business' competitive position abroad. With over €814 billion in exports and over €850 billion in imports in 2001, EU companies are very closely linked to and dependent on international markets.

I am therefore very grateful to be with you today and to share with such a well-informed public the European business perspective on the EU's market access strategy.

Companies are restructuring, developing new strategies and adopting innovative industrial and commercial practices to take advantage of the potential gains from globalization. Whether we are talking about large corporations with strategies that span several countries, medium-sized companies that engage in exporting and cross-border activities or small companies facing increased competition in local markets, no one can escape from the challenging realities of competition and change.

At UNICE, we believe that globalization represents opportunities as long as:

- EU trade policy is forward-looking and
- the regulations are in line with the requirements of the competitive environment in which companies operate everyday.

I would like to focus my presentation on these two components which are the two pillars of an effective EU market access policy namely a policy which facilitates European companies development around the world.

A FORWARD LOOKING APPROACH

To improve effectively market access, action needs to be taken at three levels in a coherent and integrated way: the multilateral, the regional/bilateral and the Community level.

The multilateral level: the Doha Development Agenda

UNICE is a staunch supporter of *trade liberalization negotiations in the WTO* for three main reasons:

- The WTO provides a more predictable trading environment. Its rules apply equally to all: large and small countries; industrialized and developing countries.
- It is based on an efficient dispute settlement mechanism. The system can certainly be improved and more focus be put on implementation, conciliation and market-opening solutions. News ways have also to be found to avoid innocent companies being trapped in disputes they have nothing to do with.
- Finally, the WTO system is fair in taking account of the different levels of economic development of its members. UNICE believes that trade liberalization, within a framework of multilateral rules, is a powerful engine of economic development. It therefore supports initiatives which aim to provide greater benefits to developing countries and least developed countries in particular.

However, while UNICE understands that developing countries may need more time to implement WTO rules depending on their overall level of development or depending on the level of development of their specific industries, we firmly believe that the rules should remain the same for all.

UNICE's four market access priorities for the Doha Development Agenda are well-known but let me briefly restate them for you.

- Market Access for industrial goods: UNICE supports proposals in the WTO to further reduce tariff levels through a formula approach. However, while tariff barriers to trade have declined significantly in almost all industrial sectors thanks to the WTO, non-tariff barriers continue to crop up in some of the most unexpected places thus reducing market access for European companies (40 types have been identified in latest UNICE position paper on market access). These barriers should therefore be actively negotiated together with tariffs. Particular focus should be on:
 - Export restrictions.
 - Technical barriers to trade.
 - Labeling schemes.

- Services liberalization: UNICE strongly supports services liberalization in the WTO because European companies have a comparative advantage in most service industries and the potential for job growth is truly spectacular. Unfortunately, the debate over GATS negotiations in the EU has turned into a confusing muddle based for the most part on misleading information.

The liberalization of services is not about removing public or private regulation but about market access for services providers. No one is calling for regulations to be eliminated. UNICE firmly believes that pro-competitive regulations can be adopted to ensure that public service requirements remain adequate while also allowing a degree of competition to promote greater efficiency. Similarly, the debate over providing temporary work visas for key business personnel should not be confused with the debate over immigration, as these are two completely different issues.

- Trade and investment: This brings me to my next point, which deals with market access for investment. UNICE wants negotiations on a WTO agreement on trade and investment to be launched in Cancun because it goes hand in hand with trade and services liberalization. Once again, I would like to dispel some of the myths that are being circulated by opponents of a WTO investment agreement. On the one hand, opponents deplore the fact that the least developed countries are excluded from global markets because they do not attract enough foreign direct investment (FDI). On that point – I agree with them. Yet, on the other hand, the same group opposes any WTO progress on the investment issue because this would lead to “exploitation” in developing countries.

Let's be honest: companies decide whether to invest abroad based on a calculation of risk. UNICE expects from a WTO investment agreement increased security and greater market access for European companies. This would mean more investment in developing countries provided that an enabling environment is in place domestically.

- **Trade Facilitation:** Another important issue for UNICE at the WTO concerns trade facilitation. The simplification of trade and customs procedures will provide substantial economic gains to all trading partners and particularly for developing countries, where business faces the biggest obstacles due to outdated and burdensome trade procedures. It is estimated that the cost of trade procedures may represent as much as 4-5% of the overall costs of trade transactions. UNICE therefore supports a WTO Trade Facilitation agreement based on transparency, non-discrimination and least trade-restrictive measures.

To help these countries implement Trade Facilitation rules, technical assistance programs should be increased. The negotiations should be launched on this issue in Cancun because the potential gains are too high to ignore any longer.

These priorities do not mean that the other issues on the agenda are not important. UNICE believes that concrete, significant and lasting results will not be achieved unless all the issues on the agenda are effectively addressed and the commitments are balanced. UNICE therefore warns against unilateral EU position or unbalanced proposals which would jeopardize European legitimate business interests or compromise market access for European products.

For example, the “problem of access to medicines”. While supporting the objective to find rapidly an effective and constructive solution to the issue of access to essential drugs for countries with little or no pharmaceutical manufacturing capability, UNICE is concerned by the EU position and proposals currently on the table which, by risking to undermine the TRIPs agreement, would have negative implications not only for the pharmaceutical sector but also for European industry in general.

UNICE will continue its action for balanced commitments and to support the negotiating process with a view to concluding a successful WTO Ministerial Conference in Cancun in September. UNICE is seriously concerned that the process is falling behind schedule and that the lack of progress in the agriculture negotiations risks derailing the other items on the agenda I have just highlighted.

Bilateral and regional trade negotiations

To improve market access, UNICE’s preferred route is the multilateral approach. It believes, however, that the bilateral and regional initiatives, which are fully compatible with the WTO rules on Regional Trade Agreements and which are trade enhancing, can be mutually supportive in facilitating the multilateral approach.

To be successful, UNICE believes, however, that these initiatives should be motivated by clear economic objectives and not just political goals. It should in particular bring additional results to what could have been achieved multilaterally. It is very important to make the distinction between economic and political goals in trade policy and to make sure that the decisions taken are not detrimental to European business interests.

EU’s trade policy

Now I would like to briefly underline some specific elements of the EU’s trade policy which are essential to market access.

- UNICE has been a strong supporter of the **Community market access strategy** and database since its inception in 1996. The market access database is an extremely valuable tool for companies because:
 - It provides useful information on tariff rates, export formalities, services commitments to name a few.
 - It is inter-active, companies can use the database to inform the Commission about the barriers that they encounter in their everyday activities.
 - It is effective because it encourages third countries to comply with their international obligations. Several countries have brought their practices into compliance as a result of the good work done by the EU in this field.

I would also like to emphasize the importance of this database for SMEs, which make up close to 90% of the EU companies. UNICE welcomes the Commission's concrete efforts to assist SMEs in dealing with trade barriers by providing them with accurate information and support, when need be.

For these reasons, UNICE welcomes new initiatives which aim to complement and improve even further the existing market access database.

More important than information is however the dynamic utilisation of the database. European business looks for EU action, through bilateral, regional and multilateral processes and instruments, to find the most effective solutions to market access problems. This brings me to my next point.

- **Trade policy instruments:** I would like to mention two of them, the Trade Barriers Regulation and the Anti-Dumping instrument.
 - The trade Barriers Regulation is potentially a powerful instrument. The low number of cases is however due to the complexity of the instrument for European companies. We appreciate the Commission's efforts to better explain to companies the way the TBR functions – the TBR guide that it is preparing is a step in the right direction. However, the level of detailed evidence required on the part of European companies, together with the absence of a time limit for Commission/Member State deliberations or for the Commission's decision to launch a request for consultation with the WTO, may act as brakes on the submission of legitimate cases. UNICE has made concrete suggestions to overcome these difficulties.
 - The Anti-dumping instrument is also high on our priority list. Open markets suppose that all play by the same rules. UNICE considers therefore the anti-dumping instrument to be the necessary remedy against unfair trade practices which threaten domestic industries. We warn against any weakening of the instrument, which would leave EU companies seriously exposed, for political reasons.

In Europe, anti-dumping legislation includes strict requirements such as the "public interest" clause, which other partners don't have. UNICE is also concerned that some of our trading partners may be using anti-dumping rules to keep our companies out of their markets. UNICE therefore supports EU action in the WTO negotiations under way to seek harmonization in the implementation of the anti-dumping procedures and to seek redress for obvious abuses of anti-dumping rules.

A COMPETITIVE BUSINESS ENVIRONMENT IN EUROPE

Competitiveness

The final point that I would like to make today concerns the relationship between trade and other policies in the EU. Trade policy is part of a larger set of policies whose aim should be to establish a pro-competitive regulatory environment. If we want to be a leading competitor, we need to make sure that business and other stakeholders receive the right signals from the EU institutions and governments.

There is not much point in pushing for greater market access if European companies do not have a competitive base upon which they can develop a comparative advantage.

For UNICE, the Lisbon strategy of making Europe the most competitive and dynamic knowledge-based economy in the world by 2010 is more than a political objective. It's a call for urgent action to adopt the structural reforms needed to boost employment and productivity. Policy-makers must make it easier to "do business" in Europe.

Unfortunately, Europe has not managed to become its own growth motor but remains widely dependent on activity in the outside world. The current economic slowdown must not serve as an excuse for watering down the Lisbon goals and agenda. On the contrary, the clock is ticking. We must remember that the European economy is open to competition. Other countries are not going to wait for us to adopt the internal reforms needed to remain competitive. Therefore, we need to move now if we want to create a pro-competitive business environment in Europe.

Measures that increase the regulatory burden for companies and thus make life more difficult for entrepreneurs are counterproductive for the Lisbon goals and the global competitiveness of European companies in third country markets. Lower costs and taxes for business, simplicity and less red tape are necessary. We should also avoid burdening firms with regulations that put them in a situation of competitive disadvantage vis-à-vis foreign competitors.

Internal-external coherence

To avoid this type of situation and ensure that internal regulations do not negatively affect market access in third countries, UNICE is making a proposal. It would like to see the EU systematically carry out specific trade impact assessments of new internal regulations to ensure that all actors fully understand how they will affect the competitiveness of our firms in the global market. Such assessments would provide policy makers with more economic evidence to determine the cost/benefit of regulatory measures and would make them more aware of the high trade implications of certain regulations.

Trade impact assessments should also assess the WTO compatibility of the regulations proposed. This would certainly reduce the risks of potentially devastating trade disputes.

The implementation of such impact assessments would send a clear signal to European companies that the Commission is fully committed to its market access strategy.

CONCLUSIONS

To conclude, I would like to summarize the main market access priorities for business.

- A successful conclusion of the Doha Development Agenda within the agreed time frame on the basis of balanced commitments with particular emphasis on :
 - improved market access commitments, including the reduction of tariff and non-tariff barriers
 - a WTO trade facilitation agreement.
 - Significant liberalization of services markets
 - A WTO trade and investment agreement.
- A forward-looking and offensive EU's market access strategy. The EU should not refrain from having recourse to its trade policy instruments, in accordance with WTO rules and when justified.
- Coherence between internal and external policies and rapid progress in implementing the Lisbon strategy. The screening of new EU legislative initiatives through trade impact assessments would be particularly welcome.

UNICE will continue to pursue dialogue with all stakeholders concerned to ensure that these issues remain a priority for political leaders. It appreciates the constructive dialogue between the European Parliament, the Commission and the Member States to enhance the EU's market access strategy and make it more efficient.

UNICE is committed to giving its full support to any market access initiatives in line with this framework to improve the competitiveness of European companies and to meet the challenges of globalization.

Thank you for your attention.
