

**THE EUROPEAN COMMISSION'S FIFTH MARKET ACCESS SYMPOSIUM
"TO LISBON... AND BEYOND: MARKET ACCESS AND EXTERNAL ASPECTS OF
COMPETITIVENESS"
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**ROUND TABLE "THE MARKET ACCESS STRATEGY: WHERE AND HOW SHOULD WE
PUT IN OUR MAJOR EFFORTS"**

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"EUROPE NEEDS A MORE OFFENSIVE MARKET ACCESS STRATEGY"

Commissioner Mandelson, distinguished guests and participants,

I am honoured to be given the opportunity to speak to you today about a subject which is close to my heart – Europe's place in the world. We are facing difficult times, with the recent failure of the constitutional referenda in France and the Netherlands, slow economic growth and a general sense of fear of globalisation developing among the European population. From a European business perspective, Europe now needs strong political leadership at home and abroad so that policies can be turned into the right direction to overcome these challenges.

Commissioner Mandelson, when you came to power approximately one year ago, you promised Europeans a renewed focus on competitiveness. Now it is time to deliver and to truly focus the European institutions on Growth and Jobs. European business is ready to back you 100% on a reform agenda to strengthen the international competitiveness. Together we have to work on the global leadership of the European Union.

UNICE has been an at the outset of the EU market access strategy and has supported it for many years and we have seen a lot of progress in how the EU

deals with market access barriers [the market access database, the trade barriers regulation, etc] but more needs to be done. I would like to highlight the main issues that UNICE would like to see addressed by the EU to strengthen the market access strategy in light of today's challenges:

FIRST: Trade Policy and Domestic Regulation

It is vital for those who have responsibilities over trade policy to play a more active role in the internal policy-making to ensure that the EU institutions fully address the global competitiveness of European business.

- To achieve this, the business community expects the Trade Commissioner and the Parliamentary Trade Committee to ensure that EU regulations do not harm the competitive position of European industry and are compatible with the EU's trade obligations. [Impact assessments of new EU legislation should, therefore, include a detailed analysis of the impact on international trade].
- EU trade policy should be directed first and foremost to strengthening the competitiveness of European business. Improvements need to be made in the area of customs legislation and trade defence instruments should be used when European interests are harmed or when WTO commitments are not respected.

The goal of these initiatives should be to maintain a strong industrial and services base in the EU. We will not be able to compete for market share in high growth regions around the world without it.

SECOND: Growth is occurring outside Europe: Business needs market access

Due to low growth prospects in Europe, business has to export and invest in high growth markets in North America, Asia, Latin America and Africa. To do so,

we need substantially improved market access to participate in the world's development to reap the benefits of strong growth elsewhere in the world.

The WTO Doha Development Agenda (DDA) negotiations offer the best opportunity to open markets around the world and to improve multilateral rules to make global trading easier. UNICE has supported the DDA negotiations from the very beginning but it is very concerned with the slow progress in the negotiating process three months ahead of the Hong Kong Ministerial - which is supposed to pave the way for the final phase of the negotiations.

The EU has always shown strong support in the WTO and we encourage you to continue along that path. Leadership requires openness to compromise. Everybody knows what that means for us: Either agriculture is further opened to competition or the EU's offensive interests will have to be sacrificed in the services and industrial goods negotiations once again.

The success or failure of the December 2005 Hong Kong Ministerial rests in part on the decisions that the EU will make and on your ability to convince the other players to move on and by showing readiness to make significant commitments over the coming months.

- Of course, the EU cannot be the sole "banker" of the DDA. UNICE expects the other OECD countries and the emerging countries (China, India, Brazil, Argentina, ASEAN, etc.) to come to the table with new market liberalisation proposals.
- Let me assure you that we will raise our voice more than ever for an ambitious outcome with regard to reduction of tariff and non-tariff barriers to trade, services and trade facilitation.

Whilst the WTO remains our priority in trade negotiations, we also have to face facts about the limitations of the WTO system. We are prepared to go much

further in trade liberalisation and rule-making. Consequently, the business community believes that the EU should actively pursue regional and bilateral trade and investment initiatives that go beyond WTO commitments.

- We are disappointed with the lack of progress in major regional negotiations with, for instance, Mercosur or the Southern Mediterranean region despite the EU's commendable efforts. It is vital for the EU to actively pursue these negotiations. New trade and investment negotiations with other big trading partners such as Russia, the ASEAN countries and India must also be envisaged. We urge the EU to focus in future trade negotiations first on important partners with important growth potential in future trade negotiations.
- The Commission also needs to monitor more closely FTAs negotiated by our trading partners which threaten to exclude EU companies from the market. Many industries – ranging from textiles to automobiles to financial services – risk being excluded completely from markets as a result of such agreements. The EU must be prepared to counter these exclusionary and discriminatory FTAs.

When there are negotiations, the business must be associated so that the EU's economic interests are well understood, promoted and defended. We encourage EU trade negotiators to maintain direct contacts with the business community throughout these highly sensitive negotiations.

An ambitious approach to bilateral and multilateral trade negotiations is the key to opening new markets but the EU also needs to address specific trade barriers and trade agreement violations that undermine our export potential.

THIRD: The EU market access strategy has to solve the day-to-day trade problems of European companies.

Business depends heavily on the EU to deal with the growing number of market access barriers in foreign countries. On this point, we expect much more from the European Commission.

European companies and especially SMEs cannot wait one or two years for the resolution of a violation of a trade agreement by a third country. Business needs a much more aggressive Commission that stands up for our rights when foreign governments unfairly close their markets or harm our investment interests.

We have defined specific measures to be implemented:

- To anticipate potential problems much earlier, the Commission must devote more resources to dealing with trade developments both here in Brussels and in EC delegations abroad.
- The EU needs to ensure that its legitimate economic interests are defended against the abusive or unfair trade practices of third countries. When countries dump or subsidise products on the EU market and threaten the survival of our industries, the EU needs to react rapidly and vigorously.

In essence, we are asking the Commission to strengthen its ability to react to legitimate company complaints just as the US does when their companies face trade barriers or unfair competition.

FOURTH: Focus more on emerging countries where European companies face considerable barriers to trade and investment.

EU Trade and Investment policy must focus much more on the emerging countries. When companies contact UNICE with problems, it often concerns these markets of the future.

- The EU needs a much more pro-active approach to WTO violations. European business faces a number of market access barriers due to discriminatory regulations that amount to non-tariff barriers.

- European business needs better protection of intellectual property (IP) – on which our economic future depends. The international legal system affords a high degree of protection for IP – but global IP rules need to be enforced to prevent counterfeiting and patent infringements.
- The EU needs to remove barriers to investment – which is a necessary corollary to market access. Indeed, trade today is more often than not accompanied by investment in the foreign market. Therefore, investment restrictions can prevent EU companies from entering new markets.

UNICE has been actively involved in organising business summits and dialogues with partners in the emerging countries – such as the recent EU-China and EU-India Business Summits in early September where Commissioner Mandelson was a guest speaker. I hope that UNICE and the Commission will be able to build on this cooperation to strengthen these business summits and dialogues to foster improved economic and trade relations with these important partners.

FIFTH: Business supports the development aspects of trade policy especially for the poorest and weakest countries.

I would like to clarify a final point on the European business view of trade and development, which is often misunderstood. Business supports the development approach to trade adopted by the EU for many reasons.

- We firmly believe that trade policy should be an integral part of the development strategy of poor countries because it can help boost export earnings and strengthen the competitiveness of the domestic economy.
- It is important that poor countries can continue their integration in the global economy so that they can fully benefit from new growth opportunities and investment possibilities and so that they can leverage trade policy to make much needed policy reforms.

Conclusion

To conclude, I would like to highlight what EU business expects over the next few years to develop a more offensive market access strategy.

1. First, the EU has a major role to play in promoting EU regulations that strengthen rather than hinder our global competitive position.
2. Second, a more aggressive trade policy is needed to achieve substantially improved market access and bilateral trade negotiations.
3. Third, the EU needs to devote more resources to removing the market access barriers that business faces on a daily basis.
4. Fourth, the specific and numerous barriers to trade and investment in emerging countries need to be at the heart of the EU market access strategy.
5. Finally, European business supports the development focus of EU trade policy to the extent that it focuses on the poorest and weakest countries.

We need your leadership skills to drive a forward looking and ambitious trade agenda. European business is counting on you to take up the challenge so that Europe does not give up in the face of global competition. At the same time, UNICE is prepared to work very closely with you to develop and promote a proactive trade policy to give Europeans more hope for their future in a competitive global market.

Thank you.