

13 November 2006
Check Against Delivery

DELIVERING ON TRADE & COMPETITIVENESS: ERNEST-ANTOINE SEILLIÈRE, PRESIDENT OF UNICE

Speech/Notes for the 13 November Global Competition Conference

Speakers at the Conference

- **Ernest-Antoine Seillière**, Chairman of UNICE
- **Mario Monti**, Chairman of the board of Bruegel
- **Michael Treschow**, Chairman of the Confederation of Swedish Enterprise and Vice-President of UNICE
- **Wolfgang Munchau**, Financial Times
- **John Monks**, General Secretary ETUC
- **Peter Mandelson**, European Commissioner

Commissioner Mandelson, Fellow panellists,

UNICE's priority is to support policies that strengthen the global competitiveness of the European economy and European companies and there is no doubt that trade policy must contribute to that objective. Europe's trade policy should be forward looking while better reflecting the realities of international trade for European companies. In many ways, the Global Europe strategy represents a significant improvement over past policies and UNICE appreciates that the Commission has heard many of its proposals for strengthening EU Trade Policy. I would like to comment briefly on the priority issues for UNICE.

1. Competitiveness: a leitmotiv for trade policy

- For UNICE, competitiveness should be the leitmotiv for Trade Policy by adopting a more aggressive market access policy in high growth emerging markets such as China, Russia, India and Brazil.
- Trade Policy must also deliver more results for European companies and for the European economy by strengthening the international competitiveness of our industrial and services base to ensure that we can create good jobs for Europeans.

2. Restart WTO Doha Round by rejecting agricultural protectionism

- Trade negotiators often suggest that business does not support the WTO negotiations enough. There is nothing further from the truth. Time and time again, European business has manifested its support for the WTO at the national, EU and international level.
- The real problem with the Doha round is not the lack of business support but the difficulty of European and American politicians to deal with agriculture. According to most observers, the Doha negotiations broke down in July 2006 because the US would not agree to reduce agricultural subsidies in exchange for the EU tariff offer. It seems even that industrial and services trade – 85% of our total trade – was not even discussed at the meeting! This is clearly unacceptable to business.
- To get the Doha round started again, we need the EU & the US to show leadership in the WTO. That means rejecting protectionism and making a joint EU-US proposal to reduce agricultural tariffs and trade distorting subsidies. Recent political events in the US will make progress on this issue difficult. However, the Commission must continue to press the case for the WTO in Washington – and there is no one better placed than you to do that, Commissioner Mandelson.

3. Bilateral trade negotiations: Going beyond tariffs

- There has been some criticism of EU proposals to launch new bilateral trade negotiations because this could undermine attempts to restart the WTO round. In many ways, I share this concern and that is why UNICE is devoting most of its resources on a new strategy to restart the Doha round.

However, there are also valid reasons for pursuing a parallel bilateral trade strategy.

- First, bilateral trade negotiations allow the EU to pursue much deeper economic cooperation agreements than the WTO. UNICE is calling for a deep economic integration agreement with Russia, for example, which would cover a broad range of issues that go far beyond tariffs and services liberalisation – investment, energy, customs cooperation, regulatory convergence, etc.
- Second, our competitors – especially the US and Japan – have been pursuing bilateral trade policies for several years. They often negotiate exclusive agreements that undermine our companies in third country markets. We must react.
- Finally, there are concerns in the business community about the Doha round not delivering on all of its promises. That would be a terrible blow for business but the EU will have to seek access to emerging markets through bilateral agreements.
- That being said, UNICE expects the EU to pursue ambitious, growth-generating and WTO-compatible bilateral negotiations based on the following criteria:
 - 100% coverage of industrial tariffs and major non-tariff barriers and a commitment to simple and open rules of origin must be the starting point for any future deal.
 - Services liberalisation with very few restrictions.
 - Removal of market access restrictions for investment.
 - Deal with IPR enforcement.
 - Cooperation on customs and regulatory issues.
- Finally, to be successful the EU must aim to negotiate bilateral agreements within a reasonable time-frame through a focused approach on trade liberalisation objectives.

4. EU policies that affect international competitiveness

- The Global Europe strategy promises to redress the negative impact of EU policies on international competitiveness by deepening the single market and by adopting better regulation.
- The failure to remove remaining restrictions in the Single Market harms our competitiveness.
- Some European regulations can also affect our international competitiveness. An overly burdensome REACH legislation could undermine the competitiveness of European industry by removing some chemicals from the market.
- If the EU pursues a unilateral solution to climate change, many energy-consuming industries in the EU will be at a competitive disadvantage

compared to industries located in countries which do not have climate change policies.

- UNICE expects you, Commissioner Mandelson, to play a bigger role in internal policy making to promote Europe's international competitiveness. This will require three changes to Commission policy:
 - First, it will have to do more to liberalise the European Single Market.
 - Second, impact assessments of new European regulations should study their impact on the international competitiveness of European business.
 - Third, when deciding to adopt new regulations, the EU should ensure that the EU approach is broadly similar to the regulatory approach being adopted by our main trading partners to avoid regulatory divergence that undermines trade.

To conclude, UNICE is very supportive of the new Commission strategy for trade and it counts on Commissioner Mandelson to deliver results.

Thank you