

## SPEECH

4 March 2008

Robert Schuman Foundation – Public Audience:

### **“IS EUROPE SUPPORTING ITS COMPANIES TO EXPORT?”**

#### **2<sup>nd</sup> round table, “Market Access – Reciprocity – Public Procurement – Standards”**

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Chairman, Members of the European Parliament, Ladies and Gentlemen,

It is a great pleasure for me to have this opportunity to speak to you and to present to you the views of the European business community today.

Before I go into more detail on the issues of this round table – reciprocity, public procurement, and standards – I would like to say some words about the **EU’s market access strategy**. BUSINESSEUROPE fully supported the review last April. In that respect we also welcome the support of the European Parliament. The new strategy must deliver results for European companies by facilitating market access around the world. European companies are world-leading exporters, but they also face new and complex trade and investment barriers and distortions. Therefore the Commission’s strategy should integrate two key aspects:

- Increase resources for dealing with market access issues in the EC delegations around the world. In addition, we also support better prioritisation to make the best use of limited resources already available. On country coverage, priority should be given to the EU’s main trading partners such as the US and the large emerging countries China, India, Brazil and Russia.
- Strengthen the partnership with business: we would also like Commissioner Mandelson to act more often as the EU Ambassador for Market Access around the world. EU business leaders would like to join the Trade Commissioner on visits to non-EU countries to work hand-in-hand at removing barriers and opening new opportunities – as it is a normal practice in EU member states.

To provide effective market access, we support the Commission’s approach which involves acting at both the multilateral and bilateral level in a coherent and integrated way. The priority, however, remains the WTO Doha Round negotiations.

That being said let me now turn to the issue of “**reciprocity**”. For business this is a key concept in all foreign trade and investment policies. BUSINESSEUROPE calls for reciprocity in negotiations with our global partners and for fair treatment of European companies in third-country markets. However, calls for reciprocity should not lead to a

protectionist approach which would damage growth and jobs in Europe. Instead, the EU must seek to strengthen its ability to project its economic interests internationally through coherent strategies and a more effective pooling of resources. The concept of “reciprocity” must not lead to a “race to the bottom”, with higher tariffs, more non-tariff barriers or other restrictions as an outcome. An increase in protectionism is not the answer to counter existing market access obstacles in other countries. In other words: “reciprocity” can never be an explanation for protectionism! It is for that reason that BUSINESSEUROPE is such a strong supporter of the WTO-based multilateral trading system and the Doha round. At this crucial moment, we call once again on Commissioner Mandelson to keep up the pressure for an ambitious outcome of the Round that will provide new commercial opportunities for EU industrial goods and services providers.

Regarding “**public procurement**”, I would firstly like to underline that world-class public procurement is a key goal for business. Public Procurement is an important aspect of international trade, given to its considerable size – often 10 to 15 percent of a country’s GDP and roughly 16 percent of the European Union’s GDP or 1,500 billion euros – and the benefits for domestic and foreign stakeholders in terms of increased competition.

However, public procurement remains a very difficult area, as many public administrations tend to favour their national producers.

BUSINESSEUROPE has therefore been very much in favour of including public procurement in the negotiations of the Doha round. We deeply regret that this area was excluded from the Doha agenda after the Fifth Ministerial Conference in Cancún in 2003.

In order to advance opening public procurement markets, BUSINESSEUROPE furthermore supports the revision of the Government Procurement Agreement (GPA). Currently comprising 37 countries – including the European Union, the United States or Japan – its coverage needs to be enlarged.

It is of utmost importance that China joins this agreement and therefore the accession process must be accomplished as fast as possible and with ambitious results in terms of coverage. China’s accession will not only open up a huge market to EU exports of goods and services, but also guarantee EU suppliers clear, enforceable rights when competing for Chinese government contracts covered under the agreement.

Improving public procurement rules also need to be tackled in bilateral negotiations. As an example, this must be a key issue in the EU-India FTA negotiations. Preferences for procurement through local Indian suppliers may have been reduced recently but discrimination still represents a major problem. National treatment and non-discrimination should be guaranteed, and national preferences eliminated to the greatest extent possible in an EU-India FTA.

Last but not least, I would like to comment on the issue of “**standards**”. Reliable standards are key elements for all future economic integration. BUSINESSEUROPE has strongly acted in support of the so-called “New Approach”, which sets clear objectives, offers flexibility and gives the private sector possibilities to set the relevant



voluntary standards in detail. Companies have made very good experience with this system.

BUSINESSEUROPE is also supporting the work of the International Organisation for Standardisation, as consistent international standards are crucial for the EU's relations to other countries. For example, this is a key issue in the ongoing FTA negotiations between Korea and the European Union. Korea has to refrain from setting its own standards but adopt international ones. BUSINESSEUROPE also calls upon standard setting organisations in the EU and the United States to develop single standards for both regions. This could be done in the framework of the Transatlantic Economic Council (TEC), set up last year, by involving the US and EU standard bodies in the TEC Advisory Body. Finally, BUSINESSEUROPE supports close cooperation with countries like Ukraine and Russia on regulatory approximation to expend the benefits of the single market to our partners.

Ladies and Gentlemen, this is what I wanted to make as introductory remarks. I thank you for your attention and I am now happy to answer to your questions.

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