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### **REMARKS AT TRANSATLANTIC STRATEGY FORUM: “THE EUROPEAN UNION, THE UNITED STATES AND GLOBAL GOVERNANCE: MAJOR TRENDS AND CHALLENGES”**

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First may I say thanks very much to all three organisers of this extremely timely event. I’m very glad to be able to add a business perspective to these discussions. Global governance is a topic which sounds a little removed from the day-to-day realities of Europe’s companies, but what is vital for business is the future of the economy. We are moving to a global economy that involves increased if geographically dispersed markets and more complicated but more efficient chains of supply. If managed correctly this transition represents a huge opportunity for European business. If not, the consequences also stand to be great. Now, part of that management is of course a domestic agenda. But we must have the right rules of the game internationally if European companies are to succeed.

In our view at BUSINESSEUROPE, these rules must give European companies the chance to compete on a level playing field in all major world markets. The right forms of global governance are the ones that will tackle the whole range of barriers that companies face – from tariffs and customs measures, to standards and procurement policies to foreign equity caps and visa restrictions. Putting those structures in place will not be easy as it will require agreement with all of the players in the global economy, particularly with the rising economic powers of India, China, Russia, Brazil and others. But it will certainly be impossible for Europe to achieve its objectives without a fundamentally closer relationship with the United States.

The transatlantic economic relationship is often portrayed as an endless series of disagreements over the precautionary principle. But in reality there is much more in common between the US and Europe than what divides us. Both sides are committed to high levels of protection for citizens from health and safety, and environmental risks. Both sides are committed to doing so in a way that is proportional and does not discriminate. Both sides are committed to basing regulation on scientific evidence. Both are committed to open markets as a tool for prosperity. Finally and fundamentally the EU and US still count for the lion’s share of global trade and investment, meaning that a coordinated approach to the rules for the global economy can have real weight.

There are three areas where this cooperation could be improved.

First, the WTO. Despite continuing disappointments the Doha Round remains the top priority of European companies in international trade and we definitely need improved EU-US coordination here. For now, the main obstacle to that remains a lack of US



engagement over all. There will be no deal without a credible political re-commitment to the process followed by a more specific delineation of what the US actually wants and is willing to offer. But if and when that does come, the question is whether the EU will be ready to cooperate. European business is as frustrated as US business by the lack of real market access commitments from key emerging economies. Is it realistic for instance, that China as one of the largest chemicals producers in the world, refuses to participate in a global agreement to eliminate tariffs in that sector? But to date the European Union hasn't been willing to push hard for emerging country participation in sectoral agreements. So if the US does come forcefully back to the table the EU will need find ways to support US demands, which, incidentally coincide with its own economic interests.

There will also be a WTO agenda for after Doha or, if we don't get things moving soon, for a parallel track to Doha. This could be on trade facilitation for instance where there is a broad consensus in Geneva but perhaps also on some new consensus-based sectoral deals looking at for example the Digital Economy. Here we could work together to build on the Information Technology Agreement to go for a more holistic approach. It could address non-tariff barrier, procurement and raw materials access for equipment, but also include liberalisation of IT and telecoms services.

Lastly for the WTO we need to improve coordination of our dispute settlement activity. This is an area where there has been progress recently, notably in relation to China but also in the wines and spirits case against India. This should continue and be enhanced to strengthen enforcement.

A second major track of work is in other global regulatory policy debates. We need to work together in the G20 to deliver results to the current financial reforms that will both improve regulatory outcomes and restore access to finance for companies. Also in the G20 context, it was disappointing to European business that the US Buy American provisions were among the first violations of the pledge to avoid protectionist measures and created a spill over effect in China and elsewhere. The EU and US can also do more jointly in the area of competition policy. As emerging countries put in place anti-trust policy regimes it is vital that these respond to standards of transparency and procedural fairness. Cooperation intellectual property rights is very intense but can always be stepped up.

Finally, and perhaps most importantly is the bilateral relationship itself. The complexities involved in any regulatory decision often means that even if they with different outcomes. This is problematic for bilateral trade and investment between the two continents, which is affected by measures such as 100% scanning of cargo. But it also undermines efforts to put in place global rules. If we fight so bitterly over chemicals policy it is not going to lead to global rules for a global industry. We can also separately push for recognition by South Korea of our automotive safety and environmental standards but if these are different to start off with we are in conflict not cooperation. So the case for bilateral cooperation on economic regulation is strong also from the global perspective.



This process is led by the Transatlantic Economic Council, a body that has achieved some notable successes in intensifying regulatory cooperation between the EU and the US but is still in its infancy. It has an important agenda that includes energy efficiency, financial markets reform, and innovation among other areas in front of it. With the new Commission and a US Administration that is properly up and running this body needs new dynamism in 2010.

To finish, I want to note that as of February 2010 we have roughly 2½ years - from the start of the new Commission till the beginning of the 2012 US Presidential election season. This is our window to work together on all of these questions. Companies will be willing to help!