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### PRESENTATION TO EUROPEAN PARLIAMENT COMMITTEE ON INTERNATIONAL TRADE

René van Sloten, Chairman of the BUSINESSEUROPE Market Access Working Group  
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Ladies and Gentlemen,

My name is René van Sloten and I am working for the European Chemical Industry Council (Cefic) but today addressing you in the capacity of chairman of the BUSINESSEUROPE Market Access Working Group. I would like to thank the INTA committee for having invited us to today's hearing to present BUSINESSEUROPE's views on the new trade policy for Europe under the Europe 2020 Strategy.

**MY FIRST MESSAGE** is that growth is elsewhere. In the short term it is clear that the emerging countries in Asia and Latin America are coming out faster from the economic crisis than Europe. Growth in the EU will remain subdued for some years to come. Pre-crisis GDP and trade levels are not yet in sight. As regards the longer term, it was the Danish physicist Niels Bohr who said that prediction is very difficult, especially about the future. Yet some longer term global trends are unmistakably taking place that will change Europe and its industry's place in the world. According to a report of DG Research published in 2009 entitled "The World in 2025" the centre of gravity of world production will move towards Asia, which in 2025 would reach more than 30% of world GDP. Asia's GDP would by far surpass that of the EU, then estimated to be at slightly more than 20%. Both in the short and longer term, therefore, growth is taking place outside of Europe. That means, ladies and gentlemen, that exports are and should remain a key driver for the European economy.

**MY SECOND MESSAGE** is that the new trade policy should continue the lines already set out in the Global Europe communication. The Global Europe strategy has served Europe well since 2006. Entrepreneurs believe that its economic orientation and main components must remain in place if the EU is to continue to be competitive in the future. Certainly, changes have taken place in recent years, not least the economic crisis, the drive towards greener growth and the Lisbon treaty changes. An updated trade policy will need to take these into account. However, the EU must address these new realities while remaining fully aware of trade's primary purpose – to generate long-term growth and employment in the European economy. A first milestone for the future trade policy will be to define the EU's strategic objectives – mid-term and long term, especially vis-à-vis the large emerging countries. As regards more "traditional" trading partners (US, Canada, Japan etc.), the main objective should be to tackle market access and advance regulatory convergence.



Global Europe also highlighted the key importance of internal policies. We should avoid that business is put too much at a disadvantage in relation to other key economic regions in the world. DG Trade, along with DG Enterprise, should therefore systematically assess EU regulatory proposals for their impact on the external competitiveness of European business. Europe's energy and climate change policy is a specific example of this trend and must be adapted to be compatible with securing the future of European industry. The non-inclusion of emission reductions targets in Europe's Neighborhood policy and more precisely in the new deep and comprehensive free trade areas is a missed opportunity to ensure a level playing field for European industry.

**MY THIRD MESSAGE** is that the new trade policy should deliver real market access for European companies, to enable them to grow and boost employment. There are several components to such a market access strategy:

- Avoiding and fighting protectionism;
- Advancing multilateral and bilateral negotiations;
- Arranging regulatory cooperation;
- Asserting EU interests when cooperating with strategic partners;
- Addressing enforcement needs.

Multilateral and bilateral trade negotiations must focus on broad-based market access for trade and investment in key markets and improved global rules. BUSINESSEUROPE remains convinced that an ambitious and balanced Doha Round deal is the best way to deliver trade liberalization for the world economy. Key emerging countries, in particular Brazil, India and China, will have to make contributions according to their economic and political weight. Specific sectoral agreements in goods (chemicals, renewable energy and energy efficient power equipment, machinery, gems and jewellery, footwear,) and services should be part of an ambitious Doha outcome.

While firmly committed to successfully concluding the WTO Doha Round, which would restore confidence in open markets and accelerate world recovery, bilateral free-trade agreements are essential to increase market access for European companies in fast-growing markets like South Korea, India, South East Asia and Latin America (MERCOSUR). The EU must strongly promote its export and investment interests in these negotiations in close cooperation with European business.

Substantial and meaningful improvements in key services sectors (information and communications technology services, transport, postal and courier services, energy and environmental services, financial services) and modes of supply, especially by the large emerging countries, are needed to create the new business opportunities essential for economic growth, development and job creation.

Regulatory divergences can also undermine trade and investment. The EU should use its bilateral dialogues, in particular with the US but also with China, Russia and Japan, to prevent damaging regulatory divergences in, for example, financial sector regulation. Regulatory convergence should be based on the development of open and pro-competitive standards for industrial and services markets.



Trade policy should also be coherent with the EU's internal market and industrial policies. For instance, the EU should aim at promoting a strong and stable intellectual property regime within and outside the EU to foster innovation and the commercial deployment of new technologies. In addition, support should be given to areas in which the EU has a competitive advantage and is ahead its main trading partners; as in innovative and low carbon technologies. Specific attention should be given to ensure open public procurement markets which account for a significant share of GDP. Other issues of concern are related to state aid that leads to unfair competition, subsidies and an increase of anti-dumping measures.

Trade negotiations will prove meaningless without a strong EU enforcement policy to ensure that trade partners live up to their commitments. Europe's market access strategy should focus more specifically on barriers in leading emerging markets, including Russia, China, India and Brazil. It should also take a firmer line against countries which do not respect their international trade commitments.

Access to raw materials and energy resources will be an increasing concern of EU companies over the coming years due to heightened global competition, interventionist policies by some governments and the demand for green technologies.

The EU needs to step up implementation of the Raw Materials Strategy as well as the proposals of the report of the Ad-hoc Working Group on defining critical raw materials for the EU to counter government intervention and to keep the global market for raw materials open. As regards internal policies, we count on the European Parliament's support to obtain a clearer distinction between EU agricultural policy that fosters food security and policy that aims to encourage agro-energy development. The latter is not always sustainable in Europe and also has considerable negative side effects for industries that use agricultural resources as a raw material as is the case for the food, chemicals and paper industries. High tariffs and subsidies in the agro-energy sector threaten the competitiveness of these high value added industries and stand in the way of greening value chains. These support systems must be reviewed to lessen, if not eliminate, these competitive distortions.

**MY FOURTH MESSAGE** is that in order to make the new trade policy a success, good cooperation between Commission, European Parliament, Member States and Business is critically important. The Lisbon Treaty strengthens the EU's hand in trade and investment policy. The enhanced role of the European Parliament brings the interests of European citizens further into the debate. Europe's citizens are anxious about their economic future so it is vital that EU trade policy contribute to the expansion of European economic growth and the creation of jobs. The Parliament has so far demonstrated a very constructive role in regards of the EU – South Korea Free Trade Agreement and we hope this will continue in future.

Ladies and gentlemen, BUSINESSEUROPE believes that liberalisation is the most effective way for trade to create jobs, improve productivity and boost growth. Europe's most successful industries, which create well-paid, knowledge-intensive jobs, are in export-oriented sectors. It is clear that the interest of citizens and employees is best served by further market opening, within the EU and in third countries.



We count on the EU institutions to jointly work with the business community in pursuit of that objective.

To conclude, my 4 messages for today are:

- Growth is elsewhere
- The main features of Global Europe should be maintained
- The new trade policy should deliver real market access for companies
- Cooperation among all stakeholders, in particular the European Parliament, is vital to achieve this!

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