



12 October 2011

### **THE CONSEQUENCES FOR EU BUSINESS OF A MORE COHERENT EU FOREIGN POLICY**

**LONDON, 19 OCTOBER 2011**

HOW CAN THE EMPLOYERS' GROUP OF THE EESC BEST CONTRIBUTE TO SUPPORTING EU BUSINESS STRATEGY AND PRIORITIES OVERSEAS

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- **International trade and investment are crucial for European companies**
  - European firms exported € 1.6 trillion of goods and services in 2009, which is about 13 % of our GDP. The EU is also the most important provider and host of FDI. The EU's share in global trade remains stable at around 18%, despite the steep rise of the emerging economies. In comparison, the US and Japan have both declined in export market share while China has grown.
  - More than 36 million jobs (around 18% of EU labour force) in Europe depend, directly or indirectly, on our ability to trade with the rest of the world. More than 4.6 million people in the EU work for Japan and US-majority owned companies alone. We need trade to spur job creation in Europe.
- **Economic growth is increasingly outside of Europe, the EU should make sure companies have access to these growth opportunities.**
  - By 2015, 90 % of world growth will be generated outside Europe, with a third from China alone
  - Developing and emerging countries are likely to account for nearly 60 % of world GDP by 2030. This is compared to less than 50 % today.
  - Completing all ongoing free trade negotiations (DDA and bilateral agreements) would add more than 0.5% to 1% to EU GDP from tariff cuts alone. The additional benefits of more stable trade and investment rules would create even more growth for our economy.



- **Role of the EU external policies and EU External Action Service**

- At BUSINESSEUROPE we believe that one of the main objectives of the EU's foreign policy should be to support the international competitiveness of our companies. Business needs an EU foreign policy which recognises the broad benefits, in terms of stability and therefore security, of responsible trade and investment, particularly in developing countries.
- Trade priorities: finding a way to conclude the WTO Doha negotiations and concluding ambitious Free Trade Agreements in particular with India, Ukraine and Canada. Progress on EU-Mercosur is also a high priority for business.
- G8/G20: Access to capital for the private sector must be taken into account in financial sector reform. We are especially concerned that Basel III rules might reduce access to trade finance for European exporters. This would have disastrous consequences for our 1,6 trillion in annual exports.
- Relations with strategic partners, such as the US, China and Russia are crucial. Existing platforms such as the Trans Atlantic Economic Council and High-Level Economic Dialogue (China) should be used to make progress on issues important for business such as non-tariff barriers, standards.
- EU foreign policy needs a strong economic dimension. Important to have contact point for business in the External Action Service, both in Brussels but also in the EU representations around the world.
- Involvement of External Action service in solving market access problems for companies. In the context of DG Trade's Market Access Strategy, EU diplomats should be involved in tackling barriers to EU exports.
- EU investment policy: companies should be able to rely on EU investment agreements to protect their investments and to open new markets. Important priorities are China and Russia for negotiating such investment agreements.
- When the EU adopts trade and/or financial sanctions the consultation of business is essential to avoid legal risks and unintended consequences of EU policy.
- Access to raw materials is crucial for functioning of EU economy. High degree of dependence foreign markets/import (for some materials up to 100% such as antimony, cobalt, molybdenum, platinum, rare earths and tantalum. Also, the supply is concentrated from a few sources. Some



countries supply over 75% of the market (e.g. South Africa for Rhodium and China for Tungsten) giving them a strong influence on price and quantities. External Action Service to ensure good relations with suppliers, work with DG Trade to prevent distortions (export restrictions, export taxes) to the raw materials market. Find synergies between EU raw materials policy and EU development policy to make sure that extractive industries really contribute to growth in developing countries.

- **Role of the EESC employers group**

- Work with the institutions to ensure a strong economic dimension of EU foreign policy. In particular relations with the European Parliament, which now has a more prominent role in EU trade policy.
- Business community to monitor implementation of Free Trade Agreements, for example the functioning of the safeguard clause in the EU-South Korea FTA
- Dialogue with the External Action Service, for example on sanctions legislation, to ensure clarity for companies having to apply sanctions.
- Employers group to ensure involvement of EEAS in solving market access problems for European companies.

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