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**SPEECH BY JÜRGEN R. THUMANN**

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170, RUE DE LA LOI, 1046 BRUSSELS**

Your excellencies,

It is an honour to join you today for your conference. Thank you Mr. O'Sullivan, dear David I may say, for the kind invitation.

You invited me in my function as President of BUSINESSEUROPE. But first and foremost I am an entrepreneur and I believe in the European Union. We need to take all the necessary measures to safeguard the Euro and to help some member states regain their competitive edge. But this is in the realm of the achievable given the overall strengths of the European economy and its industry. Ladies and gentlemen, you play a vital role in promoting the European Union's economic and political interests. I hope that you carry forward the message that the European Union will survive and can overcome the challenges of the financial crisis in the countries where you are active.

Even though the Eurozone crisis is on top of all our minds I prefer to focus my discussion on the economic dimension of your diplomatic responsibilities.

With the Lisbon Treaty, the European Union has the authority to develop a fully-fledged foreign economic policy. The External Action Service, together with the European Commission, is expected to carry out that mission. European companies increasingly operate and depend on global markets. Although the market continues to be the main driver of globalisation, states play an increasingly important role. Especially in the large emerging economies. European diplomacy needs to be responsive to these developments. At the same time, business can prove to be a vital resource to strengthen European diplomacy. I am convinced that closer cooperation between us will be mutually beneficial.



Today, I want to outline my vision of an economic diplomacy to you.

For BUSINESSEUROPE, five issues are central to the EU's economic diplomacy.

**First**, the EU must remain a force to defend the rules-based system of global commerce. This requires a better understanding of the industrial policies of our main competitors and a firm line against economic nationalism. It will not always be easy to stand up for European companies that may be mistreated or discriminated against locally. But tackling market access barriers is essential to ensure our own economic growth. Here, I would like to commend DG Trade and the External Service for their excellent work in different countries.

**Second**, European economic diplomacy should support the competitiveness of EU companies. In addition to pursuing trade agreements and removing market access barriers, the EU should engage pro-actively to protect EU investments abroad and to help companies protect their commercial and industrial technology. BUSINESSEUROPE's research shows that the core concern of companies is the protection of their technology as they develop abroad. You play a vital role in helping to enforce rules for the protection of that technology.

**Third**, the EU should devote more of resources to facilitate economic partnerships with major trading partners. I am of the view that the External Service should have an economic division, similar to the US Department of State, to define the EU's core external economic interests. In addition, BUSINESSEUROPE believes that business development is the strongest form of development aid! Development policy should not be completely de-linked from the EU's diplomatic and economic objectives. We do not call for a return to the "tied aid" policies of the past. Rather we believe that more public-private partnerships in the development field would generate mutual benefit: private sector development locally and new business opportunities for EU companies.

**Fourth**, the EU should engage more forcefully to promote its interests in energy and raw materials. There must be a fine balance between the pursuit of our resource needs and cooperation with resource-holders..

**Fifth**, the EU and business need to find better ways to cooperate on sensitive political issues like economic sanctions or human rights. For example, our members are very keen to join forces with EU institutions to tackle challenges in resource holding countries by coordinating public and private projects to boost good governance practices. I think this is much more effective in improving the local economic and social situation than brandishing the threat of trade sanctions.

Ladies and gentlemen,

To pursue these five issues, Europe will need to strengthen relations with the largest global economies. This will require a more detailed strategy towards those economies based on clear mandates from the EU member states. In addition, the EU institutions will need to abandon their silo approach to key relationships, where individual Commission directorates or services engage in bilateral dialogues without links to a



wider EU strategy. European business calls for more coherence on external economic policy issues across Commission directorates **and** the External Action Service. Let me take you on a quick journey around the world and highlight BUSINESSEUROPE's priorities with our main trading and investment partners.

Starting in the East, Russia remains our largest supplier of energy and industrial raw materials. Russia's recent accession to the WTO will certainly help to improve the business regulatory environment. However, Russia seems to have few ambitions to improve relations with the EU. We need to convince Russia of the opportunities that closer cooperation with the European Union provides.

India is a rapidly growing economy with many strong, global companies. While recognising the difficulties, the free trade negotiations with India remain a priority for our organisation. Therefore, we encourage the EU to support India's domestic economic reforms which will create opportunities for business and facilitate the conclusion of the free trade negotiations.

China's emergence has created huge opportunities for European business. And a significant competitor to our industries. Although challenging, the High Level Economic Dialogue remains for us an important vehicle to tackle trade and investment conflicts. But continuous efforts to enforce multilateral trade rules in China are needed. And the EU still lacks a strategy to engage more constructively with China. What could be a "positive agenda" for EU-China relations? This is something BUSINESSEUROPE would like to reflect with you in future..

Japan is requesting the launch of free trade negotiations with Europe. As you know, businesses have different views on the issue. Some industries positive, some neutral and others concerned. For me, the decision to move forward with Japan depends largely on how you judge the ability and willingness of the Japanese Administration to truly open its market, truly remove non-tariff barriers, truly engage in regulatory convergence.

Ladies and gentlemen, I am taking you here on a real fast trip, so please keep seated.

The US will remain our main trade and investment partner for many years to come. We must therefore seize the opportunity of the High Level Working Group on Growth and Jobs to rapidly launch trade and investment negotiations. By the way, I am convinced that a successful conclusion of the EU – Canada CETA agreement would significantly help here to convince our US friends to enter into negotiations.

A barrier-free transatlantic marketplace will not only be of great commercial interest it will also help us better define trade, regulatory and investment rules for an open global economy. Beyond trade, the EU needs to find better ways to engage with the US in multilateral fora. The failed WTO Doha Round and the lacklustre results of UN Climate negotiations attest to the need for greater Transatlantic alignment.



Next, let me turn to South America. BUSINESSEUROPE has always strongly supported free trade with the Mercosur region. However, given the difficulties of advancing these negotiations with all Mercosur partners, the EU will need to emphasise closer bilateral cooperation with Brazil on specific issues.. BUSINESSEUROPE has been involved in the creation of working groups with Brazilian industries to advance bilateral opportunities such as infrastructure, agrosience and the enforcement of international tax treaties. And I hope I can count on your support.

Although my trip around the globe focused on the large economies of the world, I want to underline my belief that the role of the External Service in medium and smaller economies is also essential to the EU's economic and political interests. We would therefore like to encourage the External Service and the Commission to reflect on ways to develop these relations - notably by encouraging Commissioners to diversify their external missions. I'm sure that most EU Commissioners have been to China over the last two years but how many have visited ASEAN or African countries? A better coordinated plan to ensure that EU politicians engage with all of our partners is needed.

Last I want to discuss with you today is how to optimise cooperation between the External Service and business in the future. I fully recognise that you constitute a relatively new organisation and therefore it will be important to develop cooperation with business in a progressive manner. I see three areas where cooperation with business can be useful for your work and for business.

At EU level, it is important to engage in a structured dialogue with business organisations like BUSINESSEUROPE to help define the core components of an economic diplomacy.. More concretely, I would see two important ways of structuring a dialogue with BUSINESSEUROPE. On the one hand it would be great to have a more regular exchanges between your Service and the relevant BUSINESSEUROPE committees and working groups to get a better mutual understanding of the situation abroad. I would therefore personally invite you to let us know when you are in Brussels so that we can organize such an exchange. In addition, you should not hesitate to send government officials or ministers from third countries to meet with BUSINESSEUROPE when they make official visits to Brussels. Naturally, we would coordinate with you before meeting those officials.

Furthermore, many of our member federations and companies would like to discuss the EU's diplomatic strategy toward key markets or resource holding countries to act, in a way, as a kind of sounding board for you. At the same time, I am sure that you could benefit tremendously from hearing about their experience abroad. Political summits provide another opportunity for cooperation.

BUSINESSEUROPE organises business summits or similar events in parallel. The week after next we are hosting here the EU-South African Forum and the EU-China Business Summit. In order to make these events more than a "one-off" activity we should consider ways to follow up on recommendations throughout the year. Moreover, when summits take place outside of Brussels, we should strengthen synergies when gathering business missions. For the time being, our business missions receive very



limited official support from the EU institutions. Naturally we therefore look forward to closer cooperation with the External Action Service.

BUSINESSEUROPE also organises its own missions to third countries. The purpose of these missions is to strengthen our relations with counterpart business organisations like the US Chamber of Commerce, Keidanren in Japan or the RSPP in Russia. For us, it is important to always have an exchange with you on the general economic and political situation in the country during those visits. We could even consider ways to strengthen that cooperation on the ground with the help of your chief economic advisors. On this point, I would suggest that the External Action Service elaborate a "charter for business" as is often done at national level by diplomatic services. This charter would clarify the role that EU embassies should play in assisting European business in third countries.

There is another issue where closer cooperation is required between BUSINESSEUROPE and the External Action Service. An issue which is related to EU regulation. Unfortunately, there is a worrisome trend where many well intended regulations are creating diplomatic challenges for the EU. For example, we are introducing laws on transparency in the resource sector that conflict with the national laws of resource-holding countries. We regularly apply our environmental regulations in an extra-territorial fashion without giving our trading partners a say in the adoption of the regulation. Please don't misunderstand me: Foreign companies must comply with EU regulations. But EU regulations must not create extra-territorial intervention or unjustified trade restrictions. As ambassadors with good knowledge of the local situation, I would encourage you to intervene much more forcefully to warn of the risks associated with this type of regulation. This action is also necessary to convince some members of the European Parliament to respect the sovereignty of our trading partners. Please alert us to potential problems so we can help find solutions.

To conclude my presentation today, I would like to underline how strongly I appreciate and support the efforts that you make to promote the EU's interests abroad. Thank you for your dedication and hard work, I truly believe that closer cooperation with business through dialogue with BUSINESSEUROPE can contribute significantly to your work and ultimately toward helping the EU achieve its diplomatic ambitions. This will take time and commitment from both sides. But I am certain that we will also rapidly see the benefits of this cooperation.

For now I very much look forward to any questions that you may have and to a fruitful exchange. And for the future I hope that I can welcoming many of you at BUSINESSEUROPE or to meeting you in your embassies soon as our dialogue develops further.

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