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MARKET ACCESS: IT IS ALL ABOUT DELIVERY

**CLOSING STATEMENT BY
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MARKET ACCESS CONFERENCE, 18 NOVEMBER 2010, BRUSSELS

Ladies and gentlemen, earlier this week I presented BUSINESSEUROPE's economic outlook. Based on a survey of our members, we've concluded that the recovery has been **stronger** than previously expected. Therefore, we've revised our forecast for EU GDP growth to **1.8% for 2010 and 1.7% for 2011**.

The uplift in global trade has been a true engine of the recovery. Extra EU-exports expanded by 17% in August 2010 compared to a year before. They are expected to grow by 9.4% in 2010 and a still robust 6.6% in 2011 for the EU. In 2010, some member states saw their exports go up by 12% (the Netherlands), 15% (Germany) or even 21% (Poland).

In this situation, **escalating protectionism** would be the **worst case scenario**. So far, protectionist measures have been, by and large, contained. But a recent survey of our members indicated that protectionism outside the EU is seen as the **main risk to economic activity**. When we last conducted this survey, in June 2010, protectionism stood at place 7.

Tackling protectionism and industrial policies aimed at protecting markets should therefore be at the **top of the EU's trade priorities**. With regard to the three areas you've discussed today:

On public procurement – The OECD estimates the value of total procurement markets worldwide to be 30.1% of world exports. Regrettably, public procurement is today arguably the largest trade sector sheltered from trade rules. In the EU we are confronted with a **persistent imbalance** in the openness of the EU markets vis-à-vis our main competitors. As a result, Chinese contractor are able to build highways in Europe, but European companies ability to bid for contracts outside the EU, for example for railways or power stations, is restricted. This results in a lot of lost business opportunities. It is encouraging that in the Trade Communication presented by Commissioner de Gucht last week, the EU will propose **an instrument** in 2011 to increase the EU's leverage in this area.



BUSINESSEUROPE has developed a position paper on possible ways to trigger further market opening, such as a clarification of EU public procurement directives. Specifically, we're asking for an examination procedure for abnormally low bids or and for participation of companies from countries that have not signed the WTO GPA or do not have a bilateral agreement covering procurement with the EU.

On intellectual property rights – Our companies and right holders need more effective protection and enforcement of intellectual property (IP), including geographical indications, across foreign markets, especially in emerging economies. We are also deeply **concerned** about the discriminatory way in which IP regulation has been used by some countries to block European companies, such as China's Indigenous Innovation Policy and its patent filing subsidies policy that goes against the international IP rules under the WTO TRIPs agreement.

The EU should address this through dialogue, but also in its trade negotiations. In negotiating FTAs, the IPR clauses should as far as possible offer identical levels of IPR protection to that existing in the EU while taking into account the level of development of the countries concerned. The Anti-Counterfeiting Trade Agreement (ACTA) should help to combat the infringement of IPRs.

On raw materials – it is crucial that we **join forces** to ensure that raw materials markets are not distorted by measures such as export restrictions. BUSINESSEUROPE recently sent a letter with a large number of business organizations to ask G20 leaders find a solution **for access to rare earth elements**. China is currently providing more than 95% of the supply of rare earth elements and has started to limit this supply to the detriment of companies worldwide. The EU should tackle this by **enforcing the rules** that we've established at the WTO and in bilateral trade agreement, but also engaging in a dialogue with resource-holders on these measures. The problem is larger however than rare earth elements. As distortions are becoming **more prominent** on the global market, access to these inputs at fair conditions is a concern for industry worldwide.

On the Market Access Strategy, this remains an important pillar of EU trade policy. In my view, it has two unique characteristics: **Problem-solving** and **Partnership**. The Market Access Strategy is action-oriented. It allows business representatives to bring forward concrete problems like non-tariff barriers or property rights violations to be solved to help European companies. The Market Access Strategy is also a coordinated effort. It brings together three important players: member states, the European Commission and business.

These two aspects, problem-solving and partnership, have proved their value in the past years. Several barriers have successfully been tackled and I want to **congratulate** the European Commission for this result. Of course, solving market access issues is not an easy task; it requires action, making use of all available tools and leverage, and, above all, persistence.



I am encouraged therefore to see that the European Commission, in its recent Communication on EU trade policy, has emphasised **delivery and enforcement**. As the EU will conclude more bilateral trade deals, the enforcement of the agreed rules will become a cornerstone of EU trade policy. Clearly, the Market Access Strategy has an important role to play in addressing situations when the rules are not respected.

I also think that there is room for improvement. In particular, we should not be hesitant to work with **other actors**, like the External Action Service and the European Parliament, to make the Market Access Strategy more successful.

- 1) **The EU External Action Service.** As the EU is developing its foreign policy, we believe that it should reflect carefully on how it can shape the economic dimension of this policy. For instance, we have advocated for business contact points in all EU embassies who are dedicated to solving market access issues and providing assistance to business. I was encouraged therefore to read in the Communication on Trade Policy that the EU “will also enhance the role of EU Delegations as contact points for EU business abroad and, where appropriate, create specific business support structures in third countries”.
- 2) **The European Parliament.** The European Parliament has gained in power, but also in responsibility for EU trade policy. Market Access problems should make their way to the agenda of the Parliament and concrete cases should be addressed during Parliamentary visits to our main trade partners. The Commission should also present its annual trade barriers report the Parliament to highlight general trends and problems for business.

Thank you for your attention.

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