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on Global Europe - external aspects of competitiveness
(2006/2292(INI))

Committee on International Trade

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on Global Europe - external aspects of competitiveness (2006/2292(INI))

The European Parliament,

- having regard to the Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions entitled ‘Global Europe: competing in the world. A contribution to the EU’s Growth and Jobs Strategy’ (COM(2006)0567),
- having regard to the Communication from the Commission entitled ‘Global Europe: Europe’s Trade defence instruments in a changing global economy. A Green Paper for public consultation’ (COM(2006)0763),
- having regard to its resolution of 28 September 2006 on the EU’s economic and trade relations with India¹,
- having regard to its resolution of 25 October 2006 on the annual report from the Commission to the European Parliament on third country anti-dumping, anti-subsidy and safeguard action against the Community (2004)²,
- having regard to its resolution of 4 April 2006 on the assessment of the Doha Round following the WTO Ministerial Conference in Hong Kong³,
- having regard to its resolution of 12 October 2006 on economic and trade relations between the EU and Mercosur with a view to the conclusion of an Interregional Association Agreement⁴,
- having regard to its resolution of 1 June 2006 on EU-US transatlantic economic relations⁵,
- having regard to its resolution of 13 October 2005 on prospects for trade relations between the EU and China⁶,
- having regard to its resolution of 6 September 2005 on textiles and clothing after 2005⁷,
- having regard to the Commission staff working document accompanying the Communication from the Commission entitled ‘Economic reforms and competitiveness: key messages from the European Competitiveness Report 2006’ (SEC(2006)1467),
- having regard to the Presidency conclusions of the Brussels European Council, held on 23

¹ Texts Adopted, P6_TA(2006)0388.

² Texts Adopted, P6_TA(2006)0450.

³ OJ C 293E, 2.12.2006, p. 155.

⁴ Texts Adopted, P6_TA(2006)0419.

⁵ OJ C 298E, 8.12.2006, p. 235.

⁶ OJ C 233E, 28.9.2006, p. 103.

⁷ OJ C 193E, 17.8.2006, p. 110.

and 24 March 2006¹,

- having regard to its resolution of 15 March 2006 on the input to the Spring 2006 European Council in relation to the Lisbon Strategy²,
 - having regard to the Commission Communication entitled ‘EU – China: Closer Partners, growing responsibilities’ and the accompanying working document entitled ‘Closer Partners, Growing Responsibilities: A policy paper on EU-China trade and investment: Competition and Partnership’ (COM(2006)0631 and 0632),
 - having regard to the Declaration adopted by consensus on 2 December 2006 in the context of the annual session of the Parliamentary Conference on the WTO,
 - having regard to Rule 45 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade and the opinion of the Committee on Economic and Monetary Affairs (A6-0149/2007),
- A. whereas trade policy can contribute decisively to the stimulation of growth and the creation of jobs in line with the objectives of the renewed Lisbon agenda,
- B. whereas an appropriate strategy must be adopted by the EU in order to meet the challenges of globalisation and to confront increased competition from major emerging economies, while preserving the European model of economic, regional and social cohesion,
- C. whereas consistency between the internal and external aspects of the renewed Lisbon agenda is indispensable to the success of that initiative,
- D. whereas domestic structural reforms play an important role in improving both the internal and external competitiveness of EU enterprises,
- E. whereas the suspension of the Doha Development Agenda (DDA) on 24 July 2006, after almost five years of negotiations, has created a new situation whereby it has become necessary for the EU to temporarily adjust the priorities and instruments of its trade policy, while maintaining multilateralism as its main trading policy priority,
- F. whereas all other instruments available should be used in a manner conforming with EU trade policy,
- G. whereas the EU is already one of the most open economies in the world,
- H. whereas the integrated character of the common commercial policy is an important asset for the EU and enables it to play a prominent role in the international trading system,

¹ Council Document 7775/1/06.

² OJC 291E, 30.11.2006, p. 321.

- I. whereas protectionism artificially shelters inefficient sectors of the economy from international competition, diverts resources away from more productive sectors, raises prices and ultimately leads to unemployment,
- J. whereas there is often a public outcry against the disruptive impact that the opening up of trade has on certain regions and economic sectors, while its positive effects on innovation, competitiveness and employment are too often overlooked,
- K. whereas market access is being increasingly hampered by various types of non-tariff barrier (NTBs),
- L. whereas high tariffs still constitute a significant obstacle to trade, especially in relations with major emerging countries,
- M. whereas the multilateral trading system, embodied in the WTO, remains the most effective framework for achieving fair and equitable trade on a global basis, by developing appropriate rules and ensuring compliance with those rules,
- N. whereas the EU remains committed to the success of the DDA and has already shown its goodwill through a series of meaningful offers in all areas of the negotiations,
- O. whereas renewed consideration should, under certain conditions, be given to the conclusion of bilateral and regional free trade agreements (FTAs), bearing in mind, however, that an excessive proliferation of such agreements could militate against strengthening the multilateral system, of which the EU is a proponent,
- P. whereas it is essential to identify the right balance between multilateral, bilateral and plurilateral agreements,
- Q. whereas the EU should be prepared to defend itself, whenever necessary, against violations of agreed rules through recourse to dispute settlement mechanisms, and against unfair trading practices through the application of effective and lawful trade defence measures providing immediate relief to industries that have been harmed,
- R. whereas no credible and legitimate trade policy can be conducted without the meaningful involvement of the Parliament,
- S. whereas it is important that the Parliament have access, in due time, to the texts of the various negotiating mandates given to the Commission;

The EU in global competition

- 1. Considers that trade policy is an indispensable component of any strategy the objective of which is to stimulate growth and create jobs through improving Europe's competitiveness; welcomes, therefore, the Commission's above-mentioned Communication on Global Europe: competing in the world as an important contribution to the renewed Lisbon agenda;

2. Considers that the development of trade is not an end in itself, but must be assessed in the light of its impact on economic growth, employment and sustainable development; points out that an analysis of European economic competitiveness, instead of solely focusing on trade figures, should also focus on the proportion of total world output achieved by European producers and on employment trends;
3. Considers that greater external competitiveness is vital if the Lisbon growth and employment goals are to be attained and if worldwide sustainable development is to be promoted; believes that the EU, when taking external action, must encourage reform and international cooperation in the economic sphere so as to create a favourable business environment; intends, to that end, to work towards greater consistency and compatibility in its macroeconomic policies, improved monetary and financial security, cooperation in tax matters and the elimination of unfair tax competition;
4. Considers it necessary, firstly, to pursue a monetary policy based on price stability so as to be able to finance technological progress and to assist small and medium-sized enterprises (SMEs) by enabling them to enter markets outside the Euro-zone; secondly, to establish business-friendly taxation systems that are likely to increase the number of start-ups and, to that end, to cut taxes that undermine efficiency and impede job creation, especially for particular social groups such as women, the long-term unemployed, and the elderly; and, thirdly, to increase competition on the internal market, bearing in mind that the fiercer competition is within the EU, the more able EU-based companies will be to compete outside the EU;
5. Is convinced that the social model that remains at the base of European industrial relations has enabled the EU to maintain a high degree of global competitiveness vis-à-vis its main competitors; considers that the biggest challenge facing the EU is to uphold the functioning of that social model despite existing pressure, in increasingly competitive global markets, to further lower the social and environmental costs of production;
6. Believes that the benefits of an open trading system outweigh its potentially disruptive impact; considers, therefore, that the EU should continue to strive to complete the single market, continue to promote increased global liberalisation and free and fair trade and resist protectionism;
7. Believes that the benefits of liberalisation accrue largely to those countries that lift tariff and NTBs and open their markets; considers, therefore, that the ability of the EU to increase its competitiveness is dependent upon it addressing all barriers to trade at a global level, securing the completion of the single market and opening its markets to third countries;
8. Agrees with the Commission strategy to positively influence the process of globalisation and to manage risks;
9. Regrets that EU citizens equate globalisation with falling European output and job losses; points to the need for the EU to adopt a suitable strategy for implementing the reforms needed to enable the EU to take advantage of globalisation, thereby boosting production and employment;

10. Invites the Commission and the Member States to better inform European citizens on all aspects of globalisation and the concrete benefits resulting from the EU's participation in the international trading system;
11. Considers that the concepts underpinning lifelong learning are useful tools but that they are an inadequate response to projected changes in global productive structures; demands that the implementation of the new global EU competitiveness strategy be made dependent on progress in the realization of the Lisbon agenda, which must be re-oriented to better address the legitimate fears of European citizens that they will be unable to adapt to change;
12. Believes that increased competition should prompt the EU to boost its efforts in education and in research and development in order to maintain its position on world markets for innovative products and highly skilled services and to improve its position through the creation of new comparative advantages;
13. Believes that it is essential to support the smooth integration of highly innovative European high-tech companies into the global trading environment;
14. Stresses the strategic need for the EU to maintain, in spite of external competitive pressures, a sufficiently wide and diversified industrial base; considers, therefore, that trade opening should be accompanied by, and consistent with, solid industrial policies at both European and national levels;
15. Insists that the backbone of the EU's economic success is the activity of its SMEs which, through improved access to research and development opportunities, must be endowed with the ability to guarantee the production of high quality goods at the higher end of the value chain;
16. Recalls that the EU is already one of the most open economies in the world and that it has greatly contributed to, and benefited from, the considerable expansion of global trade over the past fifty years;
17. Considers, however, that the EU's performance, in relation to already developed and emerging economies, is negatively affected by both a lack of reciprocity in market access conditions, an insufficient degree of compliance with agreed trade rules and the proliferation of unfair trading practices;
18. Notes that many countries in the world, including major emerging economies, maintain high tariff and NTBs to EU exports; considers that the lifting or significant reduction of such barriers should be one of the main priorities of EU trade policy;
19. Agrees with the Commission that the world trading system is no longer the preserve of the OECD countries; recommends, however, that countries like Mexico be integrated in the list of countries which the Commission regards as emerging; recalls that emerging countries like China, Brazil, Russia, India and Mexico already represent more than 18 % of global trade flows;
20. Calls for the EU's external policies to ensure fair economic development among partner

countries, combat social dumping and promote compliance with social legislation and provisions on decent employment standards which, as proposed by the International Labour Organisation (ILO), guarantee a decent income for workers and their families, the right to safety and health at work and the right to social security and trade union freedoms;

21. Notes the interest that the EU has in pursuing and intensifying bilateral negotiations with its main developed trading partners, provided that this does not jeopardise EU environmental and health standards and respects the UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions of 20 October 2005;

The WTO

22. Considers that the multilateral trading system, embodied in the WTO, remains by far the most effective framework for achieving free trade on a global basis; considers, however, that the WTO system should be reformed to some extent in order to increase its transparency and effectiveness; welcomes the resumption of formal negotiations on the DDA and reiterates its strong support for a successful conclusion of those negotiations;
23. Considers that achieving an ambitious and balanced outcome of the DDA negotiations is crucial for European companies and should be considered a priority by EU negotiators;
24. Notes that the Doha Round is a development round, and that, therefore, the EU's new trade agenda must reflect development objectives;
25. Regards a meaningful reform of the WTO institutional structure and decision-making process as essential if there is to be an improvement in its functioning and if the challenges of a steadily increasing membership are to be met; calls on the Commission to actively contribute to a global reflection on this subject and to come up with constructive proposals;
26. Believes that, if the EU were to promote basic multilateral rules on competition policy and international cooperation in this area were to be strengthened, markets could be made more open, balanced, and efficient;

Bilateral and regional free trade agreements

27. Emphasises that the WTO is the most appropriate forum for ensuring the equitable distribution of the benefits flowing from increased globalisation; considers, therefore, that achieving an ambitious, development-oriented outcome to the DDA negotiations must be the EU's first priority; regards bilateral and regional FTAs as a sub-optimal solution; recalls that such agreements lead to trade diversion, are often unbalanced, contribute to introducing discrimination in international trade relations, and tend to reduce the level of engagement of participating countries in the WTO;
28. Believes that new bilateral or regional free trade initiatives should only be launched when necessary to improve the competitive position of EU exporters on crucial foreign markets, especially in cases where other major trading powers have already concluded or are in the process of negotiating such agreements with the countries or regions concerned; demands

full transparency from the Commission on the criteria applied to select new FTA partners and insists that comprehensive economic and sustainable impact assessments must be carried out, with the involvement of all stakeholders, and that their results be made public;

29. Considers that all new FTAs concluded by the EU should be WTO-compatible, comprehensive, ambitious, lead to real reciprocal market access and moreover ensure far-reaching liberalisation of services and investment, going beyond both existing multilateral commitments and those expected to result from a successful conclusion of the DDA;
30. Considers that, when negotiating FTAs, the Commission must take into account the risks of excluding the smallest and weakest trading partners from the benefits of international trade and, therefore, insists that their interests must be taken into consideration during the entire negotiation process;
31. Calls on the Council to distinguish between emerging economies and developing countries when formulating FTA or Association Agreement negotiation mandates, and to ensure that, in negotiations with developing countries, an orientation towards their development needs prevails;
32. Is convinced that all future FTAs must be modern in nature and include the standards incorporated in the fundamental ILO Conventions;
33. Demands that all new FTAs concluded by the EU include mechanisms allowing it to suspend, wholly or partially, their application when there is evidence of non-fulfilment of FTA obligations by the other parties; considers that the Commission should agree to activate such mechanisms whenever invited to do so by a Parliament resolution ;
34. Invites the Commission to negotiate, with like-minded members of the WTO, common basic provisions for FTAs concerning, for example, preferential rules of origin with a view to achieving more consistency between such agreements and simplifying their use for the benefit of economic operators;

Plurilateral/sectoral negotiations

35. Invites the Commission and the Council to also consider the merit of plurilateral/sectoral negotiations in certain cases, following the examples of the Civil Aircraft Agreement, the Government Procurement Agreement, and the Information Technology Agreement;

General approach to trade negotiations

36. Insists that any EU concessions made to its negotiating partners should, except when clearly justified by development considerations, be matched by concessions from the countries concerned;
37. Draws attention to the strategic importance and multifunctional nature of agriculture in the EU; stresses that agriculture should not be the only area in which the EU makes concessions in the course of trade negotiations and that trade policy must continue to comply with the basic approaches prescribed in the course of several successive reforms of the Common Agricultural Policy;

38. Recalls that the EU, as the largest single market for goods and services in the world, is very attractive in the eyes of exporters the world over; draws attention to the considerable leverage that this confers on EU negotiators, both in the multilateral framework and in the bilateral and regional framework;
39. Considers that the implementation of fair trade policies by the EU and all its trading partners will have to progressively place greater emphasis on the international recognition of minimum environmental standards that create a level playing field between all the partners;
40. Warns against the danger of overburdening trade negotiations, at multilateral, bilateral or regional level, with issues which are not directly related to international trade and which could be more effectively addressed in other frameworks;

Transatlantic relations

41. Refers to its above-mentioned resolution on EU-US Transatlantic economic relations and reiterates its call in favour of a new EU-US Partnership Agreement aimed at eliminating or significantly reducing all outstanding barriers to trade and investment, with a specific focus on regulatory cooperation; considers that such an agreement would bring about considerable benefits for both economies; welcomes the listing of that important issue among the priorities of the German Presidency of the Council;
42. The strengthening of transatlantic economic relations must proceed on the basis of compliance with the EU's environmental and public health rules, and must not compromise the independence of its competition policy and its rules on the protection of public services and cultural diversity;
43. Recommends that reliable data be gathered in order to prove that the integration of the EU and US economic markets is of great importance to the Mexican and Canadian economies and societies; draws attention to the fact that foreign direct investment in Mexico is quite often channelled through European subsidiaries operating from the US, which explains why those operations are not actually reflected in EU-Mexican data;

China

44. Refers to its above-mentioned resolution on prospects for trade relations between the EU and China; regards China as a clear illustration of the positive impact of trade liberalisation and active participation in global and competitive markets, in terms of economic growth and welfare; is aware of the considerable societal and environmental challenges faced by that country; insists that China should comply with all its WTO obligations, such as the protection of intellectual property rights (IPRs); welcomes the above-mentioned Commission communication and working document on EU-China, and supports the Commission's efforts to define an appropriate strategy to deal with all aspects of EU-China relations;
45. Considers that the development of economic and trade relations with China must proceed in tandem with a political dialogue embracing both partners' responsibilities in the

environmental and social fields; stresses that economic and trade relations between the EU and China must be based on respect for fair and even-handed trade rules and the application of WTO rules;

46. Considers that inadequate protection of IPRs represents one of the greatest challenges facing the EU in its bilateral relations with the Chinese authorities; calls on the Commission, therefore, to intensify its efforts to persuade China to fully respect the TRIPs agreements and improve the enforcement of judgments handed down by the courts;

Regulatory issues

47. Stresses the increasing relevance of regulatory issues in international trade; calls for greater consistency between EU rules and practices and those of our main trading partners; emphasises that this should not produce a downward harmonisation of norms and regulations that would erode citizens' confidence with regard to health, safety and the environment; stresses that they should, rather, increase the effort to ensure that they are both recognized and enforced by the EU's major trading partners;
48. Requests the Commission to systematically assess the impact of the EU's internal policies and regulations on global competitiveness and to give preference, in its proposals, to the policy and regulatory options which are least likely to negatively affect the competitive position of EU enterprises within and without Europe;
49. Stresses, in the context of the WTO and bilateral FTAs, the importance of speeding up the removal of non-tariff trade barriers and of harmonising technical rules, particularly by applying the mutual recognition principle;
50. Considers that the most effective way to avoid regulatory divergences, resulting in the creation of obstacles to trade, lies in the development of global rules and standards; encourages the Commission to actively participate in the work of all relevant international agencies and standard-setting bodies;
51. Supports plurilateral and bilateral regulatory cooperation with key partner countries, as long as it neither leads to undue discrimination against others nor allows the partners concerned to unduly interfere with the EU internal decision-making process;

IPR protection

52. Calls on the Commission to continue its efforts in the fields of research, development and innovation; notes that respect for patents and the defence of IPRs lie at the heart of the EU's external competitiveness, and believes that the EU should adopt a more resolute stance in its approach towards third countries in that connection;
53. Stresses that counterfeiting and piracy result in job losses, undermine innovation and deprive governments of tax revenues; stresses that adequate IPR protection and effective enforcement are the bedrock of a global economy;
54. Regards the appropriate protection of IPRs by the EU's main trading partners as an

indispensable requirement for preserving and improving the EU's external competitiveness;

55. Welcomes the Commission's commitment to strengthening IPR provisions in international trade agreements and the enforcement of existing commitments;
56. Insists that the major trading partners of the EU, such as China and Russia, enforce IPRs in accordance with WTO/TRIPS obligations;
57. Stresses that the European IPR policy towards developing and middle-income countries should not go beyond TRIPs Agreement obligations, but that it should instead encourage the use of TRIPs flexibilities;
58. Considers that adherence to rules concerning the protection of IPRs, and evidence of their effective enforcement through appropriate legal and administrative means, should be a sine qua non for accession to the WTO;
59. Calls on the Council to approve the proposal of 16 December 2005 for a Council regulation on the indication of the country of origin of certain products imported from third countries, as supported by the Parliament in its resolution of 6 July 2006 on origin marking¹;

Market access strategy

60. Welcomes the Commission's decision to review its Market Access Strategy and looks forward to the adoption of its communication on the subject in 2007; invites the Commission to keep the Parliament closely involved in this initiative;
61. Insists on the need to particularly focus on NTBs which, as tariffs are progressively reduced or eliminated, tend to become the main obstacles to international trade; draws attention to the great variety, technical complexity and political sensitivity of NTBs, which make them difficult to tackle, and invites the Commission to devote sufficient resources to that demanding task;
62. Draws attention to the serious risk of security-related measures becoming the main NTBs of the 21st century; calls on all countries to address their legitimate security concerns through measures which restrict trade as little as possible and to cooperate with each other - multilaterally, plurilaterally or bilaterally - in the pursuit of that objective;
63. Calls on Commission delegations, Member State embassies and trade promotion agencies, chambers of commerce and all other public and private organisations representing European economic interests abroad to better coordinate their action to promote EU goods and services, open markets and increase investment flows;

Services

¹ Texts adopted, P6_TA(2006)0325.

64. Recalls the growing share of services in global economic output and in the GDP of the EU; draws attention to the high level of external competitiveness of European service providers; calls on the Commission to pursue, in all trade negotiations, both the progressive and reciprocal liberalisation of services and a policy of increased standardisation, transparency and predictability of rules and regulations concerning that sector, in order that the highly competitive European services sector can operate more freely in third countries; notes, however, that this should neither lead to offers nor requests in the area of public services;
65. Believes that a distinction should be made between commercial and public services; stresses the need to keep public services out of all negotiations, particularly in the case of public services which address people's basic needs and provide access to essential 'public goods' such as health, education, drinking water and energy and those which play an important role in preserving cultural diversity, such as audiovisual services;
66. Insists on the need to guarantee that LDC partners maintain policy space in order to be able to regulate services which are important for their development;
67. Maintains that the EU must promote the dissemination and recognition of international accounting and auditing standards and practices so as to ensure that markets become more stable and transparent, and to ensure that operators are able to benefit from greater certainty and that they are better informed, as regards their activities, outside the EU;
68. Maintains, in particular, that in order to increase its external competitiveness, the EU must take measures under its commercial policy to strengthen the security of electronic transactions and trade and to improve data protection;
69. Believes that opening up the market in financial services and facilitating the movement of capital must go hand in hand with greater transparency and improvements in measures to combat money laundering, financial support for terrorism and tax fraud, especially where offshore financial centres are involved;

Raw materials and energy

70. Considers that raw materials, and in particular energy resources, should merit special treatment in the new EU trade agenda;
71. Considers, in light of the need to also combat climate change through more sustainable trade patterns, that access and use of energy and resources is a matter of multilateral rule setting that must not be undermined by bilateral trade agreements that compete for the most favourable access conditions;

Government procurement

72. Considers that the large degree of openness of EU public procurement markets, at all levels of government, is not matched by commensurate access in favour of EU suppliers, particularly SMEs, to foreign public procurement markets for goods, services and construction contracts and that the Commission should work towards reciprocal access in

relation to developed and emerging economies in that important economic sector; agrees that the introduction of targeted restrictions on access to parts of the EU procurement market may be exceptionally considered with a view to encouraging reciprocity, but strongly objects, however, to any attempts to close that market for protectionist purposes;

73. Calls on the Commission to secure meaningful commitments from the other WTO Government Procurement Agreement (GPA) participants, within the framework of the ongoing renegotiation of that agreement;
74. Stresses, however, the need for a higher level of transparency and requests that the Commission refrain from making excessive demands in the area of public procurement, especially in the field of public utilities, wherever those create difficulties for the least developed partners;
75. Takes note of the initiative taken by some Member States to redress the balance of the Government Procurement Agreement in favour of SMEs; urges the Commission and the Council, therefore, to insist on inserting in the Government Procurement Agreement being renegotiated at the WTO a clause enabling the EU to give preference to SMEs when awarding public procurement contracts, on the lines of those already applied by other major States which are party to the agreement, such as the United States and Japan;
76. Considers that public procurement should also be part of all bilateral and regional trade negotiations initiated by the EU, with a view to opening up public procurement markets on a balanced basis;

Respecting the rules

77. Stresses the need to ensure that the EU's trading partners fully comply with rules and obligations resulting either from their membership of the WTO or from bilateral or regional agreements with the EU; stresses the crucial importance of the WTO dispute settlement mechanism (DSM) for the credibility and effectiveness of the multilateral trading system; urges the Commission to activate that mechanism every time non-compliance by other members negatively affects the trade interests of the EU and a negotiated solution cannot be found within a reasonable period of time;

Trade defence instruments

78. Believes that the pursuit of further trade liberalisation makes it all the more necessary for the EU to preserve its ability to protect itself against unfair trading practices; regards Trade Defence Instruments (TDIs) therefore as an indispensable component of the EU's strategy for external competitiveness;
79. Takes note attentively of the Commission's initiative to engage in a comprehensive review of TDIs and the launching of a public consultation process on the basis of the above-mentioned Communication from the Commission on the Green Paper for public consultation;
80. Recalls that, as indicated in the Commission's summary of the "Evaluation of EC trade

defence instruments" prepared by Mayer, Brown, Rowe and Maw LLP and submitted in December 2005, the study in question concluded that "the status quo is both reasonable and adequate in order to address the interests of all groups of parties" and therefore supports the view that there is no visible nor urgent need at present to review or alter the Community's existing TDIs;

81. Recalls that negotiations are currently taking place on multilateral disciplines concerning TDIs within the framework of the DDA; welcomes those negotiations but regrets American opposition to reforms of the WTO's framework for TDIs; believes that the global escalation in the use of TDIs, particularly by advanced industrial countries, calls for new and more stringent rules at WTO level so as to ensure the continuation of free and fair world trade;
82. Endorses the idea of adapting those instruments to the new realities of the global economy, but warns of the danger of unilaterally disarming the EU to such an extent that it is unable to counter unfair trading practices in an international context marked by the proliferation of such practices and the intensive, and often abusive, use of trade defence measures by third countries against imports from the EU;
83. Supports the Commission's efforts to monitor the application of trade defence measures by third countries against imports from the EU, to react to possible abuses and to provide appropriate assistance to affected companies;

Customs

84. Stresses the importance of customs rules and procedures for the correct implementation of trade policy measures; believes that an appropriate balance has to be struck in the definition and application of such rules and procedures between the effective control and the facilitation of trade flows;
85. Recalls that the excessively complex and burdensome import procedures applied by many countries in the world often entail significant transaction costs for EU exporters and represent significant barriers to trade; supports, therefore, the Commission's efforts to tackle that issue, both in the multilateral framework of the DDA negotiations on Trade Facilitation and through bilateral and regional negotiations;
86. Invites the Commission and the Member States to give serious consideration to the idea of setting up a unified EU customs service for a more effective application of customs rules and procedures throughout the customs territory of the EU;

Exchange rates

87. Notes that exchange rates are a major factor in the development of international trade; calls on the Commission to make concrete proposals on measures to be taken when exchange rates are such as to undermine the EU's competitiveness, and to consider the inclusion of such measures in the upcoming revision of the EU's TDIs;

Institutional issues

88. Believes that the credibility and effectiveness of the common commercial policy, as an instrument of EU competitiveness, are negatively affected by the lack of legitimacy of that policy resulting from the insufficient involvement of the Parliament;
89. Deplores the fact that important trade legislation, such as that concerning TDIs, remains outside the scope of the codecision procedure and that uncertainty remains as to the applicability of the assent procedure with respect to FTAs; calls on Member States to urgently correct that unsatisfactory situation by carrying out the necessary institutional reforms and, in particular, by giving effect to the provisions of the Draft Treaty Establishing a Constitution for Europe concerning international trade;
90. Calls on the Commission and the Council to keep it fully informed of, and involved in, all new initiatives taken as a follow up to the “Global Europe” communication;

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91. Instructs its President to forward this resolution to the Council, the Commission and to the governments and parliaments of the Member States, the acceding countries and the applicant countries.

EXPLANATORY STATEMENT

2007 sees the 50th anniversary of the signing of the Treaties of Rome. The customs union and the common market have in the meantime become pillars of the process of European unification. At the same time, the common trade policy was also founded. The principle of free and open markets with fair terms of competition has since then shaped the internal and external policies of the Union. The topics and priorities tackled by the Commission in its communication entitled 'Global Europe: competing in the world'¹ will determine the trade policy of the European Union in the years to come.

Securing Europe's competitiveness

Shaping globalisation in human terms and communicating it properly

The interconnectedness of the world economy has a special impact on the European Union as the world's largest internal market. Like hardly any other economy on earth, Europe is dependent on exports. Around 20% of the jobs in the Union are export-dependent². Experience shows that the countries with the greatest involvement in international trade also benefit greatly from it. Nevertheless, globalisation is mostly associated with the relocation of jobs³. These concerns must be tackled and European policy must be able to provide convincing answers to them. People must not be allowed to gain the impression that globalisation is directed against them and that the European Union is not doing enough to defend their interests since the opposite is the case!

Implementing the Lisbon Agenda

Europe's competitiveness is jeopardised today more than ever by the efforts of our competitors. With the updated *Lisbon Agenda* of 2005 the Union has set itself the right targets for achieving success against the international competition. The Commission's approach of bringing about better consistency between internal and external policies is urgently needed. We will gauge the Commission against this self-imposed commitment.

Preserving open markets and championing Europe's interests

Like no other economic area, the European Union has opened its markets and benefited enormously from doing so. However, the international trading system is today characterised by the fact that this openness is not practised everywhere. The European Union should therefore set about inducing its trading partners, in keeping with the principle of reciprocity, to open up more markets. Ultimately, this will bring advantages for all concerned. The success of the European internal market also rests on the adoption of fair rules of competition. As part of future trade policy, the principle of fair and free competition should also be included and implemented in the global framework.

¹ COM(2006)0567.

² Commission figures.

³ See Eurobarometer 64, Autumn 2005.

Setting the right priorities in external relations

Priority for the multilateral world trade system

The economic success of European unification demonstrates the advantages of a customs union and internal market. The European Union must be guided by the self same conviction in championing at global level too the goal of abolishing customs duties and creating equal terms of competition. The best machinery for doing so at the present time is provided by the WTO, and a successful conclusion of the current world trade round (the Doha round) is therefore in the overriding interest of the citizens of the European Union as well as of the other WTO member states.

As a next step, the topics of the 1996 WTO ministerial round in Singapore must be tackled: trade and investment, trade and competition policy, public procurement and trade liberalisation.

The structural weaknesses of the WTO are becoming increasingly clear. A reform of the World Trade Organisation should therefore be initiated immediately after conclusion of the Doha round.

While the vision of a worldwide internal market may not be achievable in the short term, it should be established as the model of a global system in the very long term.

The WTO system should not be weakened but complemented by bilateral free trade agreements

Despite the difficulties of the multilateral system, bilateral free trade agreements are not an equally valid alternative but only the second-best option. The following disadvantages can be cited against free trade agreements:

- The proliferation of widely differing agreements ('spaghetti bowl') means noticeably increased transaction costs for economies and businesses since they need to cope with widely differing sets of rules. For small and medium-sized economies and businesses in particular, this means that high barriers are erected to involvement in international trade.
- The existence of many different bilateral agreements does improve reciprocal market access for the countries concerned but leads in the medium and long term to a weakening of the multilateral trade system, since the incentives diminish for each individual country to secure liberalised market access on a universal basis (preference erosion).
- Potentially, the developing countries are placed at a disadvantage since they are less attractive as partners to an agreement.

With the multilateral system at a continuing standstill or making only minor progress, however, the European Union is faced with a dilemma. Either it can secure its short-term interests through bilateral free trade agreements, although this would involve undermining the multilateral approach. On the other hand, it can refrain from negotiating and concluding bilateral free trade agreements. This could entail short-term drawbacks but would in the long term strengthen the WTO, which will ultimately be of more benefit to the Union's interests.

One remedy could be to pursue a reactive but ambitious approach: free trade agreements

should be negotiated and concluded only with the countries or groups of countries in which our competitors have already negotiated or concluded their own free trade agreements and where consequently businesses in Europe are threatened with competitive disadvantages. At the same time, these free trade agreements should, however, cover areas that go beyond the WTO standard and hence open up new paths for the further development of the WTO. Compatibility with the relevant WTO rules must be a precondition of conclusion of bilateral free trade agreements. This also means that ways must be sought of tying down as much content as possible in the bilateral agreements through standards laid down in plurilateral agreements. The area of rules of origin is an example that comes to mind here.

The European Parliament must be involved in defining the mandate and monitoring the negotiations. In the event of our contractual partners not fulfilling their agreed commitments, the suspension of the agreement or certain parts of it at the initiative of the European Parliament should be specified in the agreements.

Championing European positions more effectively

In the multilateral system and in bilateral negotiations there will be more emphasis in the future on championing European interests effectively. At the outset, therefore, precise targets should be defined by Parliament and the Council and care should then also be taken during the conduct of negotiations to secure equivalent concessions in exchange for our offers. The European Union, as still the world's largest trading bloc today, must pay closer attention not to surrender its own interests without comparable concessions from competitors.

The European Union's trade policy must be directed towards its own objectives and not be influenced by unrelated political considerations. Legitimate concerns in other policy areas should be pursued in special negotiations, the outcome of which can then be combined with the negotiating outcomes of trade policy. Taking trade policy hostage in an attempt to push through other policies at the expense of European trading interests must be ruled out.

Achieving better rule-making in the European Union and a global framework

The process of better rule-making and deregulation initiated with the Lisbon Agenda would, if successfully implemented, also enhance the international competitiveness of the European Union. In this context, it is high time to pay more attention to the consistency between internal and external policies. Experience shows that, where there is agreement on European standards, these often become the reference model for solutions with our trading partners. The widest possible degree of agreement on European standards is therefore also essential from the point of view of international competitiveness. When creating European rules and standards, the impact on competitiveness on the global scale should always be considered. In addition, it should always be verified beforehand what standards apply with the Union's trading partners and whether the adoption of established practices or even a compatible European solution are possible. Global standards are best agreed multilaterally but at least, as far as possible, plurilaterally.

Effective protection for intellectual property

It is estimated that product piracy causes damage to the tune of € 659 billion or between 5%

and 9% of world trade¹. European businesses are particularly affected. Consistent enforcement and above all implementation of intellectual property rights are therefore required at both multilateral and bilateral levels. The Commission and the Member States really must step up their existing efforts.

Achieving better market access for businesses from the Union

The European Union has one of the most open markets worldwide. Unfortunately, businesses from the Union are often confronted not only with tariff barriers but also increasingly with non-tariff barriers to trade. Whilst past trade rounds focused to a large extent on measures to phase out customs duties, the focus must now shift more to the non-tariff barriers to trade.

Since the terror attacks of 11 September 2001 a large number of security-related measures have been introduced which often impose considerable burdens on the businesses concerned and hamper trade flows. A new sense of proportion must be aimed for here which strikes a balance between legitimate security concerns and trading interests. Supposed security rules must not be allowed to become the non-tariff trade barriers of the 21st century.

Opening up public procurement markets

With the relative openness of its public procurement markets, the Union does enjoy a relatively special status by international comparison. Negotiations should be stepped up to achieve reciprocity in the opening of markets on the part of trading partners. In so doing, there is still no alternative to the Commission strategy of pointing out that, where necessary, reciprocal access restrictions will be introduced. However, exaggerated demands that could be misused in order to close procurement markets in Europe as a protectionist step should be avoided. The aim must be for other economies to open up their markets.

Preserving the effectiveness of trade defence instruments

Against a background of growing liberalisation it is absolutely essential for the European Union to be able to defend itself at short notice and effectively from unfair trade practices. The European Union's trade defence instruments have generally speaking proved their worth in the fight against dumping and some subsidies. A clear distinction needs to be made between anti-competitive, monopoly-oriented dumping and forms of price dumping that are in line with competition rules. Only anti-competitive dumping should be tackled with anti-dumping measures. Where such practices can be proved and European businesses are being harmed, effective measures must be taken at short notice to avoid distortion of the market. At WTO level, negotiations are currently taking place on trade defence instruments, and the discussion process initiated by the relevant Green Paper² comes therefore at the most unfavourable time imaginable. This process should focus above all on the reform of procedures and set out to achieve an objective system of evaluation and decision-making which should be as free as possible of political considerations. Since the European Union by comparison with our competitors has at its disposal comparatively liberal trade defence

¹ Wildemann, Horst et al., 'Plagiatschutz - Handlungsspielräume der produzierenden Industrie gegen Produktpiraterie', Munich, first edition, 2007, p. 2.

² 'Europe's trade defence instruments in a changing global economy' COM(2006)0763.

mechanisms, there should be no attempt at further relaxation of the implementing provisions.

Reforming the institutional framework

The European Union's trade policy has a far-reaching influence on the life of its citizens. Greater involvement of the European Parliament is therefore necessary in order to strengthen the democratic legitimacy of decision-making.

Important issues such as trade agreements that impact on internal policies or arrangements concerning trade defence instruments should be transferred to the codecision procedure as is also envisaged in the draft Treaty establishing a Constitution for Europe.

22.3.2007

OPINION OF THE COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS

for the Committee on International Trade

on Global Europe – External aspects of competitiveness
(2006/2292(INI))

Draftsman: Benoît Hamon

SUGGESTIONS

The Committee on Economic and Monetary Affairs calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Considers that the development of trade is not an end in itself but must be assessed in the light of its impact on economic growth, employment and sustainable development; points out that the analysis of European economic competitiveness, instead of solely focusing on trade figures, should also focus on the proportion of total world output achieved by European producers and on employment trends;
2. Considers greater external competitiveness to be vital in order to attain the Lisbon growth and employment goals and to assist the promotion of sustainable development worldwide; believes that the EU, when taking external action, must encourage reform and international cooperation in the economic sphere so as to create a favourable environment; intends, to that end, to work towards greater consistency and compatibility in its macroeconomic policies, improved monetary and financial security, cooperation in tax matters and the elimination of unfair tax competition;
3. Regrets that EU citizens equate globalisation with falling European output and job losses; points to the need for the EU to adopt a suitable strategy for implementing the reforms needed to enable the EU to take advantage of globalisation, thereby boosting production and employment;
4. Considers it necessary, firstly, to pursue a monetary policy based on price stability so as to be able to finance technological progress and assist SMEs by enabling them to enter markets outside the Euro zone; secondly, to establish business-friendly taxation systems that are likely to increase the number of start-ups and, to that end, to cut taxes that

undermine efficiency and impede job creation, especially for particular social groups such as women, the long-term unemployed, and the elderly ; and, thirdly, to increase competition on the internal market, bearing in mind that the fiercer competition is within the EU , the more able EU-based companies will be to compete outside the EU ;

5. Notes that exchange rates are a major factor in the development of international trade; calls on the Commission to make concrete proposals on measures to be taken when exchange rates are such as to undermine the EU's competitiveness, and to consider the inclusion of such measures in the upcoming revision of the EU's trade defence instruments;
6. Notes, with interest, that the Commission is eager to ensure that the impact trade has on the environment is taken into account ; considers that this should take the form of impact studies assessing the effect that trade has on the environment and the climate, and that corrective measures are taken where necessary, including new fiscal measures as recommended by the High-Level Group on Competitiveness, Energy and the Environment;
7. Notes that the Commission intends to take into consideration the fact that supply and production chains have undergone a transformation in that they are now outsourced ; considers that the priority of EU's trade policy must be to increase jobs and to create added value ;
8. Emphasises that the main reason for the EU's economic success is the activity of small and medium-sized enterprises (SMEs) that produce within the EU and which must be enabled to maintain high-quality production at the upper end of value chains;
9. Is convinced that the social model that remains at the base of European industrial relations has enabled the EU to maintain a high degree of global competitiveness vis-à-vis its main competitors; considers that the biggest challenge facing the EU is to uphold the functioning of this social model despite existing pressures in increasingly competitive global markets to further lower the social and environmental costs of production;
10. Calls for action to be taken to combat protectionism and reaffirms the importance of successfully concluding negotiations on the DDA; notes furthermore the interest that the EU has in pursuing and intensifying bilateral negotiations with its main developed trading partners, provided that this does not jeopardise EU environmental and health standards and respects the UNESCO convention on the Protection and Promotion of the Diversity of Cultural Expressions; welcomes, in particular, the plan to engage in a new transatlantic economic partnership within this framework;
11. Deems it essential that the Commission's call for more 'regulatory convergence' with trading partners does not lead to the downgrading of EU standards; insists, on the contrary, that through trade European standards must be disseminated to a greater extent than hitherto, particularly in the light of recent transatlantic developments (acquisition of stock markets, IFRS, etc.);
12. Believes that commercial services should be distinguished from services of general interest and services of general economic interest; points to the need for services of

general interest to remain outside the scope of the negotiations, in particular services to meet basic needs and affording access to essential public assets such as health, education, water, and energy, and services central to cultural diversity, such as audio-visual services;

13. Believes that if the EU were to promote basic multilateral rules on competition policy and that if international cooperation in this area were to be strengthened, markets could be made more open, balanced, and efficient;
14. Maintains that the EU has to promote the dissemination and recognition of international accounting and auditing standards and practices so as to ensure that markets become more stable and transparent and to ensure that operators are able to benefit from greater certainty and that they are better informed as regards their activities outside the EU;
15. Maintains that in order to develop a knowledge-based economy, goodwill and intellectual property rights must be adequately protected and counterfeiting and piracy must be stamped out; considers, therefore, that these objectives must be incorporated into the EU's commercial policy;
16. Maintains, in particular, that in order to increase its external competitiveness, the EU must take measures under its commercial policy to strengthen the security of electronic transactions and trade and improve data protection;
17. Believes that opening up the market in financial services and facilitating the movement of capital must go hand in hand with greater transparency and improvements in measures to combat money laundering, financial support for terrorism, and tax fraud, especially where offshore financial centres are involved.

PROCEDURE

Title	Global Europe - External aspects of competitiveness
Procedure number	2006/2292(INI)]
Committee responsible	INTA
Opinion by Date announced in plenary	ECON 14.12.2006
Enhanced cooperation – date announced in plenary	
Drafts(wo)man Date appointed	Benoît Hamon 14.11.2006
Previous drafts(wo)man	
Discussed in committee	28.2.2007 20.3.2007
Date adopted	21.3.2007
Result of final vote	+: 38 -: 0 0: 0
Members present for the final vote	Pervenche Berès, Sharon Bowles, Udo Bullmann, Ieke van den Burg, José Manuel García-Margallo y Marfil, Jean-Paul Gauzès, Donata Gottardi, Benoît Hamon, Gunnar Hökmark, Sophia in 't Veld, Othmar Karas, Piia-Noora Kauppi, Wolf Klinz, Guntars Krasts, Kurt Joachim Lauk, Andrea Losco, Astrid Lulling, Gay Mitchell, Cristobal Montoro Romero, Joseph Muscat, Lapo Pistelli, John Purvis, Alexander Radwan, Bernhard Rapkay, Dariusz Rosati, Heide Rühle, Eoin Ryan, Antolín Sánchez Presedo, Manuel António dos Santos, Lydia Shouleva, Margarita Starkevičiūtė, Sahra Wagenknecht
Substitute(s) present for the final vote	Katerina Batzeli, Werner Langen, Janusz Onyszkiewicz, Gianni Pittella, Andreas Schwab, Lars Wohlin
Substitute(s) under Rule 178(2) present for the final vote	
Comments (available in one language only)	...

PROCEDURE

Title	Global Europe - external aspects of competitiveness
Procedure number	2006/2292(INI)
Committee responsible Date authorisation announced in plenary	INTA 14.12.2006
Committee(s) asked for opinion(s) Date announced in plenary	ECON ITRE14.12.2 14.12.2006 006
Not delivering opinion(s) Date of decision	ITRE 7.3.2007
Enhanced cooperation Date announced in plenary	
Rapporteur(s) Date appointed	Daniel Caspary 11.9.2006
Previous rapporteur(s)	
Discussed in committee	27.2.2007 21.3.2007
Date adopted	11.4.2007
Result of final vote	+ 16 - 7 0 5
Members present for the final vote	Kader Arif, Daniel Caspary, Carlos Carnero González, Christofer Fjellner, Béla Glattfelder, Eduard Raul Hellvig, Jacky Henin, Ģirts Valdis Kristovskis, Caroline Lucas, Erika Mann, Helmuth Markov, Cristiana Muscardini, Georgios Papastamkos, Tokia Saïfi, Peter Šťastný, Robert Sturdy, Gianluca Susta, Daniel Varela Suanzes-Carpegna, Corien Wortmann-Kool
Substitute(s) present for the final vote	Panagiotis Beglitis, Margrietus van den Berg, Elisa Ferreira, Vasco Graça Moura, Pia Elda Locatelli, Ivo Strejček
Substitute(s) under Rule 178(2) present for the final vote	Emanuel Jardim Fernandes, Anne Ferreira, Markus Pieper
Date tabled	18.4.2007
Comments (available in one language only)	