Global Europe: external aspects of competitiveness

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PURPOSE: to propose a new strategy to integrate trade policy into the European Union’s competitiveness and economic reform agenda.

CONTENT: the purpose of this Communication is to set out the contribution of trade policy to stimulating growth and creating jobs in Europe. It sets out how, in a rapidly changing global economy, the EU can build a more comprehensive, integrated and forward-looking external trade policy that makes a stronger contribution to Europe's competitiveness. It stresses the need to adapt the tools of EU trade policy to new challenges, to engage new partners, to ensure Europe remains open to the world and other markets open to European businesses.

This Communication also addresses some of the links between the policies the EU pursues at home and abroad. As globalisation collapses distinctions between domestic and international policies, EU domestic policies will often have a determining influence on our external competitiveness and vice versa.

There are **two critical and linked requirements for European competitiveness**:

1) having the right internal policies, which reflect the external competitive challenge and maintain our openness to trade and investment, for instance:

a) competitive markets: the single market is vital to creating globally competitive companies in the EU;

b) openness: European economic openness is vital for creating jobs and growth in Europe and for our international competitiveness;

c) social justice: the EU must also recognise the potentially disruptive impacts of market opening for some regions and workers, particularly the less qualified.

2) ensuring greater openness and fair rules in other markets, in particular our future major trading partners. Both must be underpinned by transparent and effective rules – domestic, bilateral and multilateral.

Based on this analysis, the European Commission proposes to build an agenda for action in the months and years ahead. From Autumn 2006 and through 2007, the European Commission will set out the competitiveness agenda for EU trade policy with a series of linked initiatives:

In the months ahead the Commission proposes:

Internally, to :

- make sure that internal policy proposals, while furthering European standards, fit with global competitiveness challenges;
- make sure the benefits of trade opening are passed on to citizens by monitoring developments in import and consumer prices;

- equip people for change through the new generation of cohesion policy programmes and the European Globalisation Adjustment Fund.

Externally, to:

- maintain the EU's commitment to the Doha Trade Round and the WTO as the best way of opening and managing world trade;
- make proposals on priorities in trade and investment relations with China as part of a broad strategy to build a beneficial and equal partnership;
- launch a second phase of the EU Intellectual Property Right (IPR) enforcement strategy;
- make proposals for a new generation of carefully selected and prioritised Free Trade Areas (FTAs);
- make proposals for a renewed and reinforced market access strategy;
- propose measures to open procurement markets abroad;
- conduct a review of the effectiveness of our trade-defence instruments.