New trade policy for Europe under the Europe 2020 strategy

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The Committee on International Trade adopted an own-initiative report by Daniel CASPARY (EPP, DE) on a New Trade Policy for Europe under the Europe 2020 Strategy, in response to the Commission Communication entitled 'Trade, Growth and World Affairs on the future commercial strategy of the EU.

The report stresses that **the world has seen some profound changes over the last few years.**

- **The Union's and the United States' share in the world's relative GDP is declining** while the emerging countries are rapidly increasing their performance: while the two biggest developed economies, the Union and the United States, accounted for 48% of world GDP in the year 2000 (at PPP), it is now estimated that they will account for 35% of world GDP in the year 2020, signifying a decline of 27% in their relative joint economic performance. The Union accounted for 19% of world exports of goods in the year 1999 and whereas it accounted for 17.1% of world exports in 2009, signifying a decline of 10% in its relative export performance.
- **Demographic changes also have an influence on economic performance**: the Union's population is projected to increase by almost 5% by the year 2035, followed by a steady decline thereafter, and the Union's working age population is expected to start declining from the year 2010 onwards.
- **The Union's economy is highly dependent on participating in external growth**: by 2015, 90% of world growth will be generated outside the Union. 18% of the Union's labour force, or 36 million jobs, are dependent on the Union's trade performance. It is paramount to harness, and benefit from, the growth potential inherent in increasing productivity, and the growth potential inherent in external trade.

A real future trade strategy: the committee regrets that many targeted goals of the Global Europe Strategy have not been reached as yet. It insists that the Union needs a coherent long-term trade strategy in order to take account of the challenges ahead and in particular of the major emerging countries. Members insist that such a strategy should be based on a thorough analysis of the current trends in world trade, the Union's internal and external development as well as the diversity of European enterprises, their know-how and their technological advances. Regretting that the Communication fails to deliver a profound forecast of how the 'world of trade' could look in a policy-planning perspective of 15 to 20 years, Members ask the Commission to deliver such a forecast as a basis and to present a revised mid-and long-term trade strategy by summer 2012.

The report makes the **following principal recommendations** :

- a **modern trade policy is required to take into account other policy areas** such as human rights, securing and creation of jobs, labour rights and ILO core labour standards, agricultural policy, climate change, the fight against poverty, development policy, security of raw materials and energy supply, and the protection of intellectual property rights;
- **citizens must be taken on board,** with a better communication strategy on the Union's trade policy and the advantages and disadvantages of international trade;
- **preference for a multilateral approach within the WTO**: the multilateral trading system, embodied in the WTO, remains by far the best framework for achieving free and fair trade on a global basis. However, the WTO system, in particular the Dispute Settlement Body, should be reformed in order to increase its effectiveness;

- **Free Trade Agreements (FTAs) are important instruments for market access**: Members reiterate that all new FTAs concluded by the EU should be WTO-compatible, comprehensive, ambitious including with regard to sustainable development, balanced and lead to real reciprocal market access. It must go beyond both existing multilateral commitments and those expected to result from a successful conclusion of the DDA ;
- **high-level dialogues with major trading partners** such as the US, China, Japan and Russia must produce more and better results : the Commission is asked to conduct more proactive negotiations with a view to successful progress in our trade relations with these countries aimed at eliminating tariff and non-tariff barriers, in particular in respect of technical standards, intellectual property rights, market access, public procurement and supply of raw materials;
- **open markets and market access are still the main focus** : the Commission and Member States must to do more to promote the use of existing initiatives and tools available such as the 'market access database' and the 'export helpdesk', so that citizens and SMEs can take full advantage of the EU's trading relations. However, Members stress that the Union as a relatively open economy needs effective trade defence instruments in order to protect European producers against unfair trading practices.

The report also stresses that EU competitiveness and economic success cannot exist without services and well-protected foreign direct investments. Members ask for positive reciprocity in international public procurement markets. They also ask for an ambitious attempt to tackle regulatory barriers within and outside Europe.

Lastly, recalling Parliament's commitment to the fight against poverty within and outside the EU, the committee stresses the need for :

- a sustainable and undistorted supply of raw materials;
- better customs cooperation inside and outside the EU;
- adequate intellectual property rights protection which also bears in mind the interests of the poorest.