Global Europe: external aspects of competitiveness

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The Committee on International Trade adopted the own-initiative report by Mr Daniel **CASPARY** (EPP-ED, DE), in response to the European Commission's communication entitled 'Global Europe: competing in the world - a contribution to the EU's Growth and Jobs Strategy'.

Members of the Committee consider 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. In their view, 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.

In the context of its external policy, the EU should encourage reforms in order to create a favourable environment for business. The report recommends 1) the pursuit of a monetary policy based on price stability so as to be able to finance technological progress and assist small and medium-sized enterprises (SMEs) by enabling them to enter markets outside the Euro-zone; 2) the establishment of 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, 3) increasing 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.

Members are 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. At the same time, they believe 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. The Commission and the Member States are called upon 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

The Parliament's committee also stresses the need for the EU 1) 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; 2) to support the smooth integration of highly innovative European high-tech companies into the global trading environment; 3) to maintain, in spite of external competitive pressures, a sufficiently wide and diversified industrial base; so, that trade opening is accompanied by, and consistent with, solid industrial policies at both European and national levels.

Members consider, 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. Noting that many countries in the world, including major emerging economies, maintain high tariff and non-tariff barriers (NTBs) to EU exports, they consider that the lifting or significant reduction of such barriers should be one of the main priorities of EU trade policy. The Committee also 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.

The Committee considers that although the multilateral trading system, embodied in the WTO, remains by far the most effective framework for achieving free trade on a global basis, that the system should, however, be reformed in order to increase its transparency and effectiveness. On the other hand, the report expresses reservations about bilateral and regional free trade agreements (FTAs) as such agreements can lead to trade diversion and are often unbalanced. It 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 and should be compatible with WTO rules.

Members believe 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 making use of Trade Defence Instruments (TDIs) such as anti-dumping, anti-subsidy and import safeguard measures. The Committee 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.

As regards intellectual property rights (IPRs), members of the Committee note that respect for patents and the defence of IPRs lie at the heart of the EU's external competitiveness, and believe that the EU should adopt a more resolute stance in its approach towards third countries in that connection. This particularly concerns China, which members would like to see complying with its WTO obligations regarding IPRs. Members believe that 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.

Lastly, in relation to services, the Committee invites 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. It 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.