Basic information

2006/2292(INI) INI - Own-initiative procedure	Procedure completed
Global Europe: external aspects of competitiveness **Subject** 6.20 Common commercial policy in general	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	CASPARY Daniel (PPE-DE)	11/09/2006

Committee for opinion	Rapporteur for opinion	Appointed
ECON Economic and Monetary Affairs	HAMON Benoît (PSE)	14/11/2006
ITRE Industry, Research and Energy	The committee decided not to give an opinion.	27/02/2007

European Commission

Commission DG	Commissioner
Trade and Economic Security	MANDELSON Peter

Key events

Date	Event	Reference	Summary
04/10/2006	Non-legislative basic document published	COM(2006)0567	
14/12/2006	Committee referral announced in Parliament		
11/04/2007	Vote in committee		Summary
18/04/2007	Committee report tabled for plenary	A6-0149/2007	
22/05/2007	Decision by Parliament	T6-0196/2007	Summary
22/05/2007	Results of vote in Parliament		
22/05/2007	Debate in Parliament		
22/05/2007	End of procedure in Parliament		

Technical information	
Procedure reference	2006/2292(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Strategic initiative
Legal basis	Rules of Procedure EP 55
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/43640

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE384.280	22/01/2007	
Amendments tabled in committee		PE386.318	28/02/2007	
Committee opinion	ECON	PE384.586	22/03/2007	
Committee report tabled for plenary, single reading		A6-0149/2007	18/04/2007	
Text adopted by Parliament, single reading		T6-0196/2007	22/05/2007	Summary

European Commission

Document type	Reference	Date	Summary
Non-legislative basic document	COM(2006)0567	04/10/2006	Summary
Document attached to the procedure	SEC(2006)1228	04/10/2006	
Document attached to the procedure	SEC(2006)1229	04/10/2006	
Document attached to the procedure	SEC(2006)1230	04/10/2006	

Global Europe: external aspects of competitiveness

2006/2292(INI) - 04/10/2006

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.

Global Europe: external aspects of competitiveness

2006/2292(INI) - 22/05/2007 - Text adopted by Parliament, single reading

The European Parliament adopted a resolution based on the own-initiative report by 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'. The report was adopted by 403 votes in favour to 273 against with 8 abstentions. Parliament welcomed the Commission's Communication on Global Europe and agreed with the strategy to influence positively the process of globalisation and to manage risks. However, it considered that the development of trade was not an end in itself, but must be assessed in the light of its impact on economic growth, employment and sustainable development. 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. In addition, the EU's negotiating objectives in trade negotiations must be consistent with EU development policy, with particular care taken in the case of LDCs and developing countries.

Parliament intended to work towards greater consistency in its macroeconomic policies, improved monetary and financial security, cooperation in tax matters and the elimination of unfair tax competition. Firstly, it was necessary to pursue a **monetary policy based on price stability** so as to be able to finance technological progress and to 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; 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.

Parliament was convinced that the **social model** that remains at the base of European industrial relations had enabled the EU to maintain a high degree of global competitiveness vis-à-vis its main competitors. The biggest challenge facing the EU was to uphold the functioning of that social model despite existing pressure to further lower the social and environmental costs of production. Since the benefits of an open trading system outweigh its potentially disruptive impact, the EU should strive to complete the single market, promote increased global liberalisation and free trade and resist protectionism. However, its potentially disruptive impact on certain sectors and regions, such as the effects of displacement and relocation, could not be disregarded. 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. In spite of external competitive pressures, the EU should also maintain a sufficiently wide and diversified **industrial base**, and trade opening should be accompanied by solid industrial policies at both European and national levels. 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.

With regard to the world trading system, Parliament felt that the lifting or **significant reduction of high tariff and Non Tarrif Barriers** maintained by emerging economies to EU exports should be one of the main priorities of EU trade policy.

On the **WTO**, Parliament felt that achieving an ambitious and balanced outcome of the DDA negotiations was crucial for European companies and should be considered a priority by EU negotiators. Since it is a development round, the EU's new trade agenda must reflect those objectives.

Since achieving an ambitious, development-oriented outcome to the DDA negotiations must be the EU's first priority, Parliament regarded **bilateral and regional FTAs** as a sub-optimal solution. 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. 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 are negotiating such agreements. The Commission must take into account the risks of excluding the weakest trading partners from the benefits of international trade and their interests must be taken into consideration during the entire negotiation process.

Parliament gave an indication of **general approaches to trade negotiations**, and stated that the implementation of fair trade policies by the EU and all its trading partners would have to place greater emphasis on the international recognition of minimum environmental standards that create a level playing field between all the partners.

Parliament felt that the EU needed to diversify its economic relations. In addition, 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.

Parliament went on to insist that **China** should comply with all its WTO obligations, such as the enforcement of international labour standards and the protection of **intellectual property rights** (IPRs). Inadequate protection of IPRs represents one of the greatest challenges facing the EU in its bilateral relations with the Chinese authorities. China should fully respect the TRIPs agreements and improve the enforcement of judgments handed down by the courts. Respect for patents and the defence of IPRs lie at the heart of the EU's external competitiveness, and Parliament felt that the EU should adopt a more resolute stance in its approach towards third countries in that connection. Counterfeiting and piracy result in job losses, undermine innovation and deprive governments of tax revenues. **Adequate IPR protection** and effective enforcement are the bedrock of a global economy.

Stressing the increasing relevance of **regulatory issues** in international trade, Parliament felt that the most effective way to avoid regulatory divergences, resulting in the creation of obstacles to trade, lay in the development of global rules and standards. It encouraged the Commission to participate in the work of all relevant international agencies and standard-setting bodies.

Parliament moved to call on the Commission to pursue, in all trade negotiations, both the progressive and reciprocal liberalisation of **services** and a policy of increased standardisation of rules concerning that sector, in order that the highly competitive European services sector might operate more freely in third countries. However, this should neither lead to offers nor requests in the area of **public services**. The latter should be kept 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.

The large degree of openness of EU **public procurement markets** is not matched by commensurate access in favour of EU suppliers, particularly SMEs, to foreign public procurement markets for goods, services and construction contracts. Parliament felt that the Commission should work towards reciprocal access in relation to developed and emerging economies in that important economic sector. It urged the Commission and the Council to insist on inserting in the GPA being renegotiated at the WTO a clause enabling the EU to give preference to SMEs when awarding public procurement contracts, along the lines of those already applied by other major States which are party to the agreement, such as the United States and Japan.

With regard to **customs**, the excessively complex import procedures applied by many countries in the world often entail significant transaction costs for EU exporters and represent significant barriers to trade. Parliament invited serious consideration of the idea of setting up a **unified EU customs service** for a more effective application of customs rules throughout the customs territory of the EU.

Lastly, on **institutional issues**, Parliament deplored the fact that important trade legislation, such as that concerning Trade Defence Instruments, remains outside the scope of the codecision procedure and that uncertainty remains as to the applicability of the assent procedure with respect to FTAs. Member States must carry out the necessary institutional reforms and, in particular, by giving effect to the provisions of the Treaty Establishing a Constitution for Europe concerning international trade.