

## **Global Europe : competing in the world**

### **Speaking points by Commissioner Mandelson**

Press room, European Commission, 4 October 2006

Creating the conditions for growth and jobs in Europe has been a top priority for this Commission. Not as an end in itself, nor indeed by itself – but because it is essential to sustain the European way of life. Economic strength at home is essential to a strong European voice in the world. And trade is indispensable to creating and sustaining this strength.

The opportunities and the risks we face today are enormous: the pace and scope of global economic change; new emerging trade and economic powers; fundamental changes in the way businesses operate and are supplied. A changing global economy needs a modernised trade policy.

The Lisbon strategy has set the framework of policies for Europe to seize the opportunities of this change. The purpose of the policy review that the Commission has adopted today is to set out the external aspects of that competitiveness.

The core message of today's review is clear: rejection of protectionism at home; activism in opening markets abroad. The association of Gunther Verheugen and Charlie McCreevy with this Communication underlines the important links between our internal and external agenda.

To seize the opportunities for Europe's citizens and to defend their interests, we need the right policies at home. Those are policies which create the conditions for strong European companies to grow; and which equip Europeans individually to adapt to the changes driven by globalisation. Our openness is critical. In a global market, with global supply chains, Europe needs to import to export. We cannot argue for openness from others while sheltering behind barriers of our own.

But what do we mean by the external aspects of competitiveness? For me this means setting out a clear programme of measures to maximise the competitiveness of European companies when they trade. If our economic strength is built on trade, then our prosperity is directly linked to the openness of the markets we try to sell to.

And tackling barriers abroad is not just about lowering tariffs – it is about creating markets in which European companies get a fair deal, with freedom to compete and legal protection when they do.

How do we achieve that? By creating, through negotiation, the conditions for open, rules-based markets around the world. The road to Lisbon runs through open global markets.

We can tackle this agenda in a number of ways. Without doubt, the single most effective one is through the WTO. It is the most effective means of expanding and managing world trade. It helps put trade at the service of development. It is a central pillar of the international system.

That is why this paper emphasises the primacy of multilateral negotiation. There will be no European retreat from multilateralism. Doha remains our top priority. I am committed to getting talks back on track as soon as circumstances allow. Failure to do so in the months ahead will not just be a missed opportunity for global growth and development. It would risk long-term damage to the WTO and all that we have achieved in building a global consensus in support of an open trading system.

But Doha first has never meant Doha alone. Alongside our commitment to the WTO we have, through bilateral negotiations, sought to remove trade barriers behind borders – barriers beyond the reach of WTO rules – for example in Latin America and the Gulf. And we have tackled the mounting crisis of intellectual property theft.

This Communication sets out a series of initiatives which the Commission will elaborate over the coming weeks and months to develop the competitiveness agenda for trade policy. They have been discussed extensively within the Commission, with Member States and with our stakeholders. They are:

- **first**, a renewed strategy for trade with China as part of a broader strategy for a fair partnership. We will publish a trade policy paper on 24 October as part of a Commission package on China;
- **second**, the next steps in our work to protect intellectual property rights, setting out priority countries for enforcement and co-operation. I am publishing tomorrow the results of an extensive survey of business on the IPR problems they face abroad;
- **third**, a new strategy on market access: improving our ability to identify and remove barriers to trade, particularly non-tariff barriers, in key countries and sectors. We need to look behind the border to the restrictive barriers that hold EU companies back;
- **fourth**, new proposals for opening public procurement markets abroad;
- **fifth**, a review of our trade defence instruments – not to lower Europe's defences against unfair trade but to be sure those defences can operate effectively in a changing world.

The Communication also sets out a set of geographic priorities for pursuing this agenda, particularly in Asia. Building on the WTO, our aim will be to go beyond what can be achieved at the global level by seeking deeper reductions in tariffs; by tackling non-tariff barriers to trade; and by covering issues which are not yet ready for multilateral discussion, such as rules for competition or investment.

In doing so we will seek to help maintain the dynamic of trade opening and economic reform, particularly in major emerging countries. And we will help pave the way for the next generation of global trade liberalisation, ensuring that new FTAs are a stepping stone for progressive liberalisation within the WTO system, not a stumbling block to it.

Bilateral agreements are not a new policy approach for the EU. We already have a number and are now negotiating with the Gulf and with Mercosur. Bilateral trade agreements are also important in meeting Europe's objectives in our neighbourhood; and our responsibilities towards the developing world. These will remain core elements in our work. But in deciding on new FTAs, we need to focus on competitiveness, and therefore the Communication argues that we

should give greater prominence than in the past to economic and competitiveness considerations.

Trade is the conveyor belt of economic change and growth. And trade policy stands at the crossroads of the EU's internal and external policies. As globalisation collapses distinctions between what we do at home and what we do abroad, this Communication seeks to ensure that trade policy can make its full contribution to prosperity and employment in Europe. It sets an ambitious and challenging agenda. But it is right that the Commission sets a clear direction of travel for Europe to respond to the challenges we face.