

The public consultation on the future EU trade policy – overview of contributions¹

Final report

Table of Contents

1	Introduction	2
2	Brief overview over respondents	2
3	Summary and commentaries	3
4	Introductory questions in the issues paper	6
5	Multilateral trade negotiation	10
6	Bilateral trade negotiations	12
7	Services.....	18
8	Investment	21
9	Sustainable trade.....	23
10	Inclusive trade	26
11	Trade and development.....	30
12	Smart trade	32
13	Enforcement and dealing with unfair practices	33
14	An open approach to shaping trade policy.....	37
15	Third country perspective	40
Annex 1	List of contributors	43
Annex 2	Distributions of contributions	50

¹ This report summarises the responses to the DG Trade public consultation on future trade policy, and should not be taken to indicate the views of DG Trade (or the Commission).

1 Introduction

Following the 'Europe 2020' paper adopted by the European Commission on 3 March 2010, the European Commission launched a broad public consultation on the future direction of the EU trade policy. Accompanying this consultation the Commission published an issues paper intended to set the scene for the consultation exercise by raising 20 issues which are at the heart of the debate on EU's trade policy.

The purpose of the public consultation was to gather views from relevant stakeholders regarding the rationale, scope and strategic objectives for the future EU trade policy, and thus to feed into the shaping of the forthcoming Communication on EU's future trade policy, in which the Commission intend to set out its policy, explaining how trade policy can help achieve the objectives of the 'Europe 2020' Strategy.

The Commission warmly welcomes the strong and wide interest in this consultation, which has generated a total of 301 responses. It demonstrates the importance attached to the future EU trade policy across a whole range of different stakeholders from all parts of the EU (indeed as well as *outside* the EU), and a clear willingness to contribute to the formulation of the new policy. The Commission has carefully analysed all contributions and will strive to take them into account.

This paper presents an overview of the key concerns and proposals presented under the different questions raised in the public consultations, by different groups of stakeholders, in line with our guidelines. This paper should be seen as illustrating the essence of the feedback the Commission has received and highlighting salient viewpoints, and not taken as a definitive or exhaustive report. The concrete ideas quoted in this report have been chosen as illustrations of the positions expressed either because of their originality or because they were representative of many contributions. Finally, where the same issues have been mentioned under many different questions, we have chosen to group them together under the most commonly used of the questions. A list of the names of all the contributors can be found in Annex 1 and the individual contributions can be accessed [here](#).²

2 Brief overview over respondents

The public consultation on a future trade policy, which the Commission launched on 2 June 2010, officially closed on 6 August 2010. Together with a small amount of contributions received after this date, the Commission has in total received **302 contributions**. This excludes double entries and in particular contributions sent in several versions or languages in which the text was the same. Finally, we have discounted a few empty replies, presumably sent in error.

The contributions received come from a wide range of interested parties. According to the stakeholders own self-classification, around 48 per cent are from the private sector, 28 per cent are from public organisations and around 24 per cent from NGOs. The classification was chosen by the respondents themselves and does not always correspond with the usual use of these terms. This means that "NGO" in this report includes associations such as chambers of

² About 6 per cent have asked for their replies not to be made public, but they remain on the list of those who have contributed.

trade and industry, farmers' associations and business associations and thus not just civil society organisations.

The contributions received from stakeholders based in EU accounts for 88 per cent of the replies and almost all Member States were represented. Replies were received from 23 different Member States.³ 18 Governments of Member States have given their contribution.⁴

A few countries were more prominently represented, such as Belgium, France, the UK, Germany and Spain.⁵ The high number of contributions from Belgium (26 per cent) is probably due to many organisations being based in Brussels. 75 per cent of the contributions from Belgium are from the private sector. Stakeholders were also active in France, who alone accounts for almost 22 per cent of all the contributions received. This is mainly due to 41 contributions received from the public sector in France (almost half of all replies from the public sector), of which 36 came from various local, regional and departmental *chambres d'agriculture*.

Finally, around 12 per cent of the contributions were received from interested stakeholders outside the EU. These stakeholders were based in 14 different countries.⁶

3 Summary and commentaries

The contributions to the public consultation show that there is general satisfaction with EU trade policy as set out in the **Global Europe Communication in 2006**, but also a recognition that although Global Europe set us on the right strategic path, we now need to complement and tune up the policy due to the changes that have occurred on a global level. Several respondents stress the benefit of undertaking an overview of what has been achieved since the launch of Global Europe when developing the new trade policy (it is intended to put out a Staff Working Paper on precisely this topic at the same time the Communication is issued). Other suggestions have been made for the future development of EU trade policy, and the responses to these concerns and proposals can be found in the forthcoming Communication.

There is generally agreement on the important **role of trade policy in ensuring growth** and prosperity, in accordance with the Europe 2020 Strategy. The need to complete and improve the Single Market is mentioned by many, both as a means of reaping the benefits of the Single Market for European citizens and enterprises, but also as improving our negotiating stance.

Many stakeholders stress the importance of ensuring a better **coordination of internal and external issues**, both across Member States as well as within the different EU institutions, in order to create a true common trade policy. They judge it also important to streamline trade policy with the External Action Service and ensure coherence between all the various EU policies. Some express concern that the changes to decision making created by the Lisbon treaty could slow down future trade negotiations.

³ Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Malta, Netherland, Poland, Portugal, Slovenia, Spain, Sweden, UK

⁴ Austria, Belgium, Bulgaria, Czech Republic, Denmark, France, Germany, Greece, Italy, Malta, Latvia, Lithuania, Portugal, Slovenia, Spain, Sweden, the Netherlands and the UK.

⁵ See table in Annex 2, which present the distributions of the contributions.

⁶ Argentina, Brazil, China, Côte d'Ivoire, India, Japan, Mauritius, Mexico, New Zealand, Paraguay, Peru, Switzerland, Taiwan and USA

Respondents stress that the EU should play an active and positive role in strengthening **global governance**, in supporting the WTO and in ensuring that other countries sign up to and respect the rules of the WTO and to other international bodies and agreements. Global governance and transparency are frequently cited as key issues and the EU was strongly encouraged to continue to lead by example. Some suggests the creation of a yearly report monitoring EU's own openness.

Enforcement and monitoring of implementation is mentioned by many respondents as a key priority. Similarly, carrying out impact assessments before initiating trade negotiations and making these publicly available is requested by many, which is also in accordance with current DG Trade practice. The importance of high quality sustainability impact assessments is also emphasised by many. Furthermore, this should be linked to clear strategies for implementation and regular reports should be carried out. Many stress the importance of having economic analysis as a stronger basis foundation for EU's trade policy.

Respondents generally believe that the **DDA and multilateral negotiations** should remain the EU's key trade priority, and the EU also should continue to work towards strengthening the WTO. Apart from the DDA, which will of course be discussed in the Communication, DG Trade is indeed committed to action in this area, for instance by strengthening the surveillance and monitoring capacity of the WTO for instance by enhancing the regular WTO Committees and allowing the WTO Secretariat to play a more proactive role in analysis of trade barriers and identification of best practices.

There is wide support for negotiating **Free Trade Agreements** and engaging in regulatory dialogues. Several underline the importance of having clear basis for the selection of who to negotiate with, based on economic criteria, and of the criteria being transparent and predictable. Those trading partners mentioned by most are the US, China, India, South Korea, ASEAN-countries, Mercosur, Russia and Japan. Finally, the Mediterranean/Middle East countries, GCC, Canada, and Ukraine were also mentioned by many. FTA negotiations are already either under way or have been concluded for a number of these examples.

Addressing **regulatory barriers** to trade is viewed as a key priority for a future trade policy. Many find that the EU has improved its efforts to tackle regulatory barriers in recent years, both through bilateral and multilateral trade negotiations, and by using bodies such as the Transatlantic Economic Council (TEC), but believe that these should now be strengthened.

Ensuring **access to markets** is crucial and many respondents call for reciprocity, i.e., that the level of EU's openness in certain markets should be acknowledged by similar levels of openness by our trading partners. Clearly, there is no consensus between the different stakeholders as to whether the EU should demand reciprocity, nor in which economic sector. However, many want us to try to use greater leverage as a good tool for improving our market access, especially in third country government procurement markets. Government procurement is an area of untapped potential for EU exporters and market access is seen as a fundamental objective in this field.

There is broad agreement that **agriculture** is an important sector and that the link between agricultural and trade policies should be taken into account when negotiating trade agreements. However, views differ significantly as to what role agriculture should have and how this could affect trade policy. Some stress the need to secure food security and European

farmers as key priorities, whereas others see protecting farmers in developing countries as the key priority. Many agriculture related organisations expressed concern with the Mercosur negotiations.

Raw materials and energy is of increasing importance and there is broad support to the Raw Materials Initiative. A large majority mention that the EU should use bilateral and multilateral agreements to ensure a non-discriminatory access to raw materials; it should also introduce new rules in WTO (e.g. dual pricing or export taxes) and enforce the trade disciplines through dispute settlement. Some economic operators point out that the EU should also consider reducing its own import duties on raw materials.

The **Market Access Strategy** is viewed as a great success and an important tool. Many respondents also presented concrete suggestions for improvement, such as making it easier to use for small and medium-sized enterprises, or for using it for more purposes such as in FTA negotiations. Unfair practices should foremost be addressed by WTO. However, in the absence of international competition rules, EU's Trade Defence Instruments are also key. These tools are viewed by many as being sufficient, although not flexible enough. Geographical indications are also mentioned by many as being of great importance for ensuring our competitiveness.

Services are viewed as important and it is suggested that a way to progress in negotiations could be to "cluster" different groups of services. Even though multilateral negotiations are preferred, many find that plurilateral agreements should be sought when there is no progress at the multilateral level. Opening up external markets in services is closely linked to addressing regulatory barriers. A large majority of public organisations are in favour of further liberalisation through mode 1, 2 and 3, whereas views are more split with respect to mode 4 (movement of people). Mode 4 is also of concern to respondents in the private sector and trade unions. Finally, many state that the remaining barriers in the Single Market need to be addressed, for instance technical norms and regulatory standards that may affect the external competitiveness of EU producers.

Investment is similarly viewed as a very important trade policy priority. The main issues are market access and protection of investments and the new greater competences in investment policies under the Lisbon Treaty should be used to achieve this. Many respondents raise concerns about the transition from Member States Bilateral Agreements (BITs) to EU BITs and stress that legal certainty and transparency are key. There is a call for a stocktaking exercise and for ensuring that the highest standard prevails.

Issues relating to "smart trade" are also perceived to be a key priority for the future, and respondents said that addressing regulatory barriers and having a stable intellectual property rights regime would particularly help in achieving these goals. Others suggest that EU should promote trade in innovative sectors and that the EU should include a stronger high-tech angle in FTAs. The Information Technology Agreement is perceived to be of high value, but there is a need to ensure it can keep up with evolving technologies around the world.

Many respondents state the need to strengthen **intellectual property rights protection** and enforcement, both bilaterally and multilaterally, and to fight infringements. This should be addressed both bilaterally, through FTAs and dialogues, and multilaterally. However, some voice concerns on the impact of strict enforcement provisions on developing countries.

Sustainability is also viewed as important, but at the same time there is acknowledgement that trade policy should not try to solve all environmental and social issues, and that its main focus should be on competitiveness. Trade should aim to support climate change goals, and the liberalisation of environmental goods, services and technologies remains a key deliverable of trade. Social standards are also important and should especially be pursued through international organisations. There is generally a preference for addressing sustainability issues at a global level. Whilst the views differ as to how much trade should be used to assist in addressing these issues, there seems to be agreement that the EU could achieve more on adherence to international standards, by placing additional incentives involving liberalisation of environmental goods and services and GSP plus. Many see Sustainability Impact Assessment as a key tool, while others suggest Fair Trade schemes.

Trade and Development remains an important issue according to many respondents. The main goal is still viewed by many to be a successful conclusion of the DDA. Furthermore, to strengthen the coherence of EU policies, the impact of trade policies on development should be addressed prior to the implementation phase to enable negative development implications to be addressed. Aid for trade is viewed as an important tool as is the General System of Preferences (GSP), which many wish to be reinforced. While there is no agreement on differentiation, many agree that Rules of Origin are too complex. Again Fair Trade schemes are mentioned, and one suggests linking Fair Trade to government procurement rules.

Many respondents stress the need to **ensure that trade create jobs** and that those who are faced with adjustment due to changed trade patterns should be helped - for instance through the European Globalisation Adjustment Fund and other European funds. The assistance should focus mainly on retraining and increasing the skills level of Europe's workforce, and reemployment should be focused on smart growth sectors. However, it is also stressed that it is important that it is done without distorting competition.

Finally, the contributions showed an appreciation of this public consultation. EU's trade policy making is generally perceived as having a good level of transparency and outreach, although several respondents note that there is still room for improvement.

4 Introductory questions in the issues paper

Question 1: Now that the new Lisbon Treaty has entered into force, how can we best ensure that our future trade policy is coherent with the EU's external action as a whole and notably in relation to the EU's neighbouring countries?

The majority of the contributors chose to provide general replies as to the main issues for the future EU trade policy under this question, rather than focus on the changed institutional setup. Several replies propose that the question could be reversed: "how can we best ensure that the EU's external action as a whole is coherent with our trade policy" and take full account of the importance of trade to the European economy and society.

The key issue raised by the majority of the respondents is the importance of ensuring coordination of policies and a better working relationship between different institutions. Many respondents (Governments, private sector and NGOs) considered that **coherence** would be attained by improving the consistency between EU trade policy and other internal EU policies, with private sector organisations in particular citing competition policy and industrial policy as being the most salient.

Many respondents stress that it is important to ensure that the Commission, Council, Parliament and Member States work together and that policies are aligned and reflected at all policy levels. It is equally important to improve the working relationship between different parts of the Commission. *“Trade issues are part of the European external policy. New topics such as climate change or social issues are increasingly impacting European exporters and importers, thus are becoming Trade issues. EC should take this evolution into account and promote a better dialogue and coordination within its different services (DG Trade, Taxud, Market, Development...). With the Lisbon Treaty, this coordination has to be reinforced and enlarged to the European Parliament and the Member States.”* (Private sector)

The impact of the European Parliament and its new role in trade policy making is mentioned several times, with respondents arguing that it may lengthen and add political complexities to the approval procedures for trade agreements. The **External Action Service** and trade policy need to be streamlined and EAS should also be used to address trade barriers. Ensure coherence and consistency between trade and other policies such as development, environment, energy, climate change, currency, investment, "labour factors" and indeed external affairs. Policy coherence should also translate into the priorities set for Commission personnel stationed overseas.

Some contributors thought that a **strategic vision** should be established between the political and commercial dimensions of the EU's external action as a whole, and some thought a small number of economically feasible priorities should be set up. Other contributions focused on the need for trade policy to be driven by economics, not by politics *"The main objective of the European Union must be to ensure an action-oriented trade policy based on efficiency and transparency, with an economical rather than political focus."* (NGO). Some considered that the focus should be on commercial advantage to the exclusion of all other objectives and that the consumer focus of trade policy should be the priority in terms of lower prices and availability of goods. Some made the case that trade policy should not be overloaded with extraneous tasks and that trade agreements should not be asked to solve non-trade issues.

Some NGOs and private sector organisations felt that trade policy should continue to work on opening markets at home and enhanced market access abroad (which is an issue taken up in the Communication). Some business associations emphasised the **need for stable framework conditions** for trade, notably in terms of predictability, legal certainty and non-discrimination. Trade policy must abide by international rules and commitments, notably the WTO.

In terms of decision making processes, some respondents focused on the need for **impact assessments and monitoring**. Some NGOs thought the existing impact assessments should be independent, timely and include consultation with more stakeholders; others thought that more gender analysis was needed. Some private sector organisations thought that all new regulation should be assessed against its trade impact and deemed that EU trade policies should be benchmarked against those of key competing countries and regions.

Many Governments and private sector organisations highlighted the issue of **raw materials** more generally in terms of the need to cooperate more effectively between the EU and national diplomacies. One private sector organisation and an NGO thought that trade policy should support the sustainable development of biofuels.

In relation to the EU's **neighbouring countries**, some respondents felt that economic and trade integration with all neighbouring countries was important. Some specified the importance of engaging with Turkey, others focused on completing the Euro-Med trade zone and others saw the need to create a stable rules-based trade regime with Russia. The importance of engaging with neighbouring countries on issues such as energy sources and raw materials was highlighted and the need to resolve double taxation problems.

Some contributors thought services should be placed at the heart of trade policy and on the implementation of European legislation in services sectors. **Services and investment** should be promoted with neighbouring countries in particular. A few private sector organisations thought that the principal focus should be on the promotion of access for European investment in terms of pre-establishment measures and post-establishment protection.

However, many governments and NGOs considered that trade policy should accommodate **environmental and social objectives**: many thought that trade policy should help to achieve sustainable and socially-just development as well as encourage a better use of resources. Some governments and NGOs were of the opinion that human rights should also be better integrated into trade policy.

Many NGOs judged that **poverty eradication** should be a core objective within trade policy. Many governments and NGOs thought that there should be a differential approach based on the level of development and some governments felt that the benefits should be focused on the poorest countries. Some NGOs focused on the need to properly assess the development impact of trade policy prior to implementation, suggesting a "Policy Coherence Test" or an independent development audit be institutionalised into decision-making. Some private sector organisations thought that the focus on development should not be to the detriment of legitimate EU industry and should be in line with WTO rules.

Many NGOs felt it was important that trade policy must be more coherent with the **common agricultural policy** in terms of recognising the specificity of the agricultural sector and the importance of food security and community preference. Agriculture should not be offered as a token for exchange in negotiating trade agreements. Other NGOs thought that coherence should mean the end to all trade-distorting agricultural subsidies.

Some respondents argued that trade policy should promote **cultural and linguistic diversity** and to develop cultural industries. Others thought that an EU external cultural strategy should be defined with the exclusion of audiovisual services from trade agreements. One respondent thought the health implications of trade policy should be better considered.

Question 2: Given the importance of boosting growth, creating more jobs and ensuring a more resource efficient and greener economy, how can EU trade policy help? What should the new trade priorities be in the light of the Europe 2020 Strategy?

Many of the replies given to this question were of a very general nature, addressing what issues EU's future trade policy should cover, and the vast majority of issues mentioned here is already covered in the following chapters in greater detail.

"The new trade priorities in light of the Europe 2020 Strategy should reflect the latest developments in the world economy and the possible implications of significant issues that

demand a global solution like climate change, raw materials, energy security, etc."
(Government)

Many private and public organisations, and some NGOs, agree that in order to create more jobs and support the goals of the Europe 2020 Strategy, it is necessary to boost growth, and trade has a key role to play in boosting growth. The main priority is to open up markets and to ensure effective implementation and enforcement of agreements. The focus should primarily be on the multilateral agenda, but also on the bilateral side, and building effective partnerships with strategic partners would also boost growth and employment. Standards should be at heart of trade policy and the EU should engage actively in regulatory dialogues. There is a strong call for a coherent policy that uses the full spectrum of policy instruments. The importance of the service sector is stressed by many respondents, as is predictability and legal certainty, as well as the need to continue to fight protectionism. SMEs should also be given a bigger role in trade policy. There is a need for a level playing field and some suggest that enterprises doing business in Europe should comply with the same rules and standards as European business. Other mention that compliance with EU environmental, social or safety regulations should be required from foreign suppliers, and that fair global competition requires global harmonisation of safety, quality, social, environmental standards. Finally, many mention the importance of facilitating trade in environmental goods and energy-efficient goods.

Private and public organisations and NGOs also stress the importance of a **pro-poor development and sustainable growth** in the trade strategy. Fair Trade schemes are mentioned as a way to favour a more just and responsible production and trade. The EU should ensure best possible use of natural resources, food supply and health and safety of consumers. The public sector also advocates that the G20 pledge for an effective standstill should be maintained. The EU should secure its position as a global leader.

It is essential to enhance coordination with **internal and other external policies**, in particular in the field of enterprise, energy, agriculture, environment, customs, and development and external relations. Internal market legislation must take care not to place additional burdens on European companies that could have a negative impact on the international competitiveness of European industry. Many public and private sector respondents stress that the new trade policy should not be contradictory to the EU industrial policies. Furthermore, many respondents insist on the importance of completing the Single Market, e.g. on services and procurement, in order to fully to reap the benefit.

Many NGOs and some public sector respondents find that basic human rights and **sustainable development** should be included in a legally valid manner in the EU trade and investment agreements and the system for monitoring these agreements should be ratified. Some NGOs mention that "*the current designing of the new EU trade strategy offers a unique opportunity to reposition the role and contribution of free trade to overarching objectives of sustainable development.*" Other NGOs suggests that gender perspective is needed in trade policies to overcome the divide between social and economic policies, and one suggests "*a common strategy based on solidarity between our peoples, to build a society in which economic, political, labour, social, cultural and environment are the priority and rationale of government policy.*" (NGO)

Trade unions generally stress the need for a strategy at EU level which would aim for high **quality of jobs and decent work**, getting young into work, new schemes for unemployed and learning, not just for EU but also for its partner countries. Furthermore, the EU should

strengthen the governance of globalisation through international standards, increase the influence of civil society organisations, including trade unions, and increasing transparency.

Some respondents from governments and private organisations also consider that more emphasis should be placed on coherence with **macroeconomic imbalances and regulation** in the financial, monetary and tax fields. NGOs expressed concern with the financial crisis and whether it could happen again, and stated that it was "*Urgent to limit risks of financial institutions having the scope to inflict mass misery*".

5 Multilateral trade negotiation

Question 3: In addition to continuing to push for a successful conclusion to the Doha Round, how can the EU best pursue overall EU trade policy objectives in the WTO?

There is a general appreciation of the importance of the multilateral system and the WTO's role as regulator of world trade, ensuring "free and fair" trade. WTO is seen as a **guardian of the rules based system**. Included in this is the task of monitoring protectionism, which is perceived to have been useful and should continue. "*WTO will continue to be of major importance as an effective rules-based system, which has demonstrated its usefulness also in the current crisis. Its role as a forum for dialogue, negotiations and dispute resolution in the field of trade is unparalleled*" (Government). EU should consequently promote the deepening of the WTO's role in the world economy and it is considered **important to quickly conclude the DDA**. There is no obvious differentiation between the contributions received from governments, NGOs and the private sector.

The **WTO should encompass new or enhance the existing disciplines**. The EU should seek that dual pricing should be against the WTO rules in the area of goods as well as services. Export taxes applied by some WTO Members are a systemic problem and should be dealt within the WTO system. The EU should speed up the ongoing revision process of the Government Procurement Agreement and support the accession of advanced developing countries such as China, Brazil, and India to the agreement. One proposes that the WTO should agree a **Trade Related Energy agreement**, which would regulate standards for trade in gas and energy products.

However, the approach and **governance of the multilateral negotiations** is put into question by some. Some respondents mention the need to strengthen the WTO's middle pillar to increase transparency and ensure better governance. The strengthening of the middle pillar could also involve reforming the WTO.

Some respondents suggests strengthening the **WTO Committees**, including creating a mediating role of the chairs. This would provide a horizontal mechanism for amicable resolutions of barriers outside the dispute settlement procedure. WTO Committees (e.g. TBT, SPS, RTAs, Agriculture) should continue to be used to exert political pressure against unacceptable measures and practices. Furthermore, the WTO Committees, Councils and Working Groups should be used to prepare the Ministerial Meetings. Finally, some stated the importance of preparing the EU position at the WTO Committees well in advance with the European and national authorities (using Market Access Advisory Committee) and economic stakeholders.

The majority stress the importance of properly **implemented** and respected WTO rules. The **enforcement** of existing agreements should also be a priority for EU trade policy. The EU should also make sure that WTO transparency rules are fulfilled and that notification obligations are duly respected. As regards regulatory notifications, stakeholders should be informed in a straightforward and timely fashion in advance of regulatory changes which have been notified to the WTO, providing ample opportunity to provide feedback on the impacts.

Some organisations consider that **dispute settlement** should be used more regularly in order to solve conflicts, whereas others argue that dispute settlement should be used as last resort, and that a mediation process should prevail instead. Some respondents express concern that retaliatory sanctions can create innocent victims.

Many respondents encouraged the EU to consider **plurilateral agreements** on issues where ambitious multilateral agreement could not be achieved at this stage, e.g. services, investment, fight against corruption. These should be sectoral agreements with wide coverage and some noted that there should be reciprocity. Some respondents encouraged to seek participation from a critical mass of WTO members to such agreements if they are negotiated.

A few call for **effective cooperation between international institutions**, which should go beyond establishing dialogues and co-signing papers. International economic institutions should develop real joint and coordinated policies on labour with the International Labour Organisation; environment with UNEP; development with UNCTAD and currency positioning with the IMF, in order to properly reflect challenges posed in global integrated economies.

A large group of respondents stressed that the EU should continue to actively pursue the **accession process of non-WTO countries, notably Russia**. Some respondents emphasised the importance of using the WTO accession negotiations to obtain better market access and regulatory conditions also on issues that are not yet regulated by the WTO rules (e.g. dual pricing, export tariffs). They also urged the EU to ensure that acceding countries are technically prepared to implement WTO rules in their entirety upon their accession.

Many respondents felt it was important to recognise the special role of **agricultural trade**. Agriculture should be treated different from other sectors in the WTO, as agricultural trade liberalisation could have negative implications on the economic and social structure of rural areas, territorial inhabitation, diversity of food, biodiversity, and even the food security. Some felt that future agricultural negotiations in the WTO should leave room for agricultural self-sufficiency and permit protection of domestic production, as well as building of local and regional markets. However, trade distorting income subsidisation and all export subsidies should be abolished. With regard to very remote regions, rules for trade in agricultural goods should differ from the general rules applied to other WTO Members.

Market access for **developing countries** should be further improved but, some insist, reflecting the actual level of development. The WTO should in particular take into account the concerns of the most vulnerable WTO members. Some respondents noted that the EU should amend its current position concerning the ACP countries as far as market access conditions for agricultural products, reduction of preferences, agricultural subsidies and trade in banana and tropical fruits are concerned. However, Special and Differential Treatment provisions should be applied reflecting the actual level of development amongst the developing countries, and should first and foremost be reserved to the least-developed countries.

The EU should take into account non-trade concerns in its negotiations. Some concerns would favour developing and least developed countries taking into account factors such as employment, income, the environment, income inequality, the role of import tariffs in the state budget for social and public health policies, liberalisation of labour movement, healthcare services and infrastructure, use of exhaustible raw materials and access to essential medicines. However, some respondents urged to maintain the EU's higher social and environmental standards. Agreeing to lower social and environmental standards could risk market distortions forcing the current EU producers out of the market and cause negative consequences for consumers.

6 Bilateral trade negotiations

Question 4: Do our current FTA negotiations provide the right geographic and substantive focus for our bilateral trade relationships in the context of the Europe 2020 strategy

Question 5: Should the EU now try for closer economic integration and cooperation with such partners? What is the best way to further facilitate trade and investment, overcoming regulatory differences that may have the effect of barriers to trade and deepening our trade relationships with these important economies?

There is a clear majority in favour of **re-focusing** the EU's Free Trade Agreement (FTA) policy, which is viewed by some as having lost some of the strategic rigour it had in Global Europe. While many respondents support the choice of currently identified FTA partners, some suggest that the rise of emerging markets have changed the EU's competitive situation significantly and that these new realities need to be factored in. The new trade policy should focus more on the valuable deals, and get them done quickly and to a high quality, covering both the interests of importers and exporters. Many respondents state that the selection of countries/regions should be guided by economic criteria, but there is also a concern that the list of FTA partners and candidates will grow too long, resulting in a drain on resources and an impact on the result. *"Negotiations are generally difficult and time consuming, placing immense strain on the resources of Commission services. Accordingly, focusing on key export markets is essential in terms of FTA strategy."* (Private sector)

Respondents say that the new trade policy should first establish a **clear strategy** for negotiations, defining its priorities, and make a clear and transparent communication of this, so European businesses can make their decisions accordingly. In terms of thematic focus, quite a number of respondents suggest focusing more on services liberalisation and technical barriers (non-tariff measures). Many references were also made to the importance of an effective protection of IPRs and especially geographical indications (GIs), as well as meaningful chapters on sustainable development. At the same time, some governments also highlight the importance of flexibility

Coherence should be sought in two ways (i) with the political agenda of sustainable growth enunciated in Europe 2020 Strategy ("smart, sustainable and inclusive growth"), and (ii) the Commission needs to become better at ensuring coherence of rules across FTAs, especially on Rules of Origin. This would also help small and medium-sized enterprises to benefit from the preferences negotiated. At the same time, many respondents highlight the need to take account of the specificities of the partner country in question.

Other factors mentioned by many respondents are the need to take into account the impact of FTAs negotiated by our global competitors on our competitive position in third countries' markets and ensure that EU FTAs obtain at least the same level of commitments; the importance of reflecting on the effects of bilateral concessions on DDA; global supply chains; access to foreign procurement markets; competition rules and access to raw materials. Some respondents suggest that also non-economic aspects like developmental issues or the respect for human or labour rights, or the commitment to environmental issues, should be taken into account when choosing FTA partners.

Several respondents stated that the EU should not hesitate to end negotiations if they are not progressing or if the outcome does not appear to be a deep and balanced agreement, with the right tools for effective enforcement. Others suggested that the EU should change the time frame from a fixed number of years to a fixed date for the implementation and some suggest that having a fixed end date, for example 5 years, would exert pressure on partner countries as well as give the opportunity to renegotiate certain parts. Finally, the EU could usefully examine the trade policies of countries such as Australia, which has a particularly strong position in Asia, in order to learn how to negotiate best with these countries.

Especially with respect to OECD countries with generally low tariffs, there is a fairly uniform view that **regulatory barriers** are considered as the number one barrier to trade. Some respondents fear that increasing regulatory activity in third countries on environmental and health issues will further aggravate this aspect. Whilst the existing **regulatory dialogues** are generally supported, there is some dissatisfaction with the results of regulatory initiatives so far. Many respondents suggest more focus/prioritisation (as with FTAs) and that the EU should conclude FTAs with its major trading partners, including provisions on far-reaching regulatory cooperation.

Finally, several respondents, especially in the private sector and governments, suggest that the EU needs to ensure a follow up of FTAs **implementation**, through yearly and bi-yearly reports, assessing results, imbalances and defining guidance for correction and improvement. Many also call for carrying out **economic assessments** of agreements before negotiations are initiated, and the need for publicising these. NGOs often also address sustainability issues and the **SIA** which the Commission also carries out.

Comments on specific countries/regions

A considerable number of replies (from both the private and public sector) called for strengthening existing partnerships and deepening cooperation with the strategic partners of the EU. Most replies confirmed the need to deepen economic cooperation with **China and Japan**, while underlining that closer cooperation must go hand in hand with reciprocity and balance in the opening up of markets. In addition, many respondents pointed out a number of specific problems concerning bilateral trade relations with China, e.g. state subsidies, poor IPR enforcement or restrictions on some Chinese exports, and stressed the need to pursue and deepen the regulatory cooperation. This in turn could help reduce the number of trade barriers in place on the Chinese market and improve the overall situation. For the EU-China High-Level Economic Dialogue (HED) an action plan should set out objectives and milestones to be reached within clear established deadlines. One respondent also advocated the creation of an EU-Japan High-Level Economic Partnership Council to foster close economic cooperation at the highest level.

Many respondents underline the importance of potential growth in trade with key emerging economies, especially **India, ASEAN, and Korea**, where FTAs can make a significant difference due to often high market access barriers. Negotiations with ASEAN countries in particular find a lot of support. Some respondents called for promoting EU standards abroad, in a variety of sectors (e.g. from SPS to insurance supervision). In a similar but two-directional vein, many respondents consider mutual recognition as an issue to be pushed more in the future. In a more classic approach, some respondents argue that "mutual recognition of testing and certification" should be high on the agenda, whilst noting the progress made in this respect by the EU-Korea FTA. However, quite a number of respondents argue that we should go beyond this classic concept of mutual recognition agreements, and move to substantive regulatory convergence, for example through more ambitious projects such as harmonisation at international level, or the equivalency of standards. Several other respondents emphasise, moreover the need to assure reciprocity in commitments and implementation ("transparency, predictability and legal certainty"). There is also some support for further intensifying work on (local/sectoral) market access partnerships.

A large number of respondents put emphasis on developed economies, where trade flows are already significant and with whom more ambitious FTAs can be reached. The private sector is generally in favour of negotiating an FTA with **US and Canada**, although fewer mention the latter. While many public organisations support negotiations with the US, the view is more mixed amongst NGOs. Many private sector and public organisations supports the development of closer cooperation with the US, where the **Transatlantic Economic Council (TEC)** is being mentioned as a tool which is promising but which has still to deliver. Some insists on the need to ensure a better result of the current regulatory/economic cooperation before engaging in new activities and some advocated the need for increased commitment and resources from across the Commission for the TEC. There is a need to set out more clearly what has been achieved and what can be achieved to better enable planning, assessment and delivery. The TEC should focus on areas such as joint work on intellectual property issues bilaterally and with third countries, coordination of standards and regulations, harmonisation and convergence of those and break down existing and emerging barriers to bilateral investment. One private sector also says *"This model can also be applied to important EU trading partners such as Japan, China and Russia in order to secure a level playing field for EU companies to benefit from both market and investment opportunities locally."*

Negotiations with **Russia** are mostly endorsed, but WTO membership is the key priority. **Ukraine and South Caucasus** are also considered important by some respondents. Many governments refer to the Eastern Partnership, which has as one of its objectives to establish deep and comprehensive free trade areas with all six partners, as and when they are ready. Many respondents stress the need for symmetric/balanced agreements, in which tariff and non-tariff barriers, regulatory cooperation and standards have to be addressed. One government mentions that establishment of free trade area with the Eastern Partnership countries will facilitate *"legal certainty, rule of law and investment security"* another government says that *"The EU shall support maximum development and strengthen bilateral relations at all levels with the countries of Eastern Partnership."*

Emerging markets in **Latin America** are also viewed as essential to the EU's interest. There is a need for a stronger relationship with these countries, with systematic prioritisation across countries and a more strategic approach. Most respondents refer to **Mercosur**, with Brazil being of special interest, and many suggest a bilateral deal with Brazil if an ambitious FTA with Mercosur should look unlikely. While regional integration is not considered to be the

main priority, one government mention the necessity to finalise negotiations with Ecuador and Bolivia to preserve the regional dimension of the deal. Most farmers and agricultural producers consider Mercosur to be a threat with no offensive interests, due to the lower production costs but also due to the possible negative impact on the DDA and the preference erosion. On the contrary, respondents from the industrial and services sectors are in favour of a comprehensive agreement covering, apart from tariffs, areas such as intellectual property, government procurement, services, investments and competition. High duties applied by Mercosur countries are identified as an important concern. Rules of Origin agreed with Central America, Colombia and Peru and the non-prohibition of duty drawbacks in these agreements are mentioned as a concern by some. Trade unions and NGOs underline the importance of a strong sustainable development chapter, including monitoring and enforcements provisions, especially for labour rights. The respect for human rights conventions is also viewed as being a very important element in the agreements.

Particularly private sector and governments mention the importance of the conclusion of FTA negotiations with the **Gulf Co-operation Council** and to a lesser extent also with other **Mediterranean/Middle East countries**. Some respondents stress the importance of economic integration objectives and regulatory convergence in relation to FTA negotiations with Mediterranean/Middle East countries. However, some private sector respondents (mainly energy companies/federations) mention double pricing as a problematic issue, which may outweigh the benefits of the negotiations with Mediterranean/Middle East countries. Some NGOs recall the importance of non economic aspects such as the respect for democracy and human rights in FTA negotiations with Mediterranean/Middle East partners and the potential social impact of FTA negotiations in these countries.

Question 6: How can the EU improve the effectiveness of regulatory dialogues? How can the EU promote the establishment of and greater recourse to international standards without compromising legitimate public policy choices?

There is general agreement amongst the contributors about the **high importance of non-tariff and regulatory barriers** and the need for improving the convergence between EU and international regulations and standards. *While tariffs have long been the most important issue, attention is being increasingly focused on non-tariff trade barriers and regulatory issues. Global economic activity needs reliable and predictable rules. Therefore our aim should be to press forward toward greater global convergence on regulatory issues.* (Government) A key priority for EU trade policy should be to promote regulatory convergence and improve regulatory dialogues with key partners, both through multilateral and bilateral negotiations. There is no clear pattern between the different groups of respondents, except that private companies were generally keen on more consultation and NGOs were particularly keen on taking development, social, welfare aspects into account.

Many contributors find that the EU has improved its efforts to tackle regulatory barriers in recent years, both through bilateral and multilateral negotiations and through for instance the TEC. These should now be strengthened, and EU's trade policy should focus on **deeper regulatory dialogues** (including mutual recognition/equivalence schemes) with strategic partners. The EU should aim for a higher level of ambition and assertiveness, and one private sector respondents suggests that the EU could advocate more "teeth" for both the TBT and SPS Committees and that the notification procedures are useful tools, although different WTO Members shows varying degrees of respect to the notification requirements.

Many respondents call for a **concrete action plan** setting out clearer strategies, plans and these could beneficially be supported by more analysis. Some finds that regulatory dialogues can be more efficient if they are supported by economic analysis and data gathering aiming at showing the economic impact of regulatory barriers. Similarly, there should be a stock taking exercise of existing regulatory differences. Regulatory dialogues should define clear corrective actions with measurable and objective criteria.

A majority of the respondents stress that EU trade policy should improve **consultation, transparency and communication** on regulatory dialogues, with improved involvement of economic operators, NGOs and legislators, and as necessary with third countries. Some private sector respondents suggests more direct industry involvement in regulatory dialogues, whether through providing further information and examples on specific measures or case studies demonstrating good practice. *"The EU could start with a comprehensive information gateway of rules and regulations for each country the EU trades with, split by industry sector."* (NGO)

Regulatory dialogues should be **sector and country specific** instead of being organised at a large scale. Many contributions support an EU trade policy that promotes more effective regulatory agreements with Japan, US, India, China, Eastern Europe and the Mediterranean region, although some voice concern about the practicalities of these negotiations. One private sector even goes as far as saying that *"In an international environment that is overwhelmingly in favour of international regulation, it is essential that Europe and the United States work together more closely and define common standards and norms."* Some suggests having a horizontal working group (similar to the EU-China High-Level Economic and Trade Dialogue) where high-level decisions can be eventually taken. The working groups could cover sectors such as chemicals, pharmaceuticals, food products, services, and themes such as intellectual property rights, innovation and technology and investment. One suggests using the UNECE International Model for technical regulation. Finally, many private sector respondents ask that imports should comply with the same standards as those goods and services produced in Europe.

Many find that the EU should maintain the high European level of protection in agreements on technical regulations and standards, including enforcement. On the contrary some commentators have suggested not to go beyond international standards its objectives in third country markets, and that the **EU will need to adjust its domestic legislation**. *"The EU should lead by example. We need to look at our own regulatory structure and improve obvious flaws and inconsistencies."* (Government) One suggests that well drafted international standards should themselves still allow national regulators scope for policy choices that reflect their particular circumstances.

Finally, some respondents express concern that increased regulatory convergence may lead to increased regulation and states that regulations should be proportional, both to the EU's and those of our partners. Many respondents state the importance of taking into account issues such as **development**, fair trade, environmental, sustainability, social issues and animal welfare in regulatory and standards negotiations, and that the EU should provide support as necessary.

Question 7: How can the EU, and in particular trade policy, help to secure a reliable and sustainable supply of raw materials by third countries?

Access to raw materials and energy is of increasing importance and among private sector and public organisations there is broad support for the implementation of the initiatives defined in the **Raw Material Strategy**. This can help ensure sustainable supply of raw materials from the global markets or from European sources, namely by promoting the extraction of raw materials in the EU's territory. However, some NGOs mentioned that the strategy's focus is too short-term and eludes sustainability considerations related to raw materials extraction. Many respondents mentioned that trade barriers on raw materials are an increasing concern and should be eliminated to ensure the competitiveness of EU industry. Priorities defined in the critical raw materials report should be integrated – and other materials linked to future, rather than current, priorities should be taken into account.

Public and private organisations agree that securing a reliable and sustainable supply of raw materials should be addressed at both **multilateral and bilateral levels**. This could be through agreements which ensure a non-discriminatory access to raw materials; through introducing new rules in WTO, e.g. on dual pricing or export taxes; or through enforcing the trade disciplines through dispute settlement. *"In order to assert its trade policy interests effectively, the EU must comprehensively and exhaustively use the instruments and options available at both the multilateral level (especially in WTO accession negotiations, in dispute settlement procedures, and in post-Doha discussions) and the bilateral level (in free trade agreements, in bilateral dialogues, etc.). In addition, the EU should assess options for taking unilateral measures in this respect."* (Government)

Public and private sector agree on the potential of using **OECD to explore what WTO rules on raw materials could look like**. Simultaneously, dialogues in various international fora and with third countries should continue. Some contributions from the private sector suggest to launch a debate at WTO level on export restrictions with a view to clarifying existing GATT provisions and to promote transparency and accountability at the international level. Furthermore, it is important to fight illegal shipments of secondary raw materials; make use of the waste directive provisions to prevent shipments of recycles into third countries where environmental standards are not respected. There is also a need for quick and firm reaction from the EU to trade barriers imposed by third countries. One public organisation mentions that EU should make clear it is prepared to pay the market price for raw materials, taking into account externalities (e.g. environmental). Finally, many supported the idea that actions at WTO level should be extended to more raw materials when appropriate.

With respect to **agricultural raw materials**, private and public organisations raised the concern that to ensure the security of supply for food products, for EU and third countries, it is important to keep a relatively low import dependency and ensure the continuation of local production. To ensure this in the EU a clear distinction must be drawn between Least Developed Countries and other developing countries in terms of preferences granted in trade negotiations. Public organisations and NGOs also stressed the importance of avoiding global lowering of social, environmental norms. Many respondents from the private sector also highlighted promoting EU standards in terms of food safety and that SPS should be a prerequisite in trade negotiations. Furthermore, some mentioned that manufacturers depending on agricultural raw materials need a competitive priced input to remain active and that as all agricultural raw materials are not available in the EU there is a need for secure and stable relationships with key partners outside the EU.

Some public organisations mentioned that EU trade policy needs to include the assessment of **environmental impacts** of sourcing raw materials and some NGOs thought that negative externalities of resource extraction and trade, such as political conflicts, land rights violations, environmental damage, biodiversity loss and increased CO2 emissions, should also be taken into account. Some mention that energy is an important input, which should be part of the Raw Materials Initiative.

Many private sector replies mentioned the use of Aid for Trade and trade facilitation as very important for **developing countries**, as inefficient infrastructures and outdated customs regimes add transaction costs to securing raw materials. The EU should support the development of industry in developing countries, ensuring a good level of social protection, thus increasing the stability of the country and its reliability as a supply chain partner. On the other hand some public organisations recognise that export restrictions might be justified on development grounds. NGOs stressed that Europe has to pay a fair price for the raw materials it imports from developing countries and that third countries should have sovereign rights over their natural resources.

Public organisations call for **increased coherence between different EU policies**. One suggested that downstream products originating in the GSP beneficiaries which apply export restrictions/dual pricing on raw materials on energy should be graduated from GSP. "*The EU's interests in terms of raw materials should also be taken into account during the upcoming GSP reform – as long as poorer and poorest developing countries are not adversely affected.*" (Government) Another stressed the need for a balance between imports and domestic production: quite a few mentioned that in order to guarantee long term security of supply, EU policy must find the balance between favouring imports and preserving the production of raw materials in the EU. NGOs state that the EU needs to create mechanisms in order to control the conduct of European companies and to punish misconduct if discovered. It has also been proposed that extractive companies and host governments conform to mandatory reporting requirements, where the EU could also ask companies to report on their anti-corruption policies.

Some public and private organisations suggest **eliminating or reducing EU import duties on raw materials**. The EU should consider suspension of tariffs concerning raw materials that are not yet freed, if they are either not produced or not available in sufficient amount within the EU, or if their high pricing harms the competitiveness of the downstream industry. However, other contributions highlight the need to take into account the interest of the EU producers of agricultural or industrial products and the need to strike a balance between domestic production and imports in view of ensuring security of supply in the long run.

Finally, some respondents from the private sector call for a clear **definition of raw materials**, which should exclude semi-manufactured products which are available from producers in EU or preferential countries.

7 Services

Question 8: Should the EU aim for more trade in services, and if so, how? Multilateral and bilateral negotiations have only partially succeeded in opening trade in services so far, so would a renewed focus on trade in services among key trading partners (plurilateral approach) offer a useful avenue?

A large majority of public organisations and private organisations believe that the EU should aim for **more trade in services**. Their main reasons being the share of services sector in the EU economy and employment, the strong reliance of the EU economy on this sector and the interdependence between trade in goods and trade in services. Most respondents have identified the promotion of external market openings for services as the main objective of the EU policy in this area. However, liberalisation of trade in services poses challenges as some sectors are subject to heavy regulation across countries, sometimes at sub national level, often imposing barriers to entry and preserving domestic prominent positions in these markets. **Regulatory cooperation** and regulatory alignment is mentioned as a way to address these and secure mutual access to services markets.

Regulatory barriers were identified not only with regards to the EU trading partners but **also within the Single Market**, by governments, private sector and NGOs. Some respondents have underlined that removal of administrative and regulatory barriers from the EU market is a key issue for the promotion of a competitive EU services sector and have recommended that internal and external actions should be developed in parallel. Trade policy is seen as increasingly intertwined with the internal market, whose functioning has a major influence on the results of trade talks: in order to negotiate as a block and be attractive as a partner, the EU should offer third countries access to sectors of interest for them.

Many replies from the public and private sector question the desirability of having that trade in services, trade in goods and investments currently form separate parts of trade agreements. An alternative approach could be to have agreements based on **clusters or “packages” of services** (different sectors and modes of supply) and products that are linked in relation to the export and import of a certain product or service within a specific sector (e.g. an agreement on high-tech services would include liberalisation of ICT, R&D, design, some audiovisual services etc.). *“In the DDA negotiations, the EU should look more creatively at the services requests and offers on the table, particularly those made plurilaterally, with the aim of bundling them into clusters of requests in related sectors. This would give us a better chance of success in the negotiations and result in something more directly relevant to business”*. (Government). Some also propose energy and environmental services as a possible "cluster area".

For a majority of public and private respondents, promoting more trade in services through **multilateral negotiations** remains the best way forward, although some acknowledge that it has so far only had limited success. A **plurilateral approach** should be viewed favourably, but under two conditions: a) a critical mass of partners/a core of WTO members should be interested, to ensure value added compared with the multilateral and bilateral approach; and b) the multilateral system should not be undermined. A **bilateral approach** offers a flexible framework and should be focussed on key partners. Some public organisations mention India and China, while others consider that the EU could benefit from improved market access conditions in geographically close markets (Russia, Belarus, Kazakhstan and Ukraine are quoted as examples). Private sector respondents prefer to use economic factors as criteria for choosing FTA partners and find that the current negotiations (with Colombia and Peru, Canada, Singapore etc.) should continue and should go beyond the binding status quo and achieve real market access. Emerging economies such as Brazil, Russia, India, China and South Africa were also identified as key partners. It was also suggested that the EU should rely on inputs from the business community.

Some respondents mention that the future EU trade policy should continue to focus on **consolidating the existing market access conditions**, especially in areas where service liberalisation has already been implemented autonomously, even though there are no specific commitments in order to prevent the “roll-back” of liberalisation and emerging protectionism.

There is no general agreement as to whether the EU should use a **positive or a negative list** approach in negotiations. Among the public sector the supporters of a negative list approach advocate that this strategy is more offensive and will possibly lead to more ambitious results. Nevertheless, some respondents have shown a strong preference for the opposite approach, which ensures transparency and certainty about level of commitments. Some private sector respondents have indicated their preference for a **positive listing** approach, arguing that it has been successfully used in previous services negotiations (Cariforum, South Korea, Andean, and Central America) and it provides transparency and legal certainty. However, the majority of respondents seem to favour a **negative list** approach that would sustain the main goal of further liberalisation.

Several service sectors have been mentioned as being of particular importance: the knowledge intensive service sectors (e.g. computer services, engineering, architecture, enterprise consultants, research and development, communication services and marketing), maritime and other transit transport services, financial services, tourism, environmental services, energy, construction and information and telecommunication services.

A large majority of respondents in the public sector is in favour of further liberalisation for **modes 1, 2 and 3**. Liberalisation of mode 4 is viewed differently: while some respondents acknowledge that mode 4 is the key to further liberalisation in services and the EU should do its utmost to deliver in this area, others, on the contrary, advocate to the fact that the current level of trade in services in mode 4 is satisfactory and the EU should not move forward in this area. Among the contributions from the private sector there are only few who differentiate between modes of supplying services. However, mode 3 is sometimes mentioned as the key mode, for which the EU should aim at eliminating all limitations on commercial presence, while mode 4 is mentioned as the main field where concessions are needed from the EU side.

Amongst the NGOs many finds that developing countries should engage in services negotiations with the EU only at their own request and the issues of sensitive sectors, such as public services in general or services related to public utilities such as water, energy, health and education, are frequently mentioned. In relation to trade in services with Least Developed Countries, some responses suggest that the EU should offer meaningful access on mode 4 to developing countries, including by easing the restrictions on access for business visitors and granting wide mutual recognition agreements for all professional services.

Trade Unions believe that the idea of "more trade in services" should be subject to a prior thorough analysis of advantages/disadvantages and with the view to preserving the quality of services, including the level of qualifications of services' providers in cases where there are mobility of workers between the EU and third countries. There are concerns about Mode 4 being used to circumvent wages and working conditions set locally by collective agreements or legislation.

8 Investment

Question 9: Given that the Lisbon Treaty gives the EU greater competences in international investment policy, how should we contribute to facilitating cross-border direct investment (both outward and inward)? What are the key issues to be addressed in agreements governing investment?

Many respondents, especially from the public sector, underline the need for a **coherent EU policy** that will enhance European investments flows and tackle the main obstacles encountered by the European investors abroad, such as investment restrictions, market access barriers, poor IPR-protection, discriminatory access to transportation, logistics and other infrastructure, double taxation, bureaucracy and lack of transparency. NGOs often mention that a coherent policy should ensure a more balanced approach that also respects the objectives of development policy. One respondent suggested that the EU should seek to ensure political support to EU investors operating abroad, either through national diplomatic services and/or through the EU Delegations.

Some respondents believe that the EU should promote an agreement on investments at the **multilateral level** (e.g. within the WTO) that would create a level playing field in the area of investment. Or as one respondent from a public organisation writes *"A global investment agreement would be the optimal solution. Encompassing FDI into EU's common commercial policy will create policy coherence on promotion and protection of EU investments in third countries, and vice versa. The harmonisation will reduce asymmetries and uncertainties as the policies on investments will become more transparent, which is important not only for the EU Member States but also for third countries who want to invest in EU."*

Bilateral negotiations are welcomed as well. For the public organisations the **most desired countries considered** as possible partners for EU investment agreements are the large emerging economies (e.g. China, India, Brazil, South Africa) as well as other large economies (e.g. Russia, Belarus, US) and key EU trading partners (e.g. Eastern partnership countries). As regards the Least Developed Countries, the EU should adopt a pro-development approach. In most private sector respondents' view, future EU investment agreements should first be established with the EU major economic partners (e.g. US, China, Russia, Japan and India). However, also Russia, South Korea, Canada, Singapore, ASEAN, Latin America and Brazil were mentioned. Some suggests that the possibility of stand-alone investment agreements should be envisaged only in those countries where there are important EU Investments but no FTA is foreseen in the near future (e.g. China, Russia, US).

Investment agreements should also be regarded as a tool to promote good governance and sustainable development. The EU greater competences in international investment policy under the Lisbon Treaty can be instrumental in better protecting EU investments in third countries. The EU policy should aim to **defend the commercial interest** of the European investors and maintain at least the current level of investment protection in the new EU bilateral agreements (EU BITs) that will progressively replace the BITs of Member States.

Both public and private organisations stress the need to **maintain legal certainty** with respect to the status of existing Member States Bilateral Agreements (BITs), and with respect to the future shift to EU BITs. *The reduction of investment barriers in non-EU countries is one of the EU's key responsibilities. Reducing investment barriers facilitates the sustained development of important markets and thereby ultimately helps create and safeguard jobs in the EU. Right now, we are in a phase where competences relating to investment protection*

are undergoing transition. Therefore a paramount priority is to maintain legal certainty. (Government) Many public sector respondents stress that the Member States' BITs should remain in force until they are replaced by new EU investment agreements and that Member States will continue to be able to negotiate and conclude BITs with third countries not scheduled for the EU negotiations. Private sector respondents also add that there is a need of a **transparent and comprehensive** EU policy that would safeguard and enhance European investment abroad. The EU should set standards for investment protection based on the "best practices" enshrined in the existing Member States BITs that could harmonise and supersede the myriad of existing BITs, granting uniform benefits to EU investors abroad and also to foreign investors on the EU market.

NGOs are generally not in favour of using the current BITs as a model for future investment agreements. Some of the issues they suggest instead are that the definitions of investor and investments should be restrictive and cover only FDI. Furthermore, pre-establishment rights should be granted to foreign investors only on a "positive list" basis and vaguely worded clauses should be avoided. Performance requirements should be included in the agreements, with the purpose of promoting domestic industries, and **government procurement should not be included** in the agreements.

Public and private sector responses stress the importance of undertaking a **thorough assessment of the existing Member States BITs**, in order to ensure the coherence within the overall EU external policy under the Lisbon Treaty and to ensure that the highest standards that have been developed by Member States are taken as the basis for EU agreements, covering both market access and investment protection. However, there is disagreement as to whether Member States should be able to continue to negotiate on a national level.

Some public organisation respondents mention that a **European common framework** should be established, covering both post-establishment and pre-establishment phases (including the improvement of conditions of establishment for SMEs). Others have made suggestions regarding the future content of EU agreements on investment, that should mirror the key provision of current BITs, some of these being: a broad definition of investment, that goes beyond FDI (to cover portfolio investments and legal aspects of IPR), guarantees of fair and equitable treatment and full protection against arbitrary and discriminatory measures as well as unlawful expropriation and investor-state dispute settlement mechanism.

In some respondents' view, the EU market should also be seen as a **destination for foreign investors**. The EU should develop a strategy in order to create investment-friendly conditions, to reduce bureaucracy and to maintain the high performance level of European infrastructure network. It has been also argued that a comprehensive approach to the EU investment policy would require more ambitious market access commitments. Some mention that such a policy would also require a harmonisation of the restrictions on capital movements and of investment incentives within the EU, while others claim, on the contrary, that the promotion of inward investment should remain under Member States' competence.

Trade Unions have stressed the need to maintain the highest European standards, especially those related to **workers rights and environmental protection**, and to ban lowering standards as a tool to attract foreign investors. Therefore, the new investment agreements should ensure that standards are respected and transparency is promoted. Some NGOs also mention that a "human rights and sustainable development" assessment should be conducted by the Commission before an agreement is concluded and that the agreements should include

non-derogation clauses with regard to parties obligations regarding **human rights**. One private sector respondents express concerns about the fact that the future investments agreements can force the re-evaluation of cultural policies, including prohibitions, limits or restrictions on foreign ownerships in the **cultural industries**.

9 Sustainable trade

Question 10: How can trade policy best support green and inclusive growth around the globe including through Sustainability Impact Assessments?

A considerable number of respondents representing NGOs and the private sector acknowledge that trade policy cannot be a "panacea" for all problems and that it should primarily focus on competitiveness. At the same time, many respondents express **support to sustainable development objectives** being pursued by trade policy, both at multilateral and bilateral levels, and that trade openness should be linked to certain sustainability considerations. Some public organisations suggest trade liberalisation along with targeted economic instruments as the best way forward. More specific recommendations include promotion of cultural diversity and animal welfare, including in trade agreements clauses setting labour and environmental conditions for production or measures to eliminate child labour.

"The EU must draw serious attention to the liberalisation of trade and investment in environmentally and climate friendly goods and services. Reducing non tariff barriers for instance on organic agriculture will enforce export possibilities for environmentally friendly products from developing countries and therefore contribute both to economic and environmental sustainability." (Government) In the view of respondents across all types of organisations, the **liberalisation of environmental goods, services and technologies** remains a key priority. Those that are most welcomed are conclusion of the agreement on liberalisation of environmental goods and services at multilateral level. However, as pointed out by some replies from the private sector, there are difficulties in specifying categories of products, production processes and product origins. Some respondents consider that "green" goods are a misleading category and should be more broadly understood. Overall the EU sector of environmentally friendly goods is perceived as competitive and innovative, and should therefore be promoted globally. However, a few NGOs suggested that the EU should focus more on promotion of sustainable and efficient methods of production.

Many respondents tend to recognise the need for trade policy to **support climate change goals**. One major risk identified in several private sector replies is the relocation of production (i.e. "carbon leakage"). Respondents agree that this issue is best dealt with at a global level through international agreements, internationally recognised carbon labelling or the creation of a global emission trading scheme. The application of unilateral measures, such as border adjustment measures and carbon tax, should be regarded as a last resort. Many respondents, primarily in private sector, stress that unilateral imposition of regulations on domestic industry should be avoided. One contribution suggests giving the WTO a role in monitoring and establishing dispute settlement disciplines with respect to global carbon emissions.

A considerable number of NGOs and private sector replies stated that environmental and social standards are best addressed by Multilateral Environmental Agreements, the International Labour Organisation (ILO) and GSP incentives. Many NGOs and private sector respondents consider that producers in third countries should be asked to comply with certain social and environmental standards in order to ensure a level playing field. Trade is an

opportunity to push for adherence to international standards such as ILO labour standards. This could be achieved through the liberalisation of environmental goods and services and through the GSP+. The applicable criteria should be characterised by simplicity, predictability and efficiency and whenever social or environmental conditions are foreseen, thorough surveillance and rigorous implementation is key. One NGO also calls for inclusion of human rights along sustainable development in the trade agreements in a legally enforceable manner.

Several respondents across all sectors refer to Corporate Social Responsibility initiatives as an element to be promoted; some private sector organisations refer also to **Fair Trade schemes**, with the suggestion to have a focal point (to be performed by DG Trade). As one NGO explain, *“Fair Trade is a different way of doing trade, it is not about aid, and it is not fundamentally about consumer-assurance issues. We also believe support to Fair Trade should be part of the European Commission toolkit to make trade fairer. This would support ‘green and inclusive growth around the globe’ as Fair Trade principles are fully in line with the sustainable development and poverty reduction objectives.”* Some respondents from the private sector, representing leading retailers and manufacturers, claim that sustainability of products is best ensured through self regulatory schemes, whereas others point to the risks stemming from the proliferation of private standards and certification schemes resulting in the market segmentation, increases of production cost and confusion of consumers. According to some of the respondents these risks could be minimised if the standards are set in an equitable way and agreed internationally.

A considerable number of respondents from the private sector and a few NGOs identify **“green protectionism”** or conditions of “reciprocity” as a key risk while addressing green growth by the trade policy. Similarly, one respondent refers to **“red protectionism”** in the context of social standards. Yet, many replies from the private sector and several NGOs stress that requiring that imported products are in compliance with the environmental and social standards in the EU cannot be deemed protectionist, but fair, and consider market restrictions as a useful tool to deal with products from countries not complying with common rules. There are also divergent views on issues such as carbon labelling initiatives (i.e. “carbon footprint”, “food miles”). Where some respondents from private sector perceive this as examples of “green protectionism”, others see it as a necessary information tool for consumers.

Some respondents specifically address the issue of **impact assessments or SIAs** in trade policy decision making. Respondents are mainly NGOs or industry/farmers/business associations. Respondents raise in particular two issues: how to ensure that the outcome of the impact assessments is factored into trade policy decision making; and how to foster the role of Sustainability Impact Assessments as a tool to support green and inclusive growth. Many respondents call for the impact analysis to be done before the adoption of the negotiating mandate by the Council, in order to better inform their decision making. It was also suggested, that the SIA reports be presented to EP Committees INTA and DEV.

Several respondents (mainly NGOs) consider that assessment of economic impact is still dominating over the social and environmental impacts in SIAs. Two NGOs point out that quantitative assessments based on CGE models have important limitations and suggest a more inter-disciplinary approach, reducing reliance on economic models, identifying a set of societal, health and environmental indicators going beyond GDP. Several NGOs call for making sure SIAs do not prioritise competitiveness at the expense of sustainability objectives and for focusing more on social or environmental issues they consider insufficiently covered (natural resources, poor people, decent work, inequality, small producers, gender impact,

health, carbon and social costs of trade), or on issues such as animal welfare, EU values, human rights. But some respondents (industry or business representatives) consider that much is already achieved in the area of environmental impact assessment and ask for more emphasis to be put on the economic impact. They ask that the Commission adequately balances the need to support green and inclusive growth with the need to preserve industrial competitiveness, and that more weight is given to global competitiveness issues.

Several respondents (NGOs, business representatives, as well as public authorities) call for impact assessments to strengthen coherence across EU policies, whether by systematically assessing the impact of other EU policies on the external competitiveness of the EU industry, or by assessing whether a proposed trade policy may undermine, help or hinder the implementation of existing EU policies, or the realisation of stated fundamental principles and values of EU action.

Many respondents (NGOs, business representatives and public authorities) call for **ex-post impact analysis and regular reporting on the implementation of the agreements**. Several respondents call for reinforcing stakeholders' consultation and involvement and improving the dissemination of SIA information and reports.

Question 11: Given the forthcoming revision of the Common Agricultural Policy and the continuing need to foster a sustainable agricultural sector in Europe, how should EU trade policy develop in this area consistently with the overall objective of the Lisbon Treaty?

Representatives of the public sector, food producers, NGOs and farmers felt strongly that trade policy should be made **coherent with CAP**, as CAP promotes sustainable green growth, fosters employment and assures the appropriate quality standards of agricultural products.

Many contributions mentioned the importance of maintaining **food security** within the EU and the special role for the EU trade policy in this context. The sustainability of the production of food and the need to support the EU 'handicapped' areas were strongly called for by the farmers. They underlined that the European agriculture sector should try to reach self-sufficiency instead of looking for the cheapest food possible. Furthermore, the EU trade policy should acknowledge that agriculture in the outermost EU regions is facing difficulties and needs protection. The representatives of the public sector stressed that the EU farmers should be compensated in order to address cost differences resulting from higher demands imposed on them and that trade policy should be based on a renewed 'community preference'. The need to preserve the European social model was also called for. Both farmers and the environmental NGOs raised the concerns of environmental sustainability of the EU, the need for further support of green-growth innovations and animal rights, and hence continued protection.

At the same time the respondents from the public sector and the EU food industry noted that within the agricultural trade, there is a need to assure **access to raw materials** at low prices and the EU trade policy should be formulated having this in mind. The increase of the costs associated to the European agro-food model (food safety, environment and animal well-being) negatively impacts on the competitiveness of the operators, both in the domestic and in the international markets. The representatives of traders went even further stating that the EU's economy is mainly dependant on the performance of the services and industrial sectors rather than on the agricultural sector. Thus the CAP should not be a priority and should not

jeopardise the benefits that trade agreements could bring to the EU economy on the industrial, services and investment sectors.

There were many voices advocating **proper implementation of WTO-compatible agricultural trade policy in third countries**. In particular, farmers articulated that trade policy should take into account that there is a need to tackle **hidden agricultural subsidies** in third countries so that the European farmers can play on equal terms vis-à-vis external producers. In this context, farmers felt that safeguard clauses in trade agreements should be maintained and made more efficient.

Assurance of the implementation of **proper food quality and safety standards**, animal health and welfare as well as the appropriate protection of the EU's geographical indications and IPR by agricultural producers in third countries, were strongly called for by the farmers, public sector, food producers and health promotion NGOs. Farmers advocated that the EU's import control measures should be strengthened in order to guarantee the application of the same standards at home and outside the EU.

The EU agricultural policy should be taken into account when negotiating both multilaterally and bilaterally. With respect to the DDA, the representatives of the public sector advocated that the risks related to liberalisation of agriculture sector should be considered in the negotiations. An **overview of envisaged benefits and concessions** (e.g. with regard to agricultural quotas) in the WTO and in several bilateral and regional agreements would be important in order to permit a coherent approach. At the same time both the public sector and food industry encouraged more open trade policy in the agro-food sector: reductions of MFN tariffs, new FTAs, improved preferences in existing FTAs and improvements of the GSP. Representatives of food industry underlined that the competitiveness of EU agriculture must remain a fundamental objective.

With respect to EPAs, representatives of the third sector advocated the trade policy and the CAP should be made **compatible with development policy** including the promotion of fair trade. Moreover, within the DDA negotiations more flexibility is needed on the side of the EU and US. On the other hand, European farmers deemed necessary that the EU should be better rewarded for decoupling aid in the past by international agreements and that the principle of reciprocity in international agreements should be applied. It was expressed that further trade liberalisation through DDA or Mercosur FTA would cause decline in EU agricultural production and massive reduction in the number of European farms. Therefore protection through the existing tariff structure should be maintained and trade policy should consider that agricultural products are different to industrial commodities.

The NGOs pointed out that while the EU farmers benefit from the CAP, the farmers in the developing countries face **unfair competition from the EU products**. Therefore, in order to sustain their livelihood, agricultural trade liberalisation should follow the removal of subsidies.

10 Inclusive trade

Question 12: How can EU trade policy ensure that the benefits of global value chains are shared by European producers, consumers and jobholders?

According to the majority of respondents, maximising the benefits of global value chains is only achieved through continued **liberalising markets**. This is imperative to strengthen the competitiveness of European business by enabling companies to take advantage of global supply chains. Trade restrictions on imports would hurt local producers and designers that are involved in the production of goods, with detrimental effects for the workers employed. Many respondents have also given their views on how trade policy can help European competitiveness; however, these points are covered in other sections of this report. Finally, the trade policy should consider trade initiatives that would assist SMEs to become better integrated into global value chains through trade policy.

Some respondents state that trade policy **must work for all** stakeholders and that no single interest group should dominate trade policy. One NGO says that ensuring the sharing of the benefits of global trade among all European producers, consumers and workers, will be achieved when there are identical production conditions, workers and consumers to trade partners. Other respondents feel that only a policy whereby competing operators would be subject to the same rules will ensure benefits to European producers and consumers.

As regards **consumers**, they will gain from a wider range of products at lower prices. Nevertheless, given their increasing social and environmental concerns and the need to ensure that their quality expectations are met, more information could be provided and distinctive signs (trademarks, geographical indications etc.) should be protected. However, many respondents find that the lower prices are not necessarily fed through to consumers, this is particularly referred to with respect to food and agricultural products, and some blame the shifts of power in the food chain, with an increased concentration in particular in the retail trade.

Another way FTAs should also benefit consumers is thought providing them with adequate information on the manufacturing processes of products exported from third countries. A **labelling policy** that goes beyond normal legal obligations by providing the consumer information on production and the origin would be desirable. However others state the opposite, that "made in" proposal makes it difficult for firms to take advantage of global value chains. As one public organisation says, "*The made-in proposal introduces a compulsory labelling of "made in" to indicate the origin of goods imported into the EU. With global value chains and fragmentation of production, the meaning of "made in" has become much more complicated. Products are no longer made in one country alone, but often traded across several borders before they are assembled into a final product.*" One NGO suggest a pan European mark that will guarantee that the product imported into Europe from a third country has been produced or manufactured without human exploitation or child labour and with respect for the environment and that it is safe for consumers.

In order to keep the relative wealth that European citizens enjoy, European enterprises need to continuously move up the value chain, to add more knowledge and competence to the goods and services that is produced. This will also ensure better quality jobs. Policies on the green economy and **green jobs** will generate an increase in jobs and environmental improvement. Consistent policies to promote technological innovation and to allow structural changes that follow from technological progress and international specialisation are needed. This in turn contributes to higher incomes and better quality jobs. "*The European Commission should place greater emphasis on the provision of high-quality 'jobs of the future' rather than seeking to preserve industries which are becoming less and less competitive in the global market place through increasingly unjustifiable subsidies and protectionist support.*" (Private

sector) One NGO also stress the importance of policies being designed to create sustainable **and decent jobs**.

Several public organisations mention applying **Corporate Social Responsibility**. Stringent international standards for products imported into the EU should be applied and EU companies should be encouraged to demand such standards from their subcontractors. The corporate social responsibility requires that all stakeholders pays attention to protection of the rights of workers and the surrounding community, the environment and is monitored throughout the supply chain. The International Framework Agreement is one example given of social responsibility to the benefit of workers.

Trade unions express concerns about the **exploitation of workers in developing countries** at the expense of jobs in the EU. As one says "*Globalisation has been driven by exploitation of workers and stripping the natural resources of many countries across the world*". Briefly, the trade policy of the EU should strive for a level playing field in social and environmental conditions in order to guarantee a fair global competition and a fair distribution of the value added between workers and shareholders. International regulations on social responsibility should be revised and strengthened and basic human rights and sustainable development should be included in EU's trade and investment agreements, and the system for monitoring these agreements should be ratified.

Question 13: Are existing 'flanking' policies sufficient to ensure that the benefits of trade are shared among different people and across different regions and markets in the EU? And how can the EU best ensure, where necessary, that trade and other policies play their part in helping people, sectors and communities adjust?

There is more or less agreement among the respondent that while trade has positive effects on growth and employment, then the gains from trade is not necessarily shared equally by all and in short and medium term some people, sectors and communities are affected and need to adjust. This **adjustment should be supported by public policies** and there is general agreement among the different stakeholder that 'flanking' policies can be useful in supporting those who need to adjust to the changed arrived from changes in trade patterns. And while this falls under national policies in the Member States, there is also a need for action at the EU level. This could be through regional funds and through the European Globalisation Adjustment Fund (EGF), where the latter offers a general response in terms of managing the negative employment effects of globalisation.

Similarly there is general acknowledgement that while there is a need for assisting adjustment in the short term, then it is vital that it is done without using state aid or measures at national level that can **distort competition**. As one trade union puts it "*Subsidies that distort competition and transfer unemployment from country to country have to be abolished, and a Global Competition Authority dealing with cross-border competition issues needs to be formed with rights equal to those enjoyed by the European Commission*." Another example is to aim for internationally agreed rules ensuring fair competition and thereby that EU can reap the benefits from trade.

Some mention that it is important not to present globalisation and trade liberalisation as a threat, but rather as an opportunity and as something that will also be an advantage for consumers. The main way of ensuring that trade policy play its part in helping is through

liberalisation and open markets, an effective and consistently applied trade policy, backed up by effective trade defence instruments. Plus the EU needs to complete the internal market, carry out labour market reforms and ensure productivity and innovation. Especially flexicurity is mentioned as a way to ensure that the benefits of trade are shared.

There is no agreement among the contributors as to whether the **existing measures** are sufficient. Trade unions find that the existing flanking measures are not sufficient. Although they are generally supportive of the EGF as well as other European structural funds, especially the European Social Fund. As one trade union write, they have "*an important part to play in the quest for greater fairness in the European economy. Their funding should be increased and their effectiveness improved.*" However, they consider that the funding and eligibility criteria have not been adequate, one major reason being a lack of social partner involvement in the creation of these. Furthermore, trade policy needs to be based on sustainable job promotion. Public sector replies tend to support the view that EGF is an important tool for which there is a clear need, but that the budget is too small and not adequate. They stress the need for a clear strategy to be created and that targeted and effective flanking policies need to be adapted and implemented. Furthermore, one respondent from the public sector suggest that "*The European Globalisation Adjustment Fund (EGAF) and the other different funds should be integrated in the impact assessments made by the Commission while negotiating a trade agreement and considering the potential benefits of it*".

There is generally agreement that, the main focus should be on **retraining**. As one suggests, "*EU funds should be used effectively for raising qualification and competence of labour force and introducing of modern technologies into economy for production of globally competitive products*"(Government). The link between trade policy and 'flanking' measures should be strengthened and the policies should help EU's workers to be prepared to take advantage of the opportunities posed by the global economy. Education programmes and vocational training could be aimed at reemployment in for instance green or smart sectors. Public organisations state that retraining and limited support for new areas of industry are better than protectionism. Trade unions are also concerned about ensuring labour rights. An upgrading of the work force will support trade growth and innovation. One government also mention that **promoting worker mobility** within the EU would have a positive impact shortening the process of adjustment.

Some NGOs also state that EU food producers should be adequately rewarded for their efforts to produce in a thoroughly sustainable way and to the standards the EU imposes on producers, and that there is a need to re-evaluate the distributions of CAP funds between new and old Member States. Flanking policies cannot offset the **negative impact on the EU agricultural sector** which will result from EU trade agreements in for instance the WTO, Mercosur and the EuroMed. Thus the EU trade policy should ensure that the negative impact of trade agreements on EU agriculture is more than offset by a positive impact in the form of increased export opportunities. Some in the private sector are also concerned about the risk of loosing the agricultural sector and about the impact of trade agreements on agriculture and fisheries.

Some NGO and private sector respondents state that the benefits of trade should be shared not only between people inside the EU, but also with people outside Europe, especially in **developing countries**. The impact of EU's trade policy on people in developing countries should be acknowledged, also in regard to 'flanking' measures. Thus there is a need for improving Aid for Trade. NGO and private sector also finds that the EU should promote trade

policies and initiatives based on the principles of **Fair Trade**, which have demonstrated the feasibility of a more equitable distribution of revenues generated by the trade.

Finally, some suggest that when negotiating trade negotiations the result should be balanced, not only for the EU as a whole, but also by sectors, regions, and Member States. **SIAs** are mentioned as a useful tool, as are independent ex-ante and every five years evaluation/review of agreements, with the capability to revise them should the impact be unacceptable.

11 Trade and development

Question 14: How can the EU best strengthen the issue of trade and development in its trade policy? Should the EU pursue a more differentiated approach in its trade relations to reflect the level of development of particular partners? How should the EU approach the issue of trade preferences in relation to the generally low level of EU Most Favoured Nation (MFN) tariffs, which will further be eroded following the possible conclusion of the Doha Round?

Many respondents, mostly NGOs, agree on the importance of **differentiation** of approaches in EU trade relations, according to the level of development in order to focus the attention on the countries most in need or for a better consideration of the position of emerging countries (predominantly from the private sector). This distinction should be introduced also in the context of multilateral negotiations. According to one government, agreements with more developed countries "*should primarily reflect a balance of all the parties' offensive and defensive economic and commercial interests*", while those with developing countries and least developing countries, such as the Economic Partnership Agreements (EPAs), "*should chiefly focus on accommodating the developing countries' interests in using trade liberalisation as a motor for their sustainable development*".

Regarding the interaction between trade and development policies, several answers call for more **coherence**. A certain simplification of the EU aid rules governing investment would also be appreciated. Some respondents stated that reciprocity should not constitute a starting point and that much remains to be done in areas such as Rules of Origin and market access to secure real coherence.

Several contributions express the need for trade policy to be accompanied by additional resources/assistance/infrastructures, i.e. **Aid for Trade**. "*Although our development policy is already differentiated - our Aid for Trade Strategy is by far the best example regarding our approach vis a vis developing as well LDC countries - we should better communicate our development policy to LDCs, especially regarding Aid for Trade. Furthermore we should focus primarily on the exact sectors which will be mostly affected by preference erosion.*" (Government) Trade related assistance could support developing countries in areas such as trade facilitation, SPS and TBT, and could increase competitiveness and decrease dependence on preferences. Other respondents stress that assistance should not favour unfair competition and that it should focus on the real problems: the technical level of developing countries' production; the regulatory/political environment and the economic governance. A specific effort should be targeted at trade capacity building. One respondent stated that small producers and regional markets are not benefiting from Aid for Trade.

Some respondents, mostly coming from the business community, mention that **trade liberalisation** would constitute the main contribution to development, while for other

respondents liberalisation rather represents a danger or a failure and, according to some risks to result in job destruction more than job creation.

Referring to specific trade instruments, some respondents consider that the conclusion of the **Doha trade round** is a key element. A successful conclusion of DDA would allow developing and least developed countries to gain from increased market access, improved opportunities in South-South trade, duty free quota free access for LDCs, better rules preserving their policy space and special and differential treatment provisions throughout the agreement to respond to their concerns.

There is general agreement between the different stakeholders that the **GSP** scheme represents a useful tool for development and should be maintained and reinforced. Nevertheless, one respondent say that its effectiveness should not be overestimated. Some respondents from the private sector point out the need for predictability of the system and legal certainty. Some answers, including private sector and several governments state that the **Rules of Origin** are complex and difficult to use and need to be improved, and that a simplification would be appreciated. Among other suggestions were an extension of the **EBA regime** to other countries, effective implementation of conventions as a condition for GSP+ and from Trade Unions there was a particular emphasis on the ILO labour conventions.

Some respondents mention that the EU should defend products which are sensitive for the European industry and be careful with tariff preferences, paying more attention to labour, environment and social conditions and not encouraging protectionist policies in the developing countries. Others stressed that EU should insist on **reciprocity** and should favour a better market access for the least developed countries in emerging countries. Finally, a review mechanism was requested by different stakeholders in order to monitor the agreements.

Some respondents from the private sector criticise the proliferation of different systems and express concerns about **inconsistency in the overall management of the different instruments** (GSP, FTA). They consider that these systems should be reviewed and a uniform approach should be envisaged. It is important that the trade commitments already made by the EU through EPAs and MFN tariffs are secure and can ensure that long term trading partnerships can be set up, which benefit both EU operators and the developing countries. However, for the sake of simplicity and coherence, preferential tariffs resulting from GSP and an FTA concluded by a specific country should not coexist.

Some NGOs have commented directly on **EPAs and FTAs**. This group of respondents is generally critical of the EPAs and some NGOs seek the outright abandonment of them and the use of alternative systems like GSP offering the same access to the European market as under Cotonou. NGOs generally consider FTAs to be inappropriate tools because of the imbalance between the partners. Furthermore, the FTA should not be signed with a country like Colombia due to ethical reasons or respect for human rights. The opening up of ACP markets is often questioned as they usually require more flexibility for a greater asymmetry and for longer transition periods (20 years or more). NGOs generally consider that additional resources are needed for the ACP reap the benefits of EPA and build their own competitiveness. Resources are required for capacity building, training and institutional support but also for infrastructure, power, transportation and education.

Many governments feel that the **EPAs** must be an illustration of how trade can contribute to regional integration, which allows an increase of South-South exchanges that are also a factor in development. The strategy of trade assistance in this regard should be more oriented towards regional integration and better take into account the commodities, often neglected in aid for trade national and regional strategies. For the EPAs that are being negotiated in Africa, the EU should show considerable flexibility in order to take extensive account of partner countries' capacity to make the structural adjustments necessary to reach the desired development goals. In general, it is considered that for the poorer countries more asymmetric opening is acceptable with exception to e.g. SPS-standards where uniform requirements are necessary.

The private sector recognises the importance of **EPAs** and **FTAs**, but wish that a distinction is made between the development aspects and business aspects. Thus, whereas Europe is already an open market for developing countries, the private sector ask in return for an ambitious opening of trade in developing countries, as well as a significant improvement of business climate and governance, a strengthening of investment protection and of the IPR.

12 Smart trade

Question 15: What initiatives could the EU take and which EU trade policy instruments could we mobilise to complement and reinforce the 'smart' dimension of the Europe 2020 Strategy and facilitate trade in high-tech goods and services?

Several respondents highlight that smart growth is indeed important for future growth and EU competitiveness. As open markets foster innovation through fair competition, EU's trade policy should focus on removing trade distortions and barriers to trade. This will automatically foster innovation. This could be through reducing tariff barriers on high-tech products and inputs and it could be through including a stronger angle in FTAs. Furthermore, some **initiatives can foster new developments**; one example is that *"the global challenge of climate change spurs the need for the commercial diffusion of innovative climate mitigation technologies. Liberalizing trade in this area can help to solve the global climate change challenge but also foster innovation by creating bigger markets and more demand for innovative low-carbon technologies."*(Private sector) Through promoting trade in carbon-free and energy efficient technologies, and thus fostering new markets, innovative fields will be broadened. New instruments aiming at opening government procurement markets and obtaining more opening for investments/worker mobility would also be very useful to support smart trade.

Several contributions also mention that smart growth based on knowledge and innovation and creating growth and quality jobs is not limited to the high technology goods and services. A key part of smart growth is and should continue to be delivered by for instance Europe's creative content industry. The EU should develop in its trade policy an enabling strategy for smart growth which reflect this as well as high-tech sectors, one example could be a strategy for building a competitive Digital Economy.

EU should be active in areas of **regulation cooperation** of relevance to smart growth, both internationally and bilaterally. A large group of stakeholders advocated that EU trade policy should develop and promote more international standards, and that it should foster cooperation and regulatory dialogues with third countries to address these types of barriers. Many international organisations already exist, but there is a need for coordination of new

technologies at a global level. One government suggested that the EU could propose the creation of an international institution which could take on this role and coordinate high-tech activities. Closer working with the UN on standards development could also give the EU a more prominent role in influencing this agenda, and thereby ensuring that EU business has a competitive advantage in new high-tech sectors.

One positive example of an international agreement is the **Information Technology Agreement** (ITA), which however could still be improved to better address the regulatory measures and standards that are creating today's barriers. It has greatly contributed to the competitiveness of European industry and the spread of information technology around the world. As one government writes *"we are concerned about the inability of the ITA to keep up with evolving technology. The relevance of the ITA risks being eroded unless WTO Members can find a way to update the agreement so as to keep pace with current and future technology. Therefore it is crucial that the EU continues to push for a review of the agreement."*

Another critical issue mentioned by many is the need to protect **Intellectual Property Rights** effectively, which requires a stable intellectual property regime. The achievement of many policy goals depends on comprehensive enforcement of IPRs. IPR abuse is widespread and many sectors such as sports apparel, pharmaceutical, creative industry products and household goods are adversely affected. Besides the economic harm, many counterfeit products pose serious risks to consumers' health and safety. In addition, the EU should use fora such as regulatory dialogues to work with third countries to ensure that IPRs are effectively enforced and fair access is granted to EU innovative products to the partner market.

13 Enforcement and dealing with unfair practices

Question 16: How can the EU best safeguard its firms or interests against trading partners who do not play by the rules? Are the existing tools and priorities sufficient to address unfair competition from third countries?

WTO is generally viewed as being the regulator of world trade and the main institution to ensure trade is being played by the rules. Especially many respondents from the private sector and governments express the view that existing **WTO** mechanisms, if properly applied, can address unfair competition effectively. Many support more recourse to retaliation measures when a constructive, sustainable dialogue cannot help. However, some feel that there was a lack of effective WTO rules and that the retaliation process is too lengthy. Many respondents mention that EU's trade policy should remain focused on reinforcing the WTO system of trade liberalisation together with its dispute settlement mechanism. EU should also strengthen the surveillance and monitoring capacity of the WTO, together with promoting the role of WTO secretariat. Some respondents request that the monitoring task should be formalised. A few respondents also suggest using EAS to remove trade barriers.

Some private sector and NGOs mention problems encountered with specific issues such as geographical indication or specific geographical issues e.g. labelling requirements in Ukraine, which needs to be addressed. Sanctions mechanisms and alternative dispute resolution mechanisms could be part of trade agreements and Trade Barriers Regulation should be reviewed. *"Reference to specific countries not adhering to relevant trade rules should be raised at any multilateral, plurilateral and bilateral opportunity such as WTO Trade Policy Reviews, OECD, various UN organisations, negotiations on FTAs and IPR Dialogues. In this context we consider the EU's Market Access Strategy as one of the useful tools."* (NGO) EU's

Market Access Strategy is generally highly appreciated among the contributors. It is viewed that the linking of Commission's, Member States' and local knowledge with regard to market access barriers has made it easier to achieve progress and that this work should be continued and be further developed. The experiences from the Market Access Strategy work should also be used when addressing EU trade partners in other contexts, e.g. in trade negotiations and in the WTO Trade Policy Review mechanisms.

The majority is in agreement that Trade Defence Instruments (TDI) are an integral part of a rules based system. They are, in the absence of international competition rules, the only tools available to address competitive distortions world-wide and thereby to protect European interest. *“Anti-market and anti-competitive practices by companies and state authorities in non-EU countries have not declined. Our companies continue to encounter practices such as double-pricing in the energy sector; export duties on raw materials; intellectual property rights violations; mandatory technology transfers; currency manipulation; “buy national” provisions; and deficient subsidy controls.”* Many respondents view the existing TDI tools as sufficient. However, many others think TDI is not flexible enough and is applied too slowly. EU must insist on stringent compliance with the trade rules and act swiftly in case of infringement, and that the on-going Commission exercise on improved transparency in TDI is a good initiative, but more can be done, and that TDI should remain a technical matter which should not be influenced by political considerations. Predictability and legal certainty in TDI are important for operators, especially for SME's. Anti-Subsidy cases should replace Anti-Dumping cases where possible. Moreover, the EU must pass on better information and a more positive image on the TDI's economic justification, rebating the unfounded image sometimes held that EU's TDI serve protectionist purposes.

Question 17: How can the EU best safeguard its firms or interests against major trading partners who maintain an asymmetric level of openness and resort to protectionist measures? Are the existing tools and priorities sufficient to address practices such as keeping EU suppliers out of government procurement markets, market access restrictions, restricted and insecure access to energy and raw materials?

The EU should continue to maintain regular **dialogues** with trading partners to encourage stable and open trading relationships, in neighbouring countries the EU should continue to encourage further economic integration, for some with the goal of potential EU membership for others formal trade agreements.

Governments and private organisations agree that there should be a focus on **sectors with a high growth potential** such as ICT, telecommunications, pharmaceuticals, chemicals and services. Sectors which can also help create smart growth and trade.

Many governments stress that the EU trade policy should focus its efforts on addressing key barriers and on delivery.

Reciprocity is mentioned by many private organisations who consider that the EU should as a rule insist on reciprocity. If demands for reciprocity are not met the EU should, where warranted, answer swiftly with all the appropriate and allowed measures under trade rules. Several stakeholders consider that EU should not adopt similar practices as retaliatory measures because it would lead to a protectionist spiral, however, they admit that the EU should ensure that discrimination shall not persist. On the other hand, others stress that the

main objective is to reconstruct the lost balance through resorting to the same protectionist measures applied by trading partners.

There is generally broad support and satisfaction with the **Market Access Strategy**. Many advocate that more resources should be provided for the Market Access Strategy and that the EU should not enlarge the geographical scope beyond key trading partners, in order to ensure best use of resources. It is suggested that it should focus more on barriers affecting innovative and high tech products, growth sectors and services. Many governments and some private sector stakeholders also expressed the wish for specific actions for SMEs, such as an awareness campaign on the Market Access Strategy in Member States (including the promotion of the export helpdesk to facilitate imports. Increased support to SMEs could help them access global markets. Furthermore, the MA database could be improved to become more user-friendly. It is also suggested by many respondents that the Market Access Strategy should be used actively in negotiations and to monitor the implementation of FTAs. As one government write, *“The instruments and outcomes of the Market Access Strategy must be utilised more intensively in negotiations at the multilateral level (especially in WTO accession negotiations, in trade policy reviews, and the TBT and SPS agreements) and at the bilateral level (in free trade agreements, in bilateral dialogues, etc.)”*

In the context of enforcement, an annual review process should be set up on the **compliance** of third countries with existing trade commitments. This review should feed into the agenda of trade policy and regulatory dialogues with the respective countries and regions. The process and the outputs of this kind of review must be considered carefully in order to really facilitate the dialogue with third countries. Some suggest drawing up a list of key barriers to trade by “trading bloc”, in addition to the already existing list of key barriers to trade for 32 key trading partners.

Many respondents voice concerns about **government procurement**. The EU market has been too open for too long without reciprocal opening from trading partners. EU suppliers are faced with restrictive procurement practices or are simply excluded from participating in tenders in third countries. This lack of reciprocity is due both to the openness of EU market and protectionist measures by trading partners. Trading partners know that they will always benefit from the same market access in the EU despite their protectionist developments. Some stakeholders concede that asymmetry, flexibilities or transitional periods should be possible because of the different development levels but the vast majority agree that commitments and provisions should be reciprocal. Stakeholders particularly insist on obtaining reciprocity and the opening of trading partners' procurement markets for EU suppliers. Some respondents voice concerns specifically about Chinese protectionist policies (domestic preference schemes), especially in the construction market.

Several contributions complain about the limitations of EU tools to address lack of access to government procurement markets. The EU should seek a more proactive market access policy in this field i.e. condemning more vocally protectionism. It should make use of existing WTO instruments, such as the Government Procurement Agreement (GPA) and Dispute Settlement System to enforcing more vigorously international rules, and work towards expanding the coverage and membership of GPA. It should engage in more intensive dialogues with like-minded trade partners to combine forces and also with protectionist countries. It should include government procurement in all trade negotiations to promote transparency and non-discrimination in national procurement practices. Finally, it should consider excluding third countries engaging in protectionism from unilateral preferential arrangement, e.g. GSP.

Public procurement in developing countries is often financed by the EU, through for instance Aid for Trade. One government suggests that these procurements could include some rules of participation, quality, technical requirements (especially in environment), to strengthen the EU companies competitiveness in front of non EU challengers (from China, India, US, Canada, etc.). It would give also the possibility to promote the EU model through the public procurement of these third countries. On the other hand NGOs think that EU should take account of the right of **developing countries** to protect their domestic industries. In view of its commitment to poverty eradication the EU needs to assess the potential poverty implications of its market access demands and other trade measures. Some NGO stress the right of countries to protect certain infant industries, favour local firms in government procurement contracts, restrict exports, or exert sovereignty over their natural resources in order to promote economic and social development.

Question 18: What else can EU trade policy do to further improve the protection of IPR in key markets?

Strong and effective protection of intellectual property rights (IPRs) is key for Europe's innovation and international competitiveness. Most respondents call for the need to strengthen **IPR protection and enforcement**, in order to more effectively fight IPR infringements and protect investments. The EU must intensify its efforts to provide companies with better protection against counterfeiting. However, in order to boost legal certainty in general, the affected trading partners need to be convinced of the advantages that accrue from the effective protection of IP rights.

There is general agreement among respondents that these issues should be addressed through both **bilateral and multilateral agreements**. Concerning the latter, many respondents support the rapid conclusion of negotiations on the Anti-Counterfeiting Trade Agreement (ACTA). The WTO TRIPs agreement is the key agreement at global level which sets minimum IPR protection standards. Therefore, in the EU's bilateral negotiations, effective TRIPs compliance should be considered as one of the top priorities and the EU should aim to establish an enforcement and safeguard mechanism. Finally, one in the private sector suggests integrating IPR legislation and practices that will apply to all EU Member States and set up a Special Commission to invite all other non-EU countries to participate as an International Working Group to establish a unified system of implementing, supervising and policing all aspects of the process from application to enforcement.

The EU should address the surge of counterfeiting and piracy in its bilateral relations with key strategic partners as for example China and India. At the multilateral level, through WTO and OECD, the EU should similarly push for promoting IPR enforcement efforts in third countries. Many respondents consider that the EU is already doing a lot to **improve enforcement** but that more could be done. One government suggests that, "*Copying the idea of an SPS Database, we should set up an IP Database, separated from the general Market Access Database, in order to raise awareness and highlight the numerous IP-related trade barriers in third countries.*" Another suggestion is that a yearly report could list examples of positive developments in third countries. Finally, in order to provide companies, especially SMEs, with practical assistance, the EU should establish additional IPR help-desks in countries such as India, South Korea and Turkey.

A limited number of replies however recommended to avoid excessively strict IPR enforcement provisions such as TRIPS+, which may be detrimental to developing countries (in particular to access to medicines) and to citizens' rights to privacy (on the Internet). The EU should be encouraging the development and transfer of technology to meet the needs of developing countries. One respondent finds that agreements such as ACTA are negative and that excessive attention to demands of IPR lobbies has harmed the public image of WTO. IP protection on **medicines** has to be relaxed, as the EU pushing for a range of IPR measures supports the commercial interests of the pharmaceutical industry, while hampering the opportunities for innovation and access to medicines in developing countries. Others find that the existing legislative initiatives aimed at combating counterfeit medicines is needed due to the risk of penetration of counterfeits into the legal supply chain, deaths, injuries and untreated conditions resulting from bad medicines. There is a call for the insertion of a clear and internationally agreed definition for "counterfeit medicines" as the one developed by the WHO, which should replace the EU terminology of "falsified medicinal products" as it would better encompass the criminal relevance of such activities and the term is globally understood.

Some replies emphasised the relevance of **geographical indications** (also for handicrafts). Improving European geographical indications protection outside of the EU should be a priority and it is important to include it in bilateral and multilateral agreements in order to enhance local, regional and national economies through their traditional products. Other mentioned the need for better cooperation with the USA and Japan on IPR matters (harmonisation), the need for more technical assistance to developing countries (awareness and training), and specific problems such as systematic (abusive) demands for technology transfer to local companies in order to access the Chinese market. Finally, some replies related to the need for internal market mechanisms such as **an EU patent system** with a corresponding litigation system. One government instead suggested to promoting international patent law harmonisation with the aim to provide for a more efficient global patent system.

14 An open approach to shaping trade policy

Question 19 *What more should the Commission do to ensure that trade policy becomes more transparent and to ensure that a wide variety of views and opinions is heard in the policy-making process?*

Transparency and outreach is good but can be improved. Some of the responses give an assessment of the level of transparency in today's trade policy. Among these, organisations familiar with the Civil Society Dialogue appreciate it very much whether they are NGOs, business organisations or unions even though they make some suggestions to further improve its functioning. Others, less familiar with existing tools and mainly organisations or representatives of specific interest (e.g. industrial sector or SME representatives) tend to argue that there is insufficient access to information and/or involvement in the decision making process. This is also reflected in calls on the Commission to make the case for trade policy more strongly and to gather wider support.

On the specific issue of Trade Defence Instrument, the transparency initiative is welcome but some call for greater public access to the decision making process. A number of others (mainly industry, some consultancies and individuals) consider that what is done is already enough and there is a cost/efficiency balance to find. The case is also made that some

information that is needed in trade policy should actually remain protected as its dissemination could hurt companies' interests or even security).

Transparency in relations with other European institutions/bodies. A number of responses call for a greater transparency vis-à-vis the Council and the Member states as well as the European Parliament taking into account the entry into force of the Lisbon Treaty and its new power. These contributions request immediate and complete information of these institutions. However, interestingly there is also a call for transparency on these institutions and in particular for the publicity of the Trade Policy Committee minutes and documents they work on (mandates, proposals, negotiating text). These calls are often from political NGOs whose main concern is not trade policy per se but the impact trade policy can have on other issues (e.g. human rights, governance, climate) but also from some business associations (e.g. farmers, SMEs, specific industries) who would like to see the progress of negotiations before a final deal is reached. Better information on working groups is asked by some contributions. There is also a call to have Member States informing more (or better) on trade policy at national level as well as to involve better national and local parliament.

There is a sense that the coherence between trade policy and other policies should be made more visible whether at Commission level (between DGs); Council level (working groups) or in handling of the civil society contributions.

Reaching out and making the case for EU's trade policy and transparency tools. A number of contributions call for a better outreach of the Commission by targeting better the audience (e.g. consumers or specific industries who know best what should be done) or by treating everyone equally (NGOs and big business, small versus big Member States). A call on the Commission to better listen is also made (again many contributors feel that their concerns are not heard enough as opposed to the others). Reaching out to non-EU business (in both developed and developing countries) is also requested.

A number of proposals are made to address these concerns. Some of them already exist but may be improved or better used, and while some appreciate what is done in Brussels, this should be spread geographically better.

There should be a better timing and dissemination of **SIAs** and with more involvement of stakeholders (voiced by some Member states, business associations and NGOs). In particular, the issue of early and regular involvement is raised before negotiations, during negotiation and also afterwards in monitoring the implementation of the agreement. It is suggested to provide an annual report on trade policy as well as a feedback on how and why various opinions have been taken (or not) on board and how they were translated into the actual policy. It is suggested to introduce benchmarks to assess ex-post the impact of the agreement and whether it reaches its goal. Some suggest introducing complaint mechanisms in case policy coherence fails.

The dissemination of **communication material** could be improved. Use of factsheets, leaflets, seminars or conferences to explain what we do and why is appreciated and should be reinforced. Some existing mechanisms (Market Access, Export Helpdesk) are given as example to be generalised. A better use of our website and introduction of new instruments (video, podcasts etc.) is also suggested. Translation in several (if not all) EU languages is requested of at least key consultative documents.

Several contributions pledge for a better outreach to **third countries** and their organisations. This is for developing countries (with the request to assess the impact of our policies on their economies and societies) but also for developed countries which are more and more affected by EU legislations and trade rules. EU should promote transparency.

Administrative arrangements: Like in other policy areas a general simplification of rules and administrative burdens is suggested as it helps transparency. There is a need to simplify the language used. It is also suggested to have focal points for specific issues or concerns (e.g. Fair Trade) or third countries (e.g. one stop window of information for all trade actors). The creation of advisory groups including various stakeholders is suggested. More involvement of member states (government and Parliaments) in informing on trade policy matters is also asked. Finally, it is suggested to set up regular industry-Commission meetings (by world region or country) to 1) Inform about ongoing developments in the field of obstacles to free trade and involuntary IPR transfer and 2) Jointly draw conclusions on policy recommendations.

Question 20: Are there additional priorities in relation to trade policy that the Commission should pursue?

The vast majority of points raised under this question were restatements of concerns and views mentioned under the previous questions, and have as such generally been addressed under those. This confirms that the issues raised by DG Trade as being the key issues for future EU trade policy in the issues paper are generally perceived to be the key issues by stakeholders as well. Finally, some of the suggestions for additional priorities made by respondents are not part of trade policy but are related to for instance tax legislation and competition legislation.

Trade policy should be a crucial component **shaping EU external action**. The EU should aim to strengthen the **governance of globalisation** and to increase the transparency of international institutions. Furthermore, the EU should create a comprehensive globalisation policy. There is a need for administrative simplification, clarity of legislation and strengthening of communication between particular relevant Council formations and their working groups. Initiatives that can increase understanding of the trade policy objectives of the regulations and the way they could be achieved at the lowest possible administrative costs.

Many call for policy coherence on issues such as development, human rights, gender issues, agriculture, animal welfare, labour rights, climate change and the protection of bio-diversity. **Fair Trade could be made a criteria for public procurement** contracts within the EU. Furthermore, the EU should undertake a study to examine how Fair Trade could develop into a model for sustainable EU trade policy.

The Market Access Strategy remains an important instrument. However, the key issue **should now be to remove the key barriers** identified by the MAS. This should be done in a structured, systematic and balanced manner. An **EU Helpdesk for Trade and Investments** should be created, to simplify imports and investments into the EU. It should provide information related to import of goods and services and investment rules, and cover both Community legislation and national laws and regulations [note: there is already in existence a Commission helpdesk targeted at developing countries].

There are increasingly complex linkages between trade in services (especially financial services) and electronic communications. The EU should ensure that enterprises are able to process the data needed to carry out their business and that different **data protection** regimes do not create obstacles to this. Other issues raised are the importance of having good EU **customs and border procedures** and that the EU should push for transparency and governance of customs procedures in its agreements with key trading partners. Many stresses the importance of the EU's **Rules of Origin in GSP** and FTAs should be simple to administer, coherent and based on consultation of affected sectors. It is suggested by public organisation that the EU should use trademarks and **geographical indications also for non-agricultural products**, as these can benefit the regions as well as the EU. Finally, **ex-post impact assessments** should also be used for learning the lessons for future negotiations.

15 Third country perspective

Around 12% of the replies received came from stakeholders based outside the EU. Almost a third of these came from Japan. Many of the respondents advocate that EU trade policy should work towards **open markets** and that the EU should pursue an external agenda that seeks fair and open trade relations with other countries. Governance and transparency are crucial. EU's trade policy needs to comply with international commitments, in particularly with WTO provisions, itself but also ensure others comply as well. Trade is viewed to be a gateway to new ideas and innovations both for EU enterprises and for those in third countries trading with the EU, and reduction in tariffs as important to achieve increased smart, sustainable and inclusive growth.

Some respondents express concerns that the Lisbon Treaty could **prolong the time** for the adoption of legal measures. There is a now also an increased importance of ensuring policy coherence. Trade is a vital part of an EU agenda in pursuing sustainability at an international level and as a development priority. Fair Trade is mentioned as a tool that can be used to help achieving **poverty reduction and sustainable development**.

NGOs in Brazil, Mexico and Peru express concern about trade and development and calls for "an adequate legal framework in the field of international **environmental liability and better control of working conditions** at the international level, global governance and specific in countries with which it wants to strengthen the business relationship and a strengthening of policies to combat poverty and human rights" before further expanding trade. An NGO from Paraguay is similarly concerned about human rights.

A large majority of the respondents points to the importance of a successful conclusion of the **Doha Round**, and continued support and strengthening of the WTO. The efficiency of the WTO dispute settlement system should be improved and one respondent also recommend conclusion of sectoral liberalisation agreements with full participation of advanced economies such as China, Brazil and India. However, NGOs in Argentina, Brazil and Mexico are expressing concerns about the WTO, which is perceived to be flawed and having a serious imbalance in the institutional development of international trade and other areas such as food sovereignty, environmental variables and labour and social issues.

FTAs are supported as well as a mean to achieve increased cooperation and addressing tariff as well as non-tariff barriers, and the inclusion of IPR in these is welcomed. Areas mentioned as important are the US, Russia, China, India, Ukraine, Canada, GCC, Mercosur, Turkey,

Japan, Taiwan and New Zealand and ASEAN countries. One respondent also stress the importance of securing success with the Euromed initiative. Some respondents express concern that FTAs are not always ensuring gains for developing countries. One respondent calls for a reinforced collaboration between the **EU and US** in tackling regulatory barriers on trade and investment and harmful trade policies. This should be through the development of international standards, seeking to harmonise standards, technical regulation and conformity assessment procedures in order to better facilitate access to the two markets.

Regulatory dialogues are generally supported as being important. Some respondents say that since regulatory dialogue between EU and Japan has not yet delivered as much as wished for, the authorities should instead negotiate a new bilateral agreement. Others state that addressing regulatory barriers will support smart trade. **Access to raw materials** is similarly important. However, the EU should also respect the policy space of the countries they are negotiating with, it should help developing countries benefit and it should focus on developing new technologies.

WTO, FTAs and plurilateral agreements are all mentioned as a way forward in negotiating **liberalisation of services** trade. Some Least Developed Countries governments stress the importance of having their countries "on board" when moving forward on liberalisation and that such dynamic could be achieved if the EU offers commitments in sectors and modes that are of particular interest for these countries and ensures that the flexibility guaranteed by the Multilateral Commercial System to such countries is observed. The EU financial and technical support for the development of services sector and transfer of technology and know how is considered of crucial importance.

Investment is generally viewed as very important and many call for increased clarity as to the different MS BITs. A non-discriminatory and open investment environment is essential for the stimulation of global welfare. EU' delegations could be used to help map the context in which business operates in third countries in order to understand the barriers to EU investments. However, others feel that the importance given to the free movement of capital is a threat to local and international financial stability and should be strictly limited.

There is wide support among the respondents about the importance of an agreement on **environmental goods and services**. Some call for EU to be more proactive and that it should also promote the acceptance of international environmental standards at a global and bilateral level, and negotiate reciprocal market access to government procurement contracts. Ensuring IPR protection is also important.

Some respondents urge a reform of the **Common Agricultural Policy (CAP)**, which should encourage diversification, innovation and competitiveness in the agricultural sector. One respondent says that the CAP is holding EU back from receiving the benefits of open market trade and investment. There is a need to foster sustainable agricultural sectors; a completion of the Doha round and finally there is a need to consider the impact of the CAP and export subsidies on the farmers in the ACP countries.

Open and fair markets ensure that European producers and consumers enjoy **the benefits of global value chains**, and that jobholders benefit by having high quality jobs. One respondent states that just as important is to explain these benefits to the Europeans. There is a fear that flanking measures biased to certain sectors, and some suggest that focus should be on supporting countries outside the EU, for instance through Fair Trade.

Many respondents mention that EU's trade policy should be accompanied by additional **Aid for Trade**. **Geographical indications** have an important role in promoting rural development. They could also become an integrated component of the Aid for Trade. For the ACP group, a standard approach to negotiations cannot be adopted given differences in the level of development. The EU should show certain degree de flexibility and should not unilaterally interpret WTO rules to extract market access commitments. The impression from respondents is that the EPA has undermined not only the ACP as a group but also regional integration within the ACP. As regards the erosion of trade preferences, it is crucial that at least for the most sensitive products such as sugar, banana, canned tuna, a meaningful preference margin is maintained for an acceptable transition period. The liberalisation process should be accompanied with resources for the affected countries to step up competitiveness and to be able to secure a share of trade.

The EU should work towards **improved transparency** of subsidy programmes and the WTO's monitoring should continue to play a key role. Where unfair trade exist, the EU should make use of TDI, but in strict compliance with WTO provisions. Regarding intellectual property rights, then WTO's TRIPS are viewed as inadequate by some, especially with regards to enforcement. One respondent suggests that EU should harmonise its IPR systems with Japan and US, and other countries. The protection of geographical indications should be a key objective of the future EU trade policy.

There is appreciation of this public consultation. Some feels that there is a need for more dialogue between different stakeholders within the EU and with stakeholders outside the EU, as well as increased transparency of decision making.

Annex 1 List of contributors

a.v.e.c.

ACEA

ACHEMA AB

ACP Group

AEFJ

Africa-Europe Faith and Justice Network, AEFJN

ALSTOM

American Chamber of Commerce to the European Union, AmCham EU

Amig@s MST-Italia (comite de Roma)

ANFACO-CECOPECA

ANIT-LAR, Associação Nacional das Indústrias de Têxteis-Lar

APRODEV, Association of WCC related development organisations in Europe

Arbeitsgemeinschaft Deutscher Rinderzüchter e.V., ADR

ARD and ZDF

Asociación Aurora Vivar/Trade Justice Movement

Asociacion Nacional de Criadores de Porcino Selecto

Asociacion nacional de industrias de elaboración de productos del mar

Asociación Nacional de Productores de vacuno de carne

Assemblée Permanente des Chambres d'Agriculture françaises, APCA

ASSOCARTA

Association of Amusement & Leisure Equipment Suppliers of the United Kingdom, ALES-UK

Association of Commercial Television in Europe

Association of European Airlines, AEA

Association of Hungarian Settlements' and Regions' Developers

Audiovisual Producers' Collecting Society, EGEDA

Austrian Federal Economic Chamber

Bangalore University

Bangalore University

BASF SE

Bayer AG

Belgian Trade Union ACV-CSC

British Egg Industry Council

British Exporters Association

Bundesarchitektenkammer e.V., BAK

Bundesverband der Deutschen Industrie e.V., BDI

Bundesverband der Deutschen Süßwarenindustrie (BDSI) e.V.

Bureau National Interprofessionnel du Cognac, BNIC

Bureau of Foreign Trade, Ministry of Economic Affairs, Republic of China (Taiwan)

BUSINESSEUROPE

CAOBISCO

CEEV, Comité Européen des Entreprises Vins

Cefic

CEFS, Comité Européen des Fabricants de Sucre
CEJA European Council of Young Farmers
CELCAA, Comité Européen de Liaison des Commerces Agricoles et Agro-alimentaires
Centre europeen de Droit et d'Economie ESSEC
Cerame-Unie
CGB France
Chamber of Agriculture of Moselle
Chambre Agriculture de Lot et Garonne
Chambre Agriculture du Gard
Chambre d'Agriculture de Lozere
Chambre d'Agriculture de Haute-Saône
Chambre d'Agriculture de L'Aube
Chambre d'Agriculture de la Haute-Corse
Chambre d'Agriculture de la Manche
Chambre d'Agriculture de la Sarthe
Chambre d'Agriculture de la Vienne
Chambre d'Agriculture de l'Aisne
Chambre d'Agriculture de l'Allier
Chambre d'Agriculture des Bouches du Rhône
Chambre d'Agriculture des Cotes D'Armor
Chambre d'Agriculture des Deux-Sèvres
Chambre d'Agriculture des Pyrénées Atlantiques
Chambre d'Agriculture d'Ille-et-Vilaine
Chambre d'Agriculture du Cantal
Chambre d'Agriculture du Gers
Chambre d'Agriculture du Lot
Chambre d'Agriculture du Morbihan
Chambre d'Agriculture Reunion
Chambre d'Agriculture de la Corrèze
Chambre Départementale d'Agriculture de la Creuse
Chambre Départementale d'Agriculture des Vosges
Chambre Regionale d'Agriculture d'Aquitaine
Chambre Régionale d'Agriculture de Bretagne
Chambre Régionale d'Agriculture de Corse
Chambre Régionale d'Agriculture de Franche-Comté
Chambre Régionale d'Agriculture de Lorraine
Chambre Régionale d'Agriculture de Normandie
Chambre Régionale d'Agriculture de Rhône Alpes
Chambre Régionale d'Agriculture du Languedoc-Roussillon
Chambre Régionale d'Agriculture du Limousin
Chambre Régionale d'Agriculture Poitou-Charentes
Chinese National Federation of Industries
CIDSE, Compilation of responses from CIDSE member organisations. It is not a joint CIDSE policy position
CIRFS: European Man-Made Fibres Association

COCERAL
COCIR
COLIPA, the European Cosmetics Association
Community of European Shipyards' Associations
Confederación Española de Fabricantes de Alimentos Compuestos para Animales, CESFAC
Confederation of Finnish Industries EK
Confederation of industry of the Czech Republic
Confederation of Swedish Enterprise
Confederation of the Food and Drink Industries of the EU
Coop de France Pôle animal
Cooperativas Agro-alimentarias
Coordinadora de Organizaciones de Agricultores y Ganaderos, COAG
Coordination Rurale Union Nationale
COPA-COGECA
Cyprus Chamber of Commerce and industry and unit A (Information Services) of the European Business Support Centre Cyprus-Enterprise Europe Network
Danish Agriculture and Food Council
Danish Maritime
Department for Business innovation and Skills, the British Government
DIGITALEUROPE
EADS - European Aeronautic Defence and Space Company
EBO Worldwide Network
Ecologistas en Acción
Economic Policy Department within the Ministry of Finance, the Economy and Investment, Malta
ECSA, European Community Shipowners' Associations
EFIC, European Confederation of Furniture Industries
EFOW, European Federation of Origin Wines
EFR
Enterprise Europe Network / UK Trade & Investment - North West
ETNO
ETRMA, European Tyre & Rubber Manufacturers' Association
EU Delegation Mexico
EUCOLAIT EU dairy trade association
EURATEX
Euratex-European Apparel and Textile Confederation
EUROALLIAGES
Eurocadres
EUROCHAMBRES
EuroCommerce
EUROFER
Eurogroup for Animals
EUROMETAUX
EUROMETREC
European Banking Federation
European Branded Clothing Alliance

European Broadcasting Union
European Business Council in Japan/European (EU) Chamber of Commerce in Japan
European Chamber of Commerce Taipei
European Coalitions for Cultural Diversity, CEDC
European Confederation of Woodworking Industries aisbl, CEI-Bois
European Coordination of Independent TV Producers
European Crop Protection Association, ECPA
European Dairy Association, EDA
European Diagnostic Manufacturers Association, EDMA
European Express Association
European Federation of Pharmaceutical Industries and Associations, EFPIA
European Grouping of Societies of Authors and Composers, GESAC
European International Contractors
European Public Health Alliance, EPHA
European Services Forum, ESF
European Steel Tube Association
European Trade Union Confederation
European Union of Ethanol Producers
EUWEP
Evert Vermeer Foundation
EZA Fairer Handel GmbH
Faes
Fair Trade Advocacy Office
Fair Trade Commission, Executive Yuan, Republic of China (Taiwan)
Fairtrade Foundation
Federación española de Industrias de Alimentación y Bebidas, FIAB
Fédération Nationale Bovine
Fédération Nationale Ovine
Federation of European Publishers, FEP
Federation of Swedish Family Forest Owners
Federation of Swedish Farmers
Federchimica
Fertilizers Europe
FESI Federation of the European Sporting Goods Industry
FFCB
FIEC, European Construction Industry Federation
Fievez Dominique
FIF, French Railway Industry Association
FIF, French Railway Industry Association
Finnish Forest Industries Federation
FNSEA, Fédération nationale des syndicats d'exploitants agricole
FOCO
FOCO-FORO Ciudadano de Participacion por la Justicia y los Derechos Humanos
Food and Drink Federation

Foreign Trade Association, FTA
French Railway Industry Association, FIF
French Railway Industry Association, FIF
Freshfel Europe
Gaec Bolle fils
Gdynia Cotton Association
German Animal Breeders Federation, ADT e.V.
German Federal Government
Gesamtverband der Deutschen Versicherungswirtschaft e.V., GDV
Giesecke & Devrient GmbH
Global Health Europe
GMB trade union
GRTU Malta Chamber of SMEs
Humane Society International, UK
IFIP - Institut du Porc (Pole Economie)
IFPI, International Federation of the Phonographic Industry
IMPALA, Independent Music Companies Association
International Chamber of Commerce in Finland
International Fur Trade Federation
Irish Exporters Association
Irish Farmers Association
Japan Automobile Manufacturers Association, Inc.
Japan Business Council in Europe, JBCE
Japan Electronics and Information Technology Industries Association, JEITA
Japan Machinery Center for Trade and Investment
Jodie Keane
Juan Carlos Barros consultancy
Julie Harpum
KEPKA Consumers' Protection Center
Koperattiva Kummerc Gust
La Réunion Economique
Landwirtschaftskammer Österreich
Latvian Chamber of Traders
Le Cercle de l'Industrie
Lithuanian Confederation of Industrialists
Maa- ja metsätaloustuottajain Keskusliitto MTK r.y.
Magyar Termelői Értékesítő és Szolgáltató Szervezetek/Szövetkezetek HANGYA Együttműködése
MEDEF, the French Business Confederation
Mercosur European Union Business Forum, MEBF
MERIAL JAPAN Ltd
MHD Moet Hennessy Diageo K.K.
MICHELIN
Ministere du Commerce, Republique de Côte d'Ivoire
Ministry of Economic Development, Italy

Ministry of Economics of the Republic of Latvia
Namorado-Advogados & Attorneys at law, ASIA-PRC
NASSCOM
National Board of Trade, Sweden
National Farmers Union
National Foreign Trade Council, NFTC
New Zealand Government
Nippon Keidanren (Japan Business Federation), International Affairs Bureau
Nokia and Nokia Siemens Networks
Organisation for an International Geographical Indications Network, oriGIn
ORIGEN ESPAÑA, Asociación Española de Denominaciones de Origen
Paul Tighe
Plataforma Rural
Platform Aarde Boer Consument, bestaande uit vertegenwoordigers van Afrika-Europa Netwerk, Boerengroep Wageningen, Nederlandse Akkerbouw Vakbond, Nederlandse Melkveehouders Vakbond, XminY Solidariteitsfonds
Primary Food Processors of the EU, PFP
Red Brasileña por la Integración de los Pueblos
Red Mexicana de Acción frente al Libre Comercio
Rolls-Royce Group plc
Royal Philips Electronics N.V.
Schäfer
Sebastian Schiermann
Service Public Fédéral Economie, PME, Classes moyennes et Energie, Belgique
SETEM
SIDAM
SIS Group SRL
Society of Motor Manufacturers and Traders
Swedish Chambers of Commerce
Swedish Forest Industries Federation
Syndicat des Fabricants de Sucre de La Réunion
Syndicat National des Fabricants de Sucre de France
Takase corporation
Telefónica
The Brewers of Europe
The Coalition for Open Trade
The Confederation of British Industry, CBI
The Danish Confederation of Trade Unions
The Danish Government
The Dutch Government
The European Spirits Organisation, CEPS
The French Government
The Government of Austria
The Government of Bulgaria
The Government of Greece

The Government of Japan
The Government of Lithuania
The Government of Mauritius
The Government of Portugal
The Government of Slovenia
The Government of Taiwan
The Government of the Czech Republic
The Italian Government
The Ministry for Foreign Affairs, Sweden
The Paris Chamber of Commerce and Industry, CCIP
The Publishers Association
The Scotch Whisky Association
The Spanish Government
The Trade Justice Movement, supported by Action Aid UK, Banana Link, CAFOD, Fairtrade Foundation, One World Action, Reading International Solidarity Centre, SCIAF, The Soroptomists UK, Speak, Trades Union Congress, War On Want
TheCityUK
Tierraviva a los pueblos indígenas del Chaco
Toyota Motor Corporation
Trades Union Congress
Traidcraft
Transatlantic Business Dialogue
TransFair e.V.
Transparency International EU Office
Turazza F.lli Snc. di Turazza Claudio & C.
UK Trade and Investment
UNAM
UNIFE
Unioncamere del Veneto
University of Sussex
University of Vienna
Unnamed NGO
VDMA, Verband Deutscher Maschinen und Anlagenbau
Verband der chemischen Industrie e.V., VCI
Vodafone Group
Voestalpine AG
Weyler Consulting & Information
WIDE
Wirtschaftliche Vereinigung Zucker
Wirtschaftliche Vereinigung Zucker, WVZ
Wirtschaftsvereinigung Stahl
Yunnan Danyun Fair Trade Development
Zanetto Argenti snc

Annex 2 Distributions of contributions

Table 1 Distribution of contributions received from stakeholders

	Total	Share of total contributions
Austria	6	2.0%
Belgium	80	26.5%
Bulgaria	2	0.7%
Cyprus	1	0.3%
Czech Republic	2	0.7%
Denmark	4	1.3%
Finland	5	1.7%
France	65	21.5%
Germany	20	6.6%
Greece	2	0.7%
Hungary	2	0.7%
Ireland	3	1.0%
Italy	9	3.0%
Latvia	2	0.7%
Lithuania	3	1.0%
Malta	3	1.0%
Netherland	4	1.3%
Poland	1	0.3%
Portugal	3	1.0%
Slovenia	1	0.3%
Spain	17	5.6%
Sweden	8	2.6%
UK	24	7.9%
Total EU	267	88.4%
Argentina	2	0.7%
Brazil	1	0.3%
China	1	0.3%
Côte d'Ivoire	1	0.3%
India	3	1.0%
Japan	11	3.6%
Mauritius	1	0.3%
Mexico	3	1.0%
New Zealand	1	0.3%
Paraguay	1	0.3%
Peru	1	0.3%
Switzerland	3	1.0%
Taiwan	5	1.7%
USA	1	0.3%
Total Non-EU	35	11.6%