



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2010/2152(INI)

1.3.2011

DRAFT REPORT

on a New Trade Policy for Europe under the Europe 2020 Strategy
(2010/2152(INI))

Committee on International Trade

Rapporteur: Daniel Caspary

PR\859028EN.doc

PE460.634v01-00

EN

United in diversity

EN

CONTENTS

| | Page |
|---|-------------|
| MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION | 3 |
| EXPLANATORY STATEMENT..... | 13 |

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on a New Trade Policy for Europe under the Europe 2020 Strategy (2010/2152(INI))

The European Parliament,

- having regard to the Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions entitled ‘Trade, Growth and World Affairs - Trade Policy as a core component of the EU’s 2020 strategy’ (COM(2010)0612),
- having regard to the Communication from the Commission entitled ‘EU 2020: a strategy for smart, sustainable and inclusive growth’(COM(2010)2020),
- having regard to the Communication from the Commission entitled ‘Global Europe: competing in the world. A contribution to the EU’s Growth and Jobs Strategy’ (COM(2006)0567),
- having regard to its resolution of 17 February 2011 on Europe 2020¹,
- having regard to its resolution of 25 November 2010 on trade policy in the context of climate change imperatives²,
- having regard its resolution of 25 November 2010 on human rights and social and environmental standards in international trade agreements³,
- having regard its resolution of 25 November 2010 on corporate social responsibility in international trade agreements⁴,
- having regard its resolution of 21 October 2010 on the European Union’s trade relations with Latin America⁵,
- having regard its resolution of 21 September 2010 on trade and economic relations with Turkey⁶,
- having regard to its resolution of 16 June 2010 on EU 2020⁷,
- having regard to its resolution of 26 March 2009 on an EU-India Free Trade Agreement⁸,
- having regard to its resolution of 5 February 2009 on Trade and economic relations with

¹ Texts adopted, P7_TA(2011)0068.

² Texts adopted, P7_TA(2010)0445.

³ Texts adopted, P7_TA(2010)0434.

⁴ Texts adopted, P7_T7(2010)0446.

⁵ Texts adopted, P7_T7(2010)0387.

⁶ Texts adopted, P7_T7(2010)0324.

⁷ Texts adopted, P7_TA(2010)0223.

⁸ OJ C 117E, 6.5.2010, p. 166.

China¹,

- having regard to its resolution of 5 February 2009 on enhancing the role of European SMEs in international trade²,
- having regard to its resolution of 18 December 2008 on the impact of counterfeiting on international trade³,
- having regard to its resolution of 4 September 2008 on Trade in services⁴,
- having regard to its resolution of 20 May 2008 on trade in raw materials and commodities⁵,
- having regard to its resolution of 24 April 2008 on ‘Towards a reform of the World Trade Organisation’⁶,
- having regard to its resolution of 19 February 2008 on the EU’s Strategy to deliver market access for European companies⁷,
- having regard to its resolution of 13 December 2007 on the trade and economic relations with Korea⁸,
- having regard to its resolution of 22 May 2007 on Global Europe - external aspects of competitiveness⁹,
- having regard to its resolution of 12 October 2006 on economic and trade relations between the EU and Mercosur with a view to the conclusion of an Interregional Association Agreement¹⁰,
- having regard to its resolution of 28 September 2006 on the EU’s economic and trade relations with India¹¹,
- having regard to its resolution of 1 June 2006 on EU-US transatlantic economic relations¹²,
- having regard to the Presidency conclusions following the European Council meeting of 17-18 June 2010,
- having regard to Rules 48 of its Rules of Procedure,

¹ OJ C 67E, 18.3.2010, p. 132.

² OJ C 67E, 18.3.2010, p. 101.

³ OJ C 45E, 23.2.2010, p. 47.

⁴ OJ C 295E, 4.12.2009, p. 67.

⁵ OJ C 279E, 19.11.2009, p. 5.

⁶ OJ C 259E, 29.10.2009, p. 77.

⁷ OJ C 184E, 6.8.2009, p. 16.

⁸ OJ C 323E, 18.12.2008, p. 520.

⁹ OJ C 102E, 24.4.2008, p. 128.

¹⁰ OJ C 308E, 16.12.2006, p. 182.

¹¹ OJ C 306E, 15.12.2006, p. 400.

¹² OJ C 298E, 8.12.2006, p. 235.

- having regard to the report of the Committee on International Trade and the opinions of the Committee on Development and the Committee on Industry, Research and Energy (A7-0000/2011),

The Union's and the United States' share in the world's relative GDP¹ is declining while the emerging countries are rapidly increasing their performance

- A. whereas while the Union accounted for 25% of world GDP in the year 2000 (measured at purchasing power parity (PPP)), at the launch of the Lisbon Strategy, it is now estimated that it will account for only 18% of world GDP in 2020, signifying a decline of 28% in its relative economic performance,
- B. whereas while the two biggest developed economies, the Union and the United States, accounted for 48% of world GDP in the year 2000 (at PPP), it is now estimated that they will account for 35% of world GDP in the year 2020, signifying a decline of 27% in their relative joint economic performance,
- C. whereas while the two biggest emerging economies, China and India, accounted for 10% of world GDP in the year 2000 (at PPP), it is estimated that they will account for 25% of world GDP in the year 2020, signifying an increase of 150% in their relative economic performance,

This relative decline in the Union's GDP is mirrored in its trade performance²

- D. whereas the Union accounted for 19% of world exports of goods in the year 1999 and whereas it accounted for 17.1% of world exports in 2009, signifying a decline of 10% in its relative export performance,
- E. whereas the Union accounted for 19.5% of world imports of goods in the year 1999 and whereas it accounted for 17.6% of world imports in 2009, signifying a decline of 10% in its relative imports,
- F. whereas the share of export of services increased from 26.7% to 30.2% in the Union's global export performance between 1999 and 2009³,

Demographic changes⁴ also have an influence on economic performance

- G. whereas the Union's population is projected to increase by almost 5% by the year 2035, followed by a steady decline thereafter, and whereas the Union's working age population is expected to start declining from the year 2010 onwards,

The Union's economy is highly dependent on participating in external growth

- H. whereas growth, prosperity, jobs and maintaining the European social model are all interlinked and underpin each other,

¹ 'Convergence, Catch Up and Overtaking', PwC, 2010.

² Eurostat data.

³ Eurostat, UN Servicetrade.

⁴ European Commission, Ageing Report 2009; Eurostat/UNECE Work Session 2010.

- I. whereas it is estimated by the Commission that by 2015, 90% of world growth will be generated outside the Union,
- J. whereas trade opening leads to higher productivity, contributes to increased external competitiveness and could contribute immediately to more than 1.5% of direct economic growth and bring significant consumer benefits,
- K. whereas it is estimated by the Commission that 18% of the Union's labour force, or 36 million jobs, are dependent on the Union's trade performance and whereas the comparison between trade opening and employment over the past 10 years shows that trade opening goes together with employment and job creation,
- L. whereas, bearing in mind the Union's demographic estimates and their adverse effects on the growth potential, it is paramount to harness, and benefit from, the growth potential inherent in increasing productivity, and the growth potential inherent in external trade,

A future European Strategy on Trade Policy should take dependency on external growth into account

- M. whereas the Commission's Communication 'Trade, Growth and World Affairs' suggests proper short-term measures but fails to reflect on the Union's future role in a changed world,

Parliament expected to receive a real future trade strategy, which took account of mid- and long-term developments and did not build on the false assumption of a continuing status quo on the world trade stage

1. Welcomes in general the triple objectives of Europe 2020 of smart, inclusive and sustainable growth and the Commission's Communication 'Trade, Growth and World Affairs'; at the same time, profoundly regrets that the Communication, while appropriately addressing many current issues on the trade agenda, does not present a forward-looking future strategy on trade and investment;
2. Regrets that many targeted goals of the Global Europe Strategy have not been reached as yet, and would have expected a more critical analysis of the Strategy with a view to a better understanding of certain failures to achieve;
3. Insists that the Union needs a coherent long-term trade strategy in order to respond to the challenges ahead; insists that such a strategy should be based on a thorough analysis of the current trends in world trade and the Union's internal and external development; regrets that the Communication fails to deliver a profound forecast of how the 'world of trade' could look in a policy-planning perspective of ten or fifteen years;
4. Asks the Commission to deliver such a forecast as a basis and to present a revised mid- and long-term trade strategy by summer 2012, as the Communication on Trade Growth and World affairs fails to do so;

Parliament is aware that trade policy is not an end in itself

5. Reminds all stakeholders that a modern trade policy is required to take into account other policy areas such as:
 - a) human rights
 - b) securing and creation of jobs
 - c) fundamental labour rights and ILO core labour standards
 - d) corporate social responsibility
 - e) environmental policy
 - f) climate change
 - g) the fight against poverty within and beyond the EU
 - h) development policy
 - i) protection of consumer interests and rights
 - j) security of raw materials and energy supply
 - k) foreign policy
 - l) neighbourhood policy
 - m) industrial policy;
6. Emphasises that the principles expressed in the reports adopted by the European Parliament by a large majority on human rights and social and environmental standards, on corporate social responsibility in international trade agreements and on trade and climate change, by Tokia Saifi, Harlem Desir and Yannick Jadot respectively, should be taken horizontally into account;
7. Emphasises at the same time that trade policy should not be overburdened with issues not directly related to international trade, which could be better addressed in other contexts; encourages other political disciplines to take into consideration more often how other policy areas could on the one hand negatively affect, and on the other hand positively contribute to, trade policy;

We should do more to take citizens on board

8. Regrets that many Union citizens equate globalisation with falling European output and job losses; calls therefore on the Commission and the Member States to adopt a better communication strategy on the Union's trade policy and the advantages and disadvantages of international trade;

Parliament strongly prefers a multilateral approach within the WTO

9. Reiterates that the multilateral trading system, embodied in the WTO, remains by far the best framework for achieving free and fair trade on a global basis; considers, however, that the WTO system should be reformed in order to increase its effectiveness, and that the EU should develop proposals to strengthen the WTO and to extend its rulemaking capacity to new areas of trade policy (e.g. prohibition of export taxes);
10. Reiterates its strong support for a successful conclusion of the Doha Development Round, bearing in mind that a good conclusion should reflect the shifts in the world's trading patterns and distribution of the benefits of world trade since the launch of the Round;

Parliament sees Free Trade Agreements (FTAs) as a second-best but necessary solution

11. Reiterates that all new FTAs concluded by the EU should be WTO-compatible, comprehensive, ambitious, lead to real reciprocal market access and go beyond both existing multilateral commitments and those expected to result from a successful conclusion of the DDA; welcomes the progress made in some negotiations; at the same time regrets that most of the negotiations have not been concluded yet; asks the Commission to analyse what could be done or changed in order to conclude outstanding FTA negotiations better and faster; asks the Commission to analyse the possibility of including WTO dispute settlement mechanisms in bilateral Free Trade Agreements; asks the Commission to reduce the spaghetti-bowl effect, e.g. by negotiating multilateral rules of origin;
12. Reminds the Commission to carry out a better evaluation of European interests before deciding on future FTA partners and negotiation mandates; reminds the Commission and the Council to take seriously into account Parliament's views when deciding about the mandates;

Parliament demands more and better results from high-level dialogues with major trading partners such as the US, China, Japan and Russia

13. Regrets that in all high-level dialogues with our major trading partners such as the US, China, Japan and Russia only a little progress has been achieved in eliminating tariff and non-tariff barriers, in particular in respect of technical standards, intellectual property rights, market access, public procurement and supply of raw materials; urges the Commission to enhance its efforts towards successful progress in our trade relations with these countries and encourages our trading partners to do the same;
14. Reiterates that the strengthening of transatlantic economic relations must proceed; regrets that little progress has been achieved in the world's biggest trade relationship, in particular in respect of standards and technical barriers to trade; welcomes the re launching of the TEC and encourages the parties to the TEC to strive for an integrated transatlantic marketplace in the very near future;
15. Regrets that little or no progress has been achieved with regard to the High-Level Economic and Trade Dialogue (HED) with China and that major trade barriers and crucial trade distortions are still detrimental to EU-China trade relations, especially as regards intellectual property rights, market access, public procurement, raw materials and trade defence disputes; insists that China should comply with all its WTO obligations and that

the Union should clearly announce and introduce appropriate measures whenever China does not abide by its obligations;

16. Welcomes the resolution of outstanding bilateral issues in the accession of Russia to the WTO and regards a quick accession to the WTO as key priority; also welcomes the bilateral negotiations on a comprehensive EU-Russia agreement and urges Russia to improve the trading environment for Union operators in Russia;
17. Notes that Parliament is interested in improving the EU-Japan trade relationship by focusing on removing non-tariff barriers to trade and investment as a first step; is not satisfied with the negligible progress in this area during recent years; asks the Commission to present Parliament in due course with a comprehensive impact assessment with the possible advantages and disadvantages of an EU-Japan FTA before making any commitments;

Open markets and market access are still the main focus

18. Acknowledges the achievements of the Market Access Strategy and the prevention of protectionist measures during the financial crisis; welcomes, therefore, the Market Access Strategy and the close cooperation between the Commission, the Member States and the stakeholders;
19. Emphasises that the main reason for the EU's economic success is the activity of various economic operators, including both SMEs and multinationals; therefore, urges the Commission to reflect in all trade negotiations and new internal regulations the specific needs and interests of different economic operators;

But on the other hand the Union as a relatively open economy needs effective trade defence instruments

20. Reiterates that the pursuit of further trade liberalisation makes it all the more necessary for the EU to preserve its ability to protect itself against unfair trading practices; regards Trade Defence Instruments (TDI) therefore as an indispensable component of the EU's strategy; welcomes all efforts to streamline its TDI procedures and accessibility for Union industry, especially SMEs;

EU competitiveness and economic success cannot exist without services and well-protected foreign direct investments

21. Emphasises the strongly increased potential of services in international trade, but reiterates that market access and the abolition of trade barriers at WTO level and in FTA negotiations has not been able to keep pace with these developments; is aware that many barriers to trade in services are caused in particular by national regulations;
22. Demands that the Commission force our trading partners to grant better market access to our service providers, bearing in mind that the EU internal market is already quite open to foreign service providers; notes, however, that some public services have to remain excluded on the basis of national or regional cultural diversities;

23. Puts the protection of investors as the first priority in light of the future European investment policy; asks the Commission, therefore, to secure the legal certainty of the protection granted by existing BITs and to resolve existing conflicts on the internal market; calls on the Council to give its mandates for future investment agreements to the Commission, taking into account Parliament's views and positions as set out in the report by Kader Arif on 'Future European International Investment Policy';

Parliament asks for positive reciprocity in international public procurement markets

24. Regrets that the large degree of openness of EU public procurement markets at all levels of government are in many cases not matched by commensurate access for EU suppliers abroad; points out that some public services have to remain excluded on the basis of national or regional cultural diversities;
25. Asks that the Commission work towards positive reciprocal access in that important economic sector, bearing in mind that the clear priority in reciprocal access is not to close our markets, but to open up foreign public procurement markets; agrees that the introduction of deliberately targeted restrictions against selected non-GPA-countries on access to parts of the EU procurement market may be needed to encourage positive reciprocity;

Parliament asks for an ambitious attempt to tackle regulatory barriers - within and outside Europe

26. Stresses the increasing relevance of regulatory issues to international trade and therefore calls for greater consistency between EU rules and practices and those of our main trading partners, bearing firmly in mind that this should not bring down EU standards, but lead to a better acceptance of existing multilateral standards;
27. Asks the Commission to assess systematically the impact of the EU's internal policies and regulations on global competitiveness and to give preference in its proposals to those options that are least likely to negatively affect the competitive position of EU enterprises within and outside Europe;
28. Asks the Commission to include the aspect of international competitiveness in all impact assessments related to new legislative proposals;

Parliament is engaged in the fight against poverty within and outside the EU

29. Recalls that Parliament is committed to free and fair trade. Not only the Member States but also the Union as a whole have a social responsibility; both the EU cohesion funds and the Globalisation Adjustment Fund have to be used and further developed in the interest of the people and to support the continued creation of new competitive jobs within the Union;
30. Notes that outside Europe, Parliament supports the Commission in its goal to promote - inter alia - sustainable development, international labour standards and decent work, for example by negotiating EPAs, which combine European and ACP interests, by fostering development by promoting regional integration, creating opportunities for trade and

investment and improving economic governance, reminding all stakeholders that other regions of the globe have shown how trade can contribute to welfare; asks the Commission for an integrated approach on trade, foreign, development, social and environmental policies;

31. Asks the Commission to present a proposal for the future GSP System which should include an improved focus on how the countries most in need and meeting our 'Trade and' requirements can benefit from the GSP; asks the Commission to prevent misapplication of the GSP System in the form of allowing even countries that have a higher per-capita GDP than EU Member States or an already very efficient economy to benefit;
32. Is critical of emergency trade aid for countries hit by natural disasters; the Commission is asked to present concrete examples of measures which could bring relief to an emergency in the short term instead of only having an impact on mid- and long-term development. before asking Parliament's consent for such measures;

Parliament demands a sustainable and undistorted supply of raw materials

33. Calls on the Commission to pursue a consistent trade policy concerning raw materials with the aim of the elimination of unfair trade practices such as export restrictions, export taxes and so-called dual pricing mechanisms at multilateral and bilateral level;
34. Urges the Commission to stay firm on the elimination of export restrictions, export taxes and so-called dual pricing mechanisms in all future bilateral free trade agreements concluded;
35. Urges the Commission to not only complain about the unacceptable behaviour of some trading partners, but also to react in a stringent and proper way, for instance by withdrawing GSP benefits in the event of a GSP beneficiary country making use of unfair trade practices; reminds the Commission of the fact that, besides trade policy, there are other policies such as environment, development, research and foreign affairs that have to support a joint policy on raw materials supply;

Better customs cooperation inside and outside the EU is needed

36. Supports the Commission's initiative to strengthen the international customs cooperation within the World Customs Organisation and on a bilateral level to make customs procedures more efficient, to reduce costs for traders and to better address security, safety and IPR challenges;
37. Invites the Commission and the Member States to give serious consideration to the idea of setting up a unified EU customs service for a more effective application of custom rules and procedures throughout the customs territory of the EU;

Parliament asks for adequate IPR protection which also bears in mind the interests of the poorest

38. Stresses that counterfeiting and piracy result in job losses and undermine innovation, and stresses that adequate IPR protection and effective enforcement are the bedrock of a

global economy; regards the appropriate protection of IPRs, trademarks and geographical indications by our main trading partners as an indispensable requirement for preserving and improving the EU's competitiveness, and welcomes the Commission's commitment to strengthening IPR provisions in international trade agreements and the enforcement of existing commitments;

39. Reminds the Commission that European IPR policy towards the least developed countries should remain within the TRIPS Agreement obligations, especially in the field of generic medicines;

o

o o

40. Instructs its President to forward this resolution to the Council, the Commission, the European Economic and Social Committee, and the Committee of the Regions.

EXPLANATORY STATEMENT

The Commission Communication sets us on the right track for the coming months, but does not offer a genuine strategy for the future

On 9 November 2010 the Commission published its Communication on 'Trade, Growth and World Affairs' on the European Union's future trade strategy. This paper, which is supposed to set out the external aspects of the EU's 2020 strategy, is basically a continuation of the 2006 'Global Europe' strategy.

In 2007, in a report also drafted by the present rapporteur, the European Parliament took a position on the Global Europe strategy, which it welcomed in principle. In 2010, the Commission and Parliament embarked on an evaluation of the strategy. Their assessment clearly indicates that it has not yet proved possible to achieve a number of the stated objectives of the Global Europe strategy. The rapporteur therefore calls on the Commission, the Member States and all concerned to investigate why it has proved impossible to achieve many of these objectives and to draw the necessary conclusions. As the Commission's most recent publication indicates, most of the objectives set at the time have yet to be carried into effect. The arguments in favour of the measures specified in the Commission document at that time are set out in the justification to the report on 'Global Europe - External Aspects of Competitiveness' (2006/2292(INI)) adopted in 2007; they still apply, and therefore your rapporteur will not repeat them here.

The rapporteur draws attention to the content of the explanatory statement which accompanied his 2007 report on the external aspects of competitiveness

The rapporteur welcomes in principle the Commission's Communication on Trade, Growth and World Affairs, published at a time when the EU has secured additional powers, in the field of investment policy for example, with the entry into force of the Treaty of Lisbon. Your rapporteur particularly welcomes the fact that the Commission also recognises that our prosperity and growth depend on a functioning international trade system.

Your rapporteur criticises the fact, however, that although the Communication raises many relevant issues, it misses the opportunity to present a forward-looking trade and investment strategy. In your rapporteur's opinion, the Communication on Trade, Growth and World Affairs offers guidance for the policy to be pursued over the next few months rather than a comprehensive trade strategy for the EU as it confronts the challenges of a rapidly changing world economy and a dramatic shift in the economic balance of power.

The world has changed dramatically in recent years ...

Thanks to the WTO and many multilateral and bilateral initiatives, world trade has increased hugely. Although the European Union accounted for 25% of world GDP when the Lisbon Strategy was introduced in 2000, it is now estimated that the EU will account for only 18% of world GDP in 2020. Conversely, the two most populous countries, China and India, accounted for just 10% of world economic output in 2000, but it is forecast in various quarters that they will account for 25% in 2020. This change alone shows that any such developments

are bound to have an impact on EU policies too.

Since the 1990s, an increasing number of emerging and developing countries have become integrated into the world trading system and become drivers of the world economy. This became particularly apparent in the crisis years of 2008 and 2009, when the emerging economies played a leading role in stabilising the world economy.

EU and US exports accounted for barely 29% of all exports worldwide in 2009, compared to around 37% in 1999. The BRIC countries, by contrast, increased their share of world exports from 9.3% in 1999 to 20.4% in 2009, and that upward trend is continuing. Many emerging economy countries have trade surpluses, their exports and economies are showing strong growth, and their debts are shrinking. South-South trade, in particular, is booming, resulting in a steep decline in their dependency on demand from industrialised countries.

The EU must also take account of the fact that population growth is declining steeply inside the EU, at the same time as the population of developing countries, in particular, is continuing to increase dramatically. This will have an impact on countries' economic situation.

If we consider that 18% of jobs inside the EU, in other words 36 million jobs, are dependent on external trade at present, and 90% of world-wide economic growth will probably be generated outside the European Union by 2015, we see how important it is to formulate and implement a long-term external trade strategy which takes account of the EU's changing role in the world economy.

... and so the Commission should act fast to produce a genuinely long-term external trade strategy

In the light of these developments the rapporteur calls on the Commission to draw up a forward-looking study which takes into account the current realities of the world economy and the current situation of the European Union in addition to probable future developments. This should provide a basis on which the Commission can draw up a long-term strategy which fully addresses the needs of the European Union and of its citizens.