

Brussels, 9 November 2010

The "Trade, Growth & World Affairs" Communication

Why is action needed?

- Europe is still the world's largest trading bloc, the greatest source of foreign direct investment abroad and itself attracts 29% of global foreign direct investment¹. But Europe cannot stand still.
- It's in Europe's interest to keep the world trading system open and fair. In a world of global production chains, Europe cannot export successfully without importing the most competitive inputs.
- Trade helps Europe to keep its edge in innovative, high-value products and services that generate sustainable, quality jobs.
- Europe's trade policy is being updated in order to deliver long-term growth and jobs. This is even more important in the light of the economic crisis. The new approach focuses on a more assertive trade policy, delivering what is already underway and adapting the EU's approach to respond better to changes in the global economy.

What does the Commission propose?

1. Pursue an active negotiating agenda:

- The Commission aims to conclude the Doha round of global trade talks as a matter of urgency, and at the latest by end 2011;
- The Commission will set up a group of eminent persons from developed and developing countries. This group will make independent recommendations to help shape the European view on the future direction and functioning of the WTO post-Doha;
- The Commission aims to make significant progress with ongoing bilateral free trade negotiations², launch new trade negotiations with the countries in the Association of Southeast Asian Nations (ASEAN) and to propose self-standing investment negotiations with key partners;
- The EU will pursue over time new negotiations with its neighbours towards deep and comprehensive Free Trade Agreements, bringing all neighbours gradually closer to the Single Market.

2. Deepen its strategic partnerships

- The Commission plans to upgrade its relationship with strategic partners such as the US, China, Russia, Japan, India and Brazil to address the issues that are an obstacle to better functioning markets in the 21st century;
- The EU already has structured dialogues on trade and regulatory issues with China – the High Level Economic Dialogue – and with the US – the Trans-Atlantic Economic Council. The next meetings of these two fora are timed for the end of this year or early in 2011.

¹ 2009 figures, excluding intra-EU flows of foreign direct investment.

² Current FTA negotiations are underway with the Gulf Cooperation Council, the Mercosur region, the Euromed region, India, Asean countries (in particular with Singapore and Malaysia), Ukraine, Libya and Canada.

3. Increase the opportunities from trade for jobs, for development and for business

According to the latest opinion survey, Europeans want trade policy to focus on a variety of objectives: from creating jobs, to helping developing countries around the world and many more. The European Commission will take a number of initiatives to make trade policy deliver on these priorities.

In 2011 the Commission will:

- make a legislative proposal for an EU instrument to help secure and increase symmetry in access to public procurement markets in developed countries and large emerging market economies. Procurement markets represent a substantial part of national economies, but European businesses cannot always get equal or easy access to them, while the EU procurement market is one of the most open in the world offering European taxpayers good value for money;
- conclude the debate with Member States and the European Parliament on a new investment policy for the EU; the Lisbon Treaty gives the EU the role to negotiate future deals on how EU investments in foreign countries are protected and how to improve conditions for making such investment;
- present its views on how to develop the mutual supportiveness of internal and external market opening, in particular in goods and services regulation; for the EU to punch beyond its weight, particularly with the establishment of a new external service, we need to mobilise all EU policies to support our goals;
- adopt a legislative proposal to reform the Generalised System of (trade) Preferences for developing countries and in the second half of the year adopt a Commission Communication on trade and development. This is in addition to continuing to work for conclusion of Economic Partnership Agreements with African and Pacific countries³; EU trade policy must also promote opportunities for people and businesses to trade with Europe and, to trade amongst themselves;
- adopt a Green Paper seeking to improve our export control system; export controls address important security needs, but also impact trade in some of the cutting edge sectors in Europe's economy;
- present a Communication on possible support measures to help SMEs that want to develop their international activities; currently one in seven of the EU's SMEs are active outside the European Union, even though globalisation provides many opportunities for specialist firms to succeed on international markets. The Green paper will help to see how EU policies, including trade policy, can provide the best support.

4. Enforce EU rights

According to the latest opinion survey, making sure the same rules apply to all is an important priority for Europeans when it comes to trade policy.

Market access, working together with Member States, will continue to be a central part of the Commission's trade agenda and that of EU Delegations in third countries; particular attention will be given to issues such as intellectual property protection in third countries, access to key raw materials for industry in the EU and securing reliable energy supplies.

The Commission will review its strategy on the enforcement of intellectual property rights in countries outside the EU and will, in parallel, review its customs regulation on IPR enforcement at the border.

³ An agreement with Caribbean countries (Cariforum) was provisionally applied from 29th December 2008.

The Commission will continue to enforce EU rights and defend the interests of EU businesses of all sizes. It will act against the worst protectionist measures by other countries and make sure trade rules are implemented fairly. Tackling the problem can taken forward through anti-dumping or anti-subsidy cases, bilateral discussions on market access barriers, negotiating trade deals and bringing cases at the World Trade Organisation.

That said, it is important to remember only 0.4% of trade with the EU is subject to anti-dumping duties.

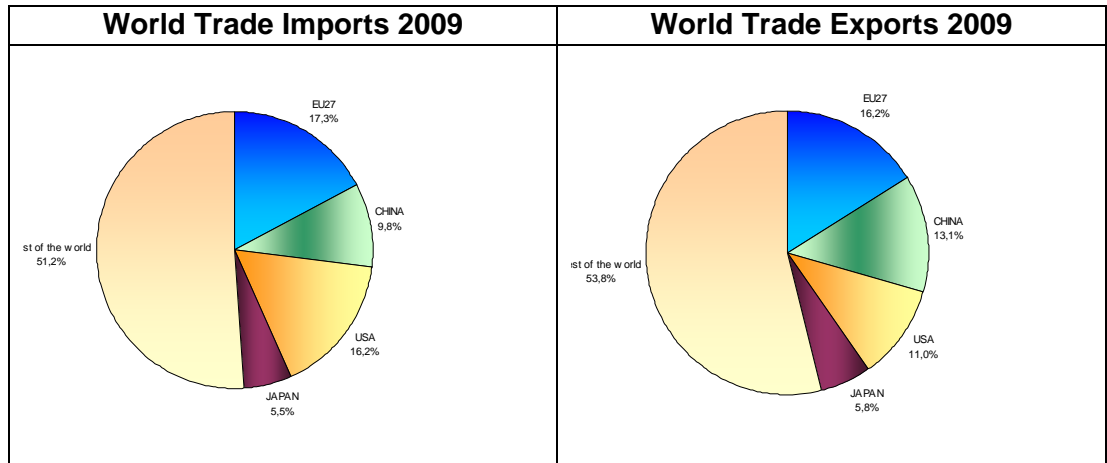
In 2011 the European Commission will produce for the first time an annual trade and investment barriers report for the spring European Council. The report will monitor trade barriers and protectionist measures and trigger appropriate enforcement action.

What are the benefits of trade?

- **Economic growth:** Completing the ongoing free trade negotiations and making significant further progress in our relations with strategic partners would lead, by 2020, to a level of EU GDP more than 1% higher than it would otherwise be.
- **Consumer benefits:** a wider variety of products and lower prices brings gains to the average European consumer in the range of 600 Euros per year.
- **Labour effects:** More than 36 million jobs in Europe depend, directly or indirectly, on the EU's ability to trade with the rest of the world. Foreign investment is also an engine for job creation: in the EU, more than 4.6 million people work for US and Japan-majority owned companies alone.

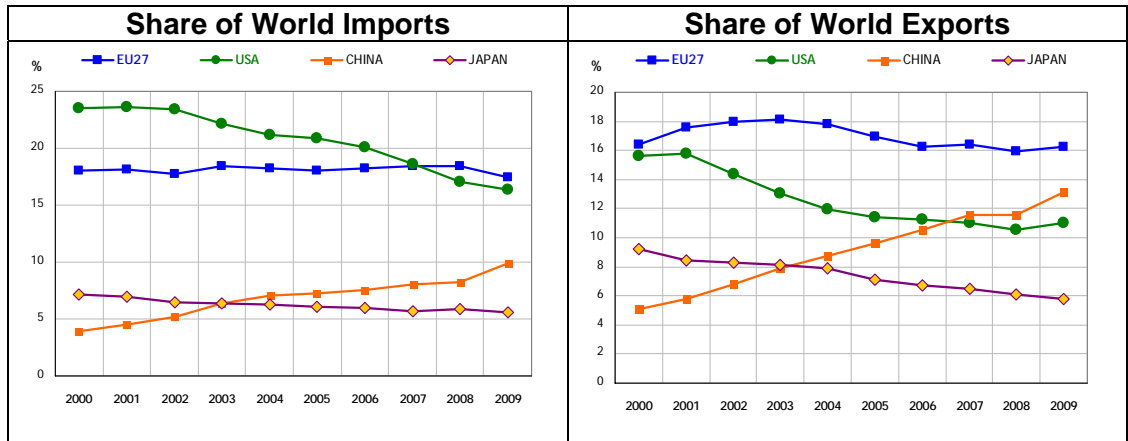
EU trade in facts and figures

- The EU is the largest trading bloc worldwide. It exported goods and services worth €1.6 trillion in 2009, equivalent to 13% of EU's GDP. These exports include €1094.2 billion imports in goods, €473.1 billion of exports in commercial services.
- The EU imports were €1.6 trillion in 2009, of which €1199.3 billion imports in goods, €408.1 billion imports in commercial services.



- The EU's biggest import and export partners for goods are:
- Nearly all products from least developed countries already enter the EU's markets free of any duties or quotas. The EU is the world's largest importer of agricultural products from developing countries, at €53 billion per year on average (2006-08). This is more than the United States, Japan, Canada, Australia and New Zealand combined.
- The EU is also the first destination of Foreign Direct Investment, attracting €221.7 billion in 2009.
- Emerging economies are increasing their share of world growth. By 2015, 90% of world growth will be generated outside Europe, with a third from China alone. Developing and emerging countries are likely to account for nearly 60% of world GDP by 2030, compared to less than 50% today⁴.
- The EU has maintained its 17.5% share in world trade on average over the last decade despite the rise of emerging economies.

⁴ OECD estimate.



Further information

The Press release

<http://trade.ec.europa.eu/doclib/press/index.cfm?id=636&serie=382&langId=en>

The communication "Trade, Growth and World affairs"

http://trade.ec.europa.eu/doclib/docs/2010/november/tradoc_146955.pdf

Dedicated webpage with links to further documents

<http://ec.europa.eu/trade/trade-growth-and-jobs/>

Contacts:

John Clancy +32 2 29 53773

john.clancy@ec.europa.eu

Antonie Kerwien +32 2 29 72686

antonie.kerwien@ec.europa.eu