

José Manuel Barroso
President of the European Commission

Brussels, 04. 02. 2013

Dear President,

At our meeting on 7-8 February, we will have an important and timely discussion on the contribution of trade to growth and jobs.

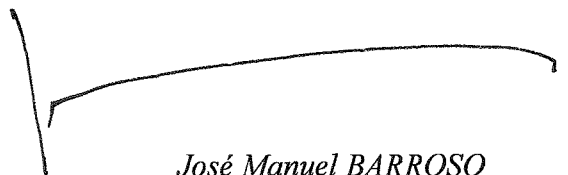
Trade is an essential lever in our strategy to boost growth and jobs in the EU. At a time of weak economic growth and essential fiscal consolidation, trade is making a vital contribution to our recovery: last year external demand was the main source of growth and contributed an extra 0.9% to EU GDP. In the future, 90% of world-wide economic growth is expected to be generated outside Europe. Grasping the opportunities afforded by these external sources of growth will be critical for the future dynamism and sustainability of our economy.

We have a solid platform to build upon. Europe is the world's biggest trading power. It is not widely known that Europe has broadly maintained its share of world exports despite intensifying competition from emerging economies. In fact, the evolution of Europe's market share compares favourably with other industrialised economies. We are also well-placed to tap into the vast potential for future global growth provided that we pursue a strategic and enlightened approach to our international trade relations. What is at stake is not just the capacity to maintain or expand market shares but also the ability of the EU to compete; to attract global investment and join global value chains; and to help our citizens and businesses to take up opportunities across the world.

We must be proactive and ambitious in the pursuit of these goals. While preserving and reinforcing the centrality of the multilateral trading system is in our long-term strategic interest, in the current environment we must also be more proactive in our bilateral relationships. Working together closely, we have already concluded and implemented landmark agreements such as the EU - Korea Free Trade Agreement. We have also concluded negotiations with Singapore, expect to conclude soon with Canada and we hope to do likewise with India. We will shortly start negotiations with Japan and look forward to a positive outcome of the High Level Working Group on Jobs and Growth for a possible comprehensive Free Trade Agreement with the United States. The importance of these strategic partners cannot be overstated. To turn these opportunities into reality will require us to have a clear vision of our long-term interests ; to manage the complexity and trade-offs associated with any trade agreement ; to speak with one voice; and to engage constructively with our partners. As always, political will and collective discipline will be crucial to our success.

While the EU overall is doing well in terms of global trade, the situation inside the EU differs from one Member State to another and between sectors and regions. We need to address these issues in our economic and structural policies, namely in the framework of the on-going reforms for competitiveness. And our commitment to open markets will continue to be upheld by our capacity to act against anti-competitive trade practices, through the appropriate instruments.

You will find enclosed a contribution from the Commission to our discussion at the February European Council. It summarises the rationale behind our trade policy, the changing nature of our trade agenda and sets out the main policy orientations we should consider for the future. I hope you will find this report stimulating and I look forward to discussing these issues with you on 7-8 February.



José Manuel BARROSO

*Mr Herman Van Rompuy
President of the European Council*