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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE  
EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL  
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**GLOBAL EUROPE: COMPETING IN THE WORLD**

*A Contribution to the EU's Growth and Jobs Strategy*

**SUMMARY OF THE IMPACT ASSESSMENT**

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## **EXECUTIVE SUMMARY**

### **PROBLEM DEFINITION**

The purpose of this Communication is to set out how, in a rapidly changing global economy, we can build a more comprehensive and integrated set of policies to strengthen the contribution of external policies to European competitiveness.

We start from a situation where the EU is one of the most open markets worldwide but its leading trading partners are less open, sometimes significantly so. This implies that EU trade interests are first and foremost outward-looking in nature: the EU stands to win from the further opening of markets worldwide.

While still good, mainly due to its ability to sell upmarket products, the EU industry's position on world markets is at risk due to the geographic orientation of its exports, which are strong in countries where demand is static but less well positioned in rapidly growing areas. In particular, the EU needs to decide how it is going to deal with the integration into the world economy of emerging countries and in particular China. There are essential conditions to fulfill at home to make the most of the changing external context and our own openness to trade. In particular, we must recognise the disruptive impacts of market opening for some, particularly for the less qualified and most vulnerable workers.

### **MAIN OBJECTIVES**

- (i) Improving access to markets and resources in third countries by addressing non tariff barriers to EU exports and investments; tackling export taxes and restrictions on access to resources; further strengthening the presence of EU companies in third countries through permanent establishment; delivering better market access in services; opening public procurement markets; ensuring that positive changes induced by openness are not jeopardized by abuses of fair competition; securing IPR protection.
- (ii) Improving Europe's capacity to benefit from openness to trade and investment by ensuring internal policies reflect global challenges; equipping people for change; ensuring the benefits of trade policy are passed on to consumers.

### **POLICY OPTIONS**

In the case of no change in policies, the current trade agenda cannot fulfil all the objectives set out above. Even a success in the current negotiations in the WTO (Doha Development Agenda – DDA) will not address all the external competitiveness challenges we face. Bilateral negotiations already complement the DDA but have been only a partial answer to our needs. Indeed, we face structural difficulties in addressing non-tariff barriers either at multilateral or bilateral levels. On the internal side, there are already some efforts to take into account the international context, but this is not as systematic as should be and international dialogues often take place after policy choices.

The second option is to propose new initiatives to improve access to markets and resources in third countries and Europe's capacity to benefit from openness to trade and investment. The overriding priority remains to achieve an ambitious, balanced and fair agreement to liberalise world trade and to keep WTO centre-stage. In parallel, it is necessary to consider our options for achieving additional market access and improvements in the business climate, particularly

in our future major trading partners. A bilateral approach would allow the EU to liberalise tariffs further, to take non tariff measures better into account and to restore a level playing field with our main competitors on major markets. The Commission will also produce a strategy in the autumn on the EU-China relationship. It is likely to develop a clear roadmap for the coming years to deliver a more balanced relation between the EU and China. The Commission will focus its IPR enforcement efforts on a small set of priority countries. The Commission will also consider presenting in the autumn a proposal for a new external procurement initiative targeting discriminatory procurement practices in the EU's major trading partners. A renewed market access strategy may identify key markets and key barriers to tackle with specific instruments. Trade defence instruments contain a degree of flexibility but might need to be reviewed in light of the new challenges posed by globalisation. The Commission will also place even more EU policy making in an international context for instance through "International reality checks". We recommend offering imaginative help with adjustment, public policies that support change and help change to happen. The Commission will examine how price decreases as a result of trade opening are passed on to consumers. Systematic monitoring of the evolution of import and consumption prices will for instance be put in place.

### **WHAT IMPACT IS EXPECTED FROM THE COMMUNICATION?**

The Communication does not itself propose new instruments and policy measures. Rather it sets out a series of future initiatives for further work on a number of specific policy challenges that have been identified as crucial for the competitiveness of the EU economy. The impact of each future initiative will be detailed in specific impact assessments.

The positive contribution to growth and jobs in Europe of the initiatives set out above is ensured by their ability to respond to the challenges and objectives identified above. Some of the initiatives set out in the Communication directly tackle specific challenges but most of them address several challenges simultaneously. Conversely, specific challenges are tackled through several initiatives.

The positive contribution of these initiatives is ensured by the method proposed in this Communication. The added value of the renewed market access strategy will be to identify and prioritise sectors and markets where the removal of trade barriers would create the greatest gains for EU exporters. Such focus of efforts on main economic interests will also be a key dimension of other initiatives e.g. as regards IPR protection and public procurement. The selection of FTA partners would also be framed by economic criteria in view of maximising EU economic interest as well as by a case-by-case analysis of the potential partners' actual level of ambition and readiness to remove real obstacles to trade.

Three main instruments will be used to ensure regular reporting on progress made to tackle barriers in third countries and cross checking to ensure consistency between different instruments: (i) the renewed market access strategy should lead to a regular review, announcement of priorities on key markets and key barriers to tackle with specific instruments and reporting on progress made; (ii) sustainability impact assessments undertaken for each specific negotiation (in particular of free trade agreements) and provide an evaluation of their likely effects; (iii) mechanisms will be put in place to monitor the results of new FTAs.