

# The EU's Global Europe Strategy. Where is that Strategy Today?

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*Introductory presentation made at the informal meeting "Building of A Common Platform Between Developing Countries" organised by South Centre in Brussels on 4-5 December 2008.*

## Global Europe: Competing in the World

The "Global Europe" (GE) strategy was launched by the European Commission on 4 October 2006 and subsequently endorsed by the Council<sup>1</sup>. The launch of the overall strategy was followed by the introduction of a renewed "Market Access Strategy" on 18 April 2007.

The purpose of the GE strategy is to reinforce the EU's competitiveness by opening up more markets, creating opportunities for European business, ensuring that the EU gets a "fair share" of the growth of emerging markets. The strategy focuses on goods, services, investment and government procurement liberalisation, competition policy, intellectual property rights enforcement, non-tariff barriers (NTBs), i.e. mainly on "beyond the border" measures, obtaining not only market access but also national treatment for European business. Civil society is particularly worried about this deregulation drive and assault on countries' policy space.

The GE strategy has linkages with internal policies: in order to increase its competitiveness the completion of the internal market and internal liberalisation must continue to be pursued creating conditions for larger and more competitive companies to grow that can better compete on the world market. At the same time the EU must be prepared to open up its markets more and surrender competitive sectors (e.g. intensive labour low technology sectors such as clothing and shoe industry) in order to be able to offer market access to third countries in exchange for its own demands. And as two thirds of its imports serve as input to its manufacturing processes; openness of the EU also serves its manufacturing strength and the competitiveness of its exports<sup>2</sup>.

Market access for its exports and business are to be obtained through negotiations at the multilateral (WTO) and bilateral level. On 23-24 April 2007 the EU Council adopted mandates for a new series of FTA negotiations: with Central America, the Andes Community, South Korea, India and ASEAN<sup>3</sup>. But the renewed market access strategy of 18 April 2007 also emphasizes the reinforcement of "economic diplomacy" and the strengthening of cooperation between the Commission, the EU member states and European businesses to identify and clean up barriers in third countries, in particular NTBs.

The GE strategy also stresses the importance of securing access to raw materials in the broadest sense: agricultural resources, energy resources and minerals. This includes getting rid of exports barriers and licences, obtaining access to land, market access and national treatment for EU companies and for providers of services related to the exploration and exploitation of resources.

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<sup>1</sup> For the Global Europe Communication, working paper, press conference etc, go to : [http://ec.europa.eu/trade/issues/sectoral/competitiveness/global\\_europe\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/competitiveness/global_europe_en.htm).; for the renewed market Access Strategy see: [http://ec.europa.eu/trade/issues/sectoral/mk\\_access/global\\_europe\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/mk_access/global_europe_en.htm)  
The Global Europe Communication was endorsed by the EU's General Affairs and External Relations Council of 13 November 2006, see: [http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/gena/91667.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/91667.pdf); the renewed market access strategy was adopted on 17-18 June 2007:

[http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/gena/94803.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/94803.pdf)

For civil society critique of the Global Europe Strategy, see:

<http://www.s2bnetwork.org/index.jsp?id=33&random=r673246452584863>;

[http://www.s2bnetwork.org/download/globaleurope\\_s2balert\\_nov06.pdf](http://www.s2bnetwork.org/download/globaleurope_s2balert_nov06.pdf);

<http://www.corporateeurope.org/docs/GlobalEurope-OpenDoors.pdf>; <http://www.global-europe.org/background.php>.

<sup>2</sup> "Global Europe: EU Performance in the Global Economy", Report by the European Commission released on 27 October 2008, [http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc\\_141196.pdf](http://trade.ec.europa.eu/doclib/docs/2008/october/tradoc_141196.pdf) ;

See also "New Commission report assesses European trade strengths in a changing global economy",

[http://ec.europa.eu/trade/issues/sectoral/competitiveness/pr271008\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/competitiveness/pr271008_en.htm).

<sup>3</sup> General Affairs and External Relations Council of 23-24 April, see

[http://www.consilium.europa.eu/ueDocs/cms\\_Data/docs/pressData/en/gena/93798.pdf](http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/93798.pdf); the mandates themselves are restricted documents.

Here again trade negotiations and economic diplomacy go hand in hand, together with the full use of multilateral and bilateral trade defence instruments (the EU interprets export restrictions as subsidies to the local industry). This part of the GE strategy has received increased priority because of the food and energy price crisis and the increased presence of emerging economies on the African continent. The Commission's Directorate General (DG) for Trade organised a Raw Materials Conference on 29 September 2008 and DG Enterprise and Industry launched a "Raw Materials Initiative" on 4 November 2008. At the launch of the initiative, the Commissioner for Enterprise and Industry, Gunter Verheugen, announced close cooperation with his colleagues in charge of external relations, including Commissioner Louis Michel responsible for Development Cooperation and relations with the ACP countries<sup>4</sup>.

While the GE strategy appears very offensive, it seems to be born out of defensive interests, i.e. a case of "attack is best defence". The strategy is born out of worries about the loss of market share because of the increasing number of FTAs concluded among trading partners, who as a result have better market access conditions than the EU; worries about stagnation of the market share in emerging countries especially in Asia; about Europe's "energy security" and the new race for raw materials in Africa; and about the growing trade deficit which reached 185,7 billion Euros in 2007<sup>5</sup>. This means that the EU is very determined in implementing its GE strategies, but that it badly needs successful results, which should strengthen the hand of the developing countries it is negotiating with.

In a report released on 27 October 2008 the Commission assesses the competitiveness of the EU of the past ten years. The report notices that the EU has maintained its position on the world market better than the USA and Japan. However the EU lost market share in emerging markets, especially in Asia. Much to its surprise its performance in high-tech products is rather disappointing. It is not so much in high-tech but in high quality products that the EU excels: 50% of its exports is in high quality products. Prime exports are in chemicals, pharmacy products, motor vehicles and non-electric machinery. Two third of its imports are inputs to its manufacturing. The report concludes that the EU needs to increase its investments in high tech, maintain the high quality of its products, protect its intellectual property, ensure the openness of its markets for imports and continue to seek more market access in emerging markets<sup>6</sup>.

### **Where is the Global Europe Strategy today?**

In terms of trade negotiations and new trade agreements the result of the GE strategy is quite poor. There is not much movement in any of the EU's negotiating theatres, not in the WTO, not in the ongoing or the newly launched bilateral negotiations. The EPA with the Caribbean is the only success the Commission has to show for quite some time now. Unfortunately the failure to obtain new trade agreements has not yet softened the negotiating stance of the Commission even if the new Trade Commissioner seems to speak a softer language.

What can be observed however is that the EU's eagerness to obtain results is conflicting with long standing rhetoric on regional integration, which has been proclaimed to be a cornerstone of the EU's foreign and trade policy as can be seen from the bi-regional negotiations with the Gulf, MERCOSUR, ACP, ASEAN, CAN, Central America, the Mediterranean. Regional integration is no increasingly put aside in order to be able to move forward with the "willing". While regional negotiations are already a brake away from multilateralism, giving up on regional integration is splitting regional configurations, as can be seen in the ACP regions negotiating EPAs, the brake

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<sup>4</sup> Communication from the Commission [...]: The Raw Materials Initiative – Meeting our Critical Needs for Growth and Jobs in Europe, Brussels 4 November 2008. For this Communication, Working documents, press release, etc see: [http://ec.europa.eu/enterprise/newsroom/infocentre/itemlongdetail.cfm?item\\_id=1893](http://ec.europa.eu/enterprise/newsroom/infocentre/itemlongdetail.cfm?item_id=1893).

For the DG Trade Raw Materials Conference (programme, presentations, summary of proceedings) see [http://ec.europa.eu/trade/issues/sectoral/industry/raw/pr250708\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/industry/raw/pr250708_en.htm).

<sup>5</sup> See BusinessEurope, "Going Global - The Way Forward: securing the EU's export competitiveness", Study presented at a conference in Brussels on 28 October 2008. See: <http://www.businesseurope.eu/Content/Default.asp?PageID=538>.

<sup>6</sup> See footnote 2.

away of Columbia and Peru from the EU negotiations with the Andean Community (CAN) and the drift towards bilateral talks in the EU-ASEAN negotiations.

With regard to its economic diplomacy however, the EU Commission is claiming numerous successes, especially in the field of market access. "Market Access Teams", bringing together the EU delegations, EU members states embassies and business representations, have been established in 29 countries and Market Access Working Groups are operational for several goods sectors (animal products, plants products, vaccine markets, medical devices, tyres, electronics and ITC) and have recently been set up for services sectors (postal, courier and distribution services). Market Access Teams monitor the legislation of countries and maintain an "early warning mechanism"; they allow for greater expertise in individual cases and effectively coordinated action. The Commission reports on its market access activities in a regular "Market Access Newsletter", boasting successes like the lifting of barriers for vaccines in Japan, the elimination of balance of payments restrictions in India, withdrawal of mandatory bottling requirement in Korea, the elimination of discriminatory fees on pharmaceuticals in Ukraine, etc.

The Commission also maintains an extensive Market Access Database and an on-line complaint register where business can report trade barriers. A Market Access Advisory Committee (MAAC) bringing together the Commission, member states and business meets regularly in Brussels. The Commission also engages in bilaterals dialogues in different formats to discuss market access issues with trade partners, for instance with the USA and Japan in regular Digital Video Conferences (DVCs) or with China in the context of the EU-China High Level Economic and Trade Dialogue Mechanism (HLM)<sup>7</sup>.

The GE strategy also announced separate initiatives in the field of intellectual property rights, government procurement and anti-dumping. Quite striking was the announcement to withdraw access to the EU procurement market in order to increase pressure on third countries to obtain access to their government procurement market, but there is no information on the implementation of this threat<sup>8</sup>. With regard to intellectual property rights, the Commission is negotiating an Anti-Counterfeiting Trade Agreement (ACTA) with a group of mainly OECD countries. ACTA would develop more cooperation and common enforcement practices together with a strengthened legal framework<sup>9</sup>. In anti-dumping the European Commission, which is the largest user of anti-dumping measures, announced a revision of its approach, but there seems to be divergences of views within the business community and among the members states about the direction (relaxation or not) of such revision. Monitoring and challenging the anti-dumping practices of other countries, however is part of the Market Access strategy.

## Going Global, the Way Forward

On 28 October 2008 the major European business association BusinessEurope organised a conference in Brussels titled "Going Global, the Way Forward". In a report presented to the conference BusinessEurope deplored the loss of the European market share over the past ten years in Russia and China and in non-pharmaceutical chemicals, textiles and clothing, electronics and metals. It encouraged the Commission to step up its efforts and warned for the increasing cost of labour, raw materials and regulatory costs. With regard to the latter BusinessEurope urged the Commission to seek a "fair" global climate deal that would share the burden of climate measures

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<sup>7</sup> See the Market Access home page of the EU Commission:

[http://ec.europa.eu/trade/issues/sectoral/mk\\_access/index\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/mk_access/index_en.htm); Communication from the Commission [...] on the External Dimension of the Lisbon Strategy for Growth and Jobs. Reporting on market access and setting the framework for more effective international regulatory cooperation, released on 16 December 2008 (COM(2008) 874 final); [http://trade.ec.europa.eu/doclib/docs/2008/december/tradoc\\_141742.pdf](http://trade.ec.europa.eu/doclib/docs/2008/december/tradoc_141742.pdf)) and announced as "Removing hidden and non tariff barriers – helping European business", [http://ec.europa.eu/trade/issues/sectoral/competitiveness/pr171208\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/competitiveness/pr171208_en.htm) (see annex).

<sup>8</sup> See the Government procurement page of DG Trade: "...the Community should consider introducing carefully targeted restrictions on access to parts of the EU procurement market, so as to further encourage our partners to offer reciprocal market opening"; [http://ec.europa.eu/trade/issues/sectoral/gov\\_proc/index\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/gov_proc/index_en.htm).

<sup>9</sup> See the IPR page of DG Trade: [http://ec.europa.eu/trade/issues/sectoral/intell\\_property/index\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/intell_property/index_en.htm) and [http://ec.europa.eu/trade/issues/sectoral/intell\\_property/acta\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/intell_property/acta_en.htm).

more with the emerging countries. In this context the recent nomination of a former high official of DG Trade, a “friend of business” at the helm of DG Environment may be of particular significance<sup>10</sup>. BusinessEurope also recommended that the Commission would launch free trade negotiations with OECD countries<sup>11</sup>.

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Annex

## Trade and competitiveness

### Removing hidden and non tariff barriers – helping European business

Brussels, 16 December 2008

[http://ec.europa.eu/trade/issues/sectoral/competitiveness/pr171208\\_en.htm](http://ec.europa.eu/trade/issues/sectoral/competitiveness/pr171208_en.htm)

**The European Commission reinforced its commitment to keeping Europe's markets open and to increasing efforts to improve openness further afield. This Communication<sup>12</sup> identifies the main non tariff barriers faced by European exporters and sets out a plan to tackle them, including through deepening regulatory co-operation with key countries and regions.**

Vice President Günter Verheugen, responsible for Enterprise and Industry and his colleague, the European Commissioner for Trade, Catherine Ashton, underlined: "In today's difficult economic climate it is more important than ever that we open up opportunities for our businesses to trade their way out of the downturn. This means tackling the costly barriers that block our exporters, in particular SMEs, ensuring that cooperation with our partners leads to real jobs and new opportunities. This is the most effective response to those arguing today to put up - rather than take down - barriers to trade".

As part of the European Commission's Lisbon package, adopted today, the Commission has taken a further step forward in giving a stronger external dimension to the Lisbon Strategy for Growth and Jobs. Today's Communication builds on the Global Europe strategy, launched at the end of 2006, which set out an ambitious agenda for opening the markets that matter most, (particularly in Asia. It also builds on the EU's renewed Market Access Strategy, in place since last year.)

The Commission reports on a number of significant trade barriers in important existing and future markets for EU exporters. It also identifies the different tools available to ensure a coherent and targeted response. The European Commission intends to strengthen regulatory cooperation with key trading partners and focus it on achieving maximum results. A priority region will be the European Neighbourhood. The Communication also identifies the main non tariff barriers in key sectors, as a starting point for further action. The instruments at our disposal include:

- **Multilateral and bilateral trade negotiations**, where much of the focus is on improving business opportunities, setting out clear rules and ensuring those rules are properly applied.
- **Bilateral high level contacts and international regulatory cooperation**, such as the Transatlantic Economic Council with the US (TEC) and the High Level mechanism with China provide a useful, structured forum in which to raise problems and address unnecessary barriers caused by differences in regulatory practice (see overview in annex).
- **Formal instruments to tackle specific barriers**. Good examples are the WTO notification procedures for Technical Barriers to Trade (TBT) and the Agreement and for Sanitary and Phytosanitary (SPS) barriers. These arrangements provide transparency as well as a multilateral consultation and negotiation platform.
- The **Market Access Partnership** which establishes a new, stronger link between the Commission, Member States and business, and pools resources to help tackle barriers on the ground. In addition, the European Commission has stepped up cooperation with third countries on market access barriers of common concern, particularly with the US and Japan.

Finally, regulatory cooperation offers further benefits in areas such as consumer protection, environmental standards, and reducing the cost of doing business. The European Commission will also seek to maximise the use of regulatory cooperation to anticipate trade challenges and ensure mutually beneficial cooperation at an early stage.

While the European Commission is firmly committed to multilateral solutions, in many areas of regulation, bilateral or plurilateral cooperation is needed to make progress. The European Commission will focus efforts on countries and sectors where there is substantial return to be expected and where there is a reasonable prospect of successful outcome. Future cooperation will address not only economic goals, but also social and environmental aspects.

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<sup>10</sup> <http://www.eu-koordination.de/index.php?page=23&vorlage=fuenfb&id=820>.

<sup>11</sup> See note 5.

<sup>12</sup> COMMUNICATION FROM THE COMMISSION[...]: Reporting on market access and setting the framework for more effective international regulatory cooperation. Brussels, 16.12.2008, COM(2008) 874 final; [http://trade.ec.europa.eu/doclib/docs/2008/december/tradoc\\_141742.pdf](http://trade.ec.europa.eu/doclib/docs/2008/december/tradoc_141742.pdf)