

# NATIONAL FOREIGN TRADE COUNCIL, INC.



## EU Future Trade Policy – NFTC Response

Following the 'Europe 2020' paper adopted by the European Commission on 3 March 2010, the European Commission is now launching a broad public consultation on the future direction of EU trade policy. This ['consultation issues paper'](#) is intended to set the scene for this consultation exercise. The paper raises a number of issues that are at the heart of the debate on EU's trade policy. The Commission's intention is to set out its policy during autumn 2010, explaining how trade policy can help achieve the objectives of the 'Europe 2020' Strategy.

The purpose of the present consultation is to gather views from relevant stakeholders regarding the rationale, scope and strategic objectives for a future EU trade policy. The consultation is open to all stakeholders within the EU and in third countries. Individuals, organisations and countries that wish to participate in the consultation process are invited to send their contributions.

**The consultation will be open until 28 July 2010.** The Commission services will prepare a report on the Consultation which will be published on DG TRADE's website. This report will provide a consolidated and anonymous analysis of input received through the public consultation and give an indication of how the Commission will take them into account preparing its future proposal to the Parliament and Council.

***Due to the importance of ensuring that our public consultation is open and transparent, the Directorate General for Trade has decided that all contributions will be made public on our website, unless respondents do not wish so (see question 21). The consolidated report will similarly include a list of names of all the organisations from whom we have received contributions to this process.***

Should you have any questions then you can contact us at: [trade-public-consultation@ec.europa.eu](mailto:trade-public-consultation@ec.europa.eu). You can also use this email address if you wish to send us more comments.

Although this questionnaire is only available in English, you are welcome to answer in any of the official EU languages you should wish to. We thank you in advance for your participation.

## About you

- a. **Please enter the name of your organisation (compulsory):**

National Foreign Trade Council (NFTC)

- b. **What type of organisation is it? (compulsory):**

NGO

- c. **In which country are you based? (compulsory):**

United States

- d. **What is your organisations main area of activity? (compulsory):**

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The promotion of an open, rules-based trading system.

### **Introduction:**

The Lisbon Treaty clearly considers EU trade policy as an integral part of the Union's overall external action – and therefore it must address development, environmental and social objectives as well as contributing to the other objectives set out in the Treaty on the European Union:

**1. Now that the new Lisbon Treaty has entered into force, how can we best ensure that our future trade policy is coherent with the EU's external action as a whole and notably in relation to the EU's neighboring countries?**

The EU and U.S. have an extensive history of mutual support and collaboration. Since 1949, the two have worked together to meet the most pressing global challenges. NATO addressed a common security, political and economic challenge posed by the Soviet Union throughout the first forty years of its existence. Since 1989 and the fall of the Soviet Union, this organization is still relevant to today's challenges and has transformed itself to face modern global challenges. The long term success of NATO is a testament to the willingness and need of Europe and the U.S. to strengthen and evolve the transatlantic relationship.

In order to address global challenges today (such as the global economic crisis, job creation, the environment, and common goals on poverty reduction and promoting economic prosperity in developing countries) the EU and U.S. must seek a collaborative trade policy addressing these issues. The EU and U.S. should work together to remove regulatory barriers on trade and investment and harmful trade policies. The EU and U.S. must also collaborate on the development of international standards and seek to harmonize standards, technical regulation, and conformity assessment procedure in order to better facilitate access to each other's markets.

2. The principal focus of EU trade policy is stimulating growth, creating jobs and increasing prosperity for EU citizens. On 3 March 2010, the European Commission launched the [Europe 2020 strategy](#) which sets out a blueprint for achieving and securing smart, sustainable and inclusive growth. The Europe 2020 strategy acknowledges the important role that trade has to play in ensuring these ambitious objectives.

Over recent decades, the EU's prosperity has to a large extent been built on the internal market, economic integration between the Member States and open markets at home and abroad for trade and investment. However, Europe's prosperity is not only linked to its (open) internal market but also to the markets of other countries and regions, many of which enjoy much faster economic growth. Current forecasts suggest that by 2025, the volume of trade could double compared with 2005, with a bigger share of exports coming from emerging market economies (more than 30 % as against 20 % in 2005). The EU may no longer be the world's largest exporter.

In today's global economy, production will increasingly be organised along global supply chains. They have become an important factor in ensuring competitiveness on domestic as well as global markets. Around two thirds of the EU's imports are inputs to other products. As a result, open trade helps embed local companies in global production chains, makes them more competitive and creates more jobs. Trade and investment flows are complementary, create jobs and promote transfer of technology. While people may be wary about the impact of all this on their job security and income, the crisis has clearly shown that protectionism is not an option. People are equally wary about the environmental impacts of the way we do business, for instance in terms of resource use and climate change. All major economies are today in the same boat; if one of them closes its markets or pursues unsustainable policies, all will

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suffer.

The global financial crisis and its effects on the real economy have underscored the importance of sound regulation and the need to avoid major global imbalances. Trade flows were dramatically affected, although protectionism did not spread as widely as feared thanks to coordinated international efforts in G20 and WTO. The current initiatives (both at EU level and as part of the G20 mechanism) envisage a number of solutions to prevent similar crises from happening in the future. They should be part of an integrated coordinated approach:

**Given the importance of boosting growth, creating more jobs and ensuring a more resource efficient and greener economy, how can EU trade policy help? What should the new trade priorities be in the light of the Europe 2020 Strategy?**

The EU and the U.S. depend heavily on one another for trade in goods and services. In 2007, two-way trade between the U.S. and the EU totaled over \$600 billion and placed second in the world. The Europe 2020 strategy has set out a number of priorities which can be achieved through further collaboration with the U.S. Boosting growth, job creation, and ensuring a more resource efficient and greener economy are in the interests of both the EU and U.S. In order to guarantee the success of the Europe 2020 Strategy, the EU must open its markets. Through strengthening the transatlantic relationship and working together towards barrier-free trade between the U.S. and EU, the EU will open its borders to new jobs and new revenue. By eliminating barriers to trade, EU exports would increase by 2 percent and would add \$210 billion to the annual real income of the EU and U.S. The EU should set its priorities to integrating trade policy with the U.S., ensuring the protection of intellectual property, opening investment and allowing for closer regulatory cooperation to accelerate the removal of existing barriers of trade and investment and resisting the creation of new ones. These steps will guide the EU and U.S. towards freer trade and considerable growth.

### **Multilateral Trade Negotiations**

Multilateral trade liberalisation remains our priority in the years to come because it avoids the costs of trade diversion and minimises transaction costs for a global round of liberalisation. The EU wants to see the Doha Round completed as soon as possible because the potential economic benefits are substantial for both developed and developing countries. However, the value of the WTO to the global trading system goes much beyond the Doha Round: Multilateral rules and trade liberalisation, complemented by a strong dispute settlement system, offer significant long-term gains and are of systemic interest to the EU as a leading trader:

**3. In addition to continuing to push for a successful conclusion to the Doha Round, how can the EU best pursue overall EU trade policy objectives in the WTO?**

Given the state of the Doha Round, the EU and U.S. need to highlight the importance and relevance of the World Trade Organization (WTO) beyond its role as a forum for trade negotiations. While the EU should continue to support vigorously a successful and ambitious conclusion to the Round, it is also important to support the ongoing work of trade monitoring and enforcement. It is also increasingly important for members, including the EU, to propose future work for the body beyond the Doha Round. The WTO must do a better job of addressing important challenges for consumers and businesses, such as food and consumer product safety and global supply chain management, in order to remain relevant.

### **Bilateral Trade Negotiations**

After the adoption of the [Global Europe communication](#) in 2006, the EU launched a new series of negotiations leading to free trade agreements (FTAs) with fast-growing economies, including for example Korea, India, Singapore and Vietnam. Negotiations with Mercosur were recently re-started. The negotiations between the EU and Korea have now been concluded while others are still ongoing, offering the prospect of important economic gains for the EU.

FTA negotiations have also been launched with Canada. Although Canada was not mentioned explicitly in the Global Europe communication, an FTA would clearly accord with the objectives for FTA negotiations which were set out in Global Europe.

DG TRADE's website contains more information about [ongoing FTA negotiations](#). Furthermore, trade negotiations have been completed with Central American and Columbia and Peru:

4. **Do our current FTA negotiations provide the right geographic and substantive focus for our bilateral trade relationships in the context of the Europe 2020 strategy?**

No Comment

5. Over the last decade, the EU has also consistently engaged with its major strategic trading partners (such as the US, Japan, China and Russia) in regulatory dialogue and other forms of economic and trade cooperation. Our economic weight, notwithstanding current conditions, makes the EU an attractive partner for many countries, but this has not always translated into real progress in terms of a level playing field for EU companies, or new opportunities to do business and invest in these important markets:

**Should the EU now try for closer economic integration and cooperation with such partners? What is the best way to further facilitate trade and investment, overcoming regulatory differences that may have the effect of barriers to trade and deepening our trade relationships with these important economies?**

The EU should seek closer economic integration and cooperation with the U.S. The transatlantic trade relationship is one of the largest and most significant in the world. Two-way trade in goods between the two totaled over \$600 billion in 2007. In order to further facilitate trade and investment, the EU needs to move away from reliance on protectionist policies like the precautionary principle. Through blocking products from being sold, the precautionary principle is harmful to U.S. exporting and deters the EU and U.S. from achieving the maximum benefits of trade. The process for approving genetically modified foods (GMOs) is lengthy. The EU can take up to 2.5 years to approve a GMO product, over a year longer than the approval process for the U.S. GMOs are vitally important to global agricultural trade. Developing countries rely heavily on the trade of GMOs. The EU must also guarantee transparency in reviewing investment decisions and set up dialogue to examine the existing and future obstacles in investment. In order to overcome regulatory differences, the EU must continue to follow the Financial Markets Regulatory Dialogue (FMRD). The FMRD establishes a clear plan for the resolution of divergences. Through the FMRD, the U.S. and EU can synchronize rules governing listing and delisting securities, corporate governance rules and accounting standards to raise confidence in financial reporting. The EU should also continue to apply the principles of the foundations for the integrated transatlantic capital market by 2015.

6. Regulatory differences are nowadays often a more important source of trade hindrances than tariffs, especially between developed countries, with low tariffs but sophisticated regulatory systems resulting

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in additional compliance costs for cross-border activities. Reducing these costs can generate significant trade and economic benefits. In today's world of global production chains, increased regulatory convergence at global level, for instance through the promotion of international standards or by other means such as the development of mutual recognition/equivalence of regulatory systems may help EU companies do business successfully abroad. The precise nature of the model to advance towards regulatory convergence will, however, depend on the specifics of the economic sector concerned:

**How can the EU improve the effectiveness of regulatory dialogues? How can the EU promote the establishment of and greater recourse to international standards without compromising legitimate public policy choices?**

The EU and U.S. rely heavily on one another for investment and trade in goods and services. Mutual trade totaled at \$2.2 trillion in 2006 and mutual trade in goods and services is worth \$800 billion annually. In order to protect these benefits and help them grow, the EU and U.S. must improve regulatory dialogue. This would significantly help reduce costs of trade. In order to improve the effectiveness of regulatory dialogue, the EU and the U.S. must work together to initiate and expand the EU/U.S. Guidelines for Regulatory Cooperation and Transparency. This agreement eliminates the risk of regulatory divergences, establishes results-oriented regulatory cooperation, develops an early warning system for prospective regulations and involves legislatures and stakeholders in the agreement on a structural basis. Such an agreement would facilitate greater trade and investment between the EU and U.S.

7. Securing a reliable and sustainable supply of raw materials is crucial for EU industry. Taking into account development policy and environmental sustainability concerns, securing this supply from third countries requires a coordinated approach regarding EU external relations and trade policy:

**How can the EU, and in particular trade policy, help to secure a reliable and sustainable supply of raw materials by third countries?**

Importing raw materials has become a difficult task for the EU. Countries like China have adopted unfair measures for the exporting of raw materials in order to conserve resources. The WTO reports that China "still uses various export restrictions, including prohibitions, licensing, quotas, taxes, and less-than-full VAT rebates, to manage certain exports on grounds of natural resource and energy conservation." China has gone as far to announce future plans to ban the exporting of raw materials by 2015. Many developing countries have followed China's steps. In order to ensure a reliable and sustainable supply of raw materials, the EU must continue its support of the EU/U.S. WTO dispute settlement case against China. If successful, this will encourage China and other countries resorting to unfair protectionist measures, to cut down export restrictions on raw materials and opt for fairer trading methods.

## **Services**

Services are an increasingly important part of the global economy. A manufacturing supply chain is unthinkable without services inputs. Tackling barriers to trade with major partners in areas such as financial services and communication services; business services and Information and Communication Technology (ICT) too could give an important boost to EU economic recovery. At the same time, trade in many services, especially those that can be delivered through digital communication channels, has increased rapidly. Services negotiations, both under the WTO General Agreement on Trade in Services (GATS) and in Free Trade Agreements, have so far focused mainly on consolidating market access conditions already in place, and only rarely on creating new openings for services trade. The difficulties in securing significant new market access are holding back potential productivity increases and job creation in EU services sectors — and in manufacturing sectors:

- 8. Should the EU aim for more trade in services, and if so, how? Multilateral and bilateral negotiations have only partially succeeded in opening trade in services so far, so would a renewed focus on trade in services among key trading partners (plurilateral approach) offer a useful alternative avenue?**

No comment.

### **Investment**

Foreign direct investment (FDI) is an increasingly important means for businesses to participate in the dynamic economic development of markets around the globe. Supplementing as well as complementing trade, FDI creates more direct and deeper links between economies. It is a source of extra capital, encourages efficient production, stimulates technology transfer and fosters the exchange of managerial know-how. However, the increasing importance of FDI as a driver of economic activity - the EU itself is one the largest source of FDI in the global economy – is not yet fully reflected in its global governance: the current differences in national rules and policies create an uneven playing field for economic operators. The Commission is currently preparing a Communication on this subject:

- 9. Given that the Lisbon Treaty gives the EU greater competences in international investment policy, how should we contribute to facilitating cross-border direct investment (both outward and inward)? What are the key issues to be addressed in agreements governing investment?**

The EU and U.S. rely heavily on one another for foreign direct investment (FDI). The EU and U.S. are each other's largest foreign investors and make up 60 percent of global FDI. In 2006 alone, the EU and U.S. invested a total of \$2.2 trillion in one another. From these figures alone, the importance of EU/U.S. FDI is apparent. However, protectionist policies are becoming a growing concern. The EU should continue to follow initiatives of the New Transatlantic Agenda, the EU-U.S. Joint Action Plan, the Transatlantic Business Dialogue and the Transatlantic Economic Partnership. These instruments can be a positive influence to developing and promoting the reduction of trade and investment barriers between the EU and the U.S. The EU must end politicization of investment review procedures in favor of more transparent reviews of investment decisions. The politicization of investment review procedures has increased costs and deterred businesses from investing abroad. In order to examine and solve future obstacles to investment to the FDI, the EU and U.S. should establish a dialogue on Investment.

### **Sustainable Trade**

Environmental and social concerns extend beyond EU borders: climate change and degradation of natural resources, for example pose a threat to the prosperity and well being of people in rich and poor countries alike. Trade policy should to the extent possible support green and inclusive growth around the globe. This could be by including the opening up of trade in environmental goods and services or via trade incentives promoting labour and environmental commitments. Greening the world economy and putting it on a more sustainable footing, in particular, will require considerable regulatory work. We should be careful however to avoid 'green protectionism'. On the other hand, possible negative environmental and social effects should be appropriately addressed:

- 10. How can trade policy best support green and inclusive growth around the globe including through Sustainability Impact Assessments?**

Trade policy can support economic development as well as help achieve global environmental objectives. In order to promote green and sustainable jobs, it is essential to encourage the protection of innovation and intellectual capital to encourage companies and countries to invest and share knowledge in foreign markets. Intellectual property rights create jobs and spur economic growth across all sectors, and are particularly important in promoting green growth as a means of encouraging the development of new energy solutions and environmental technologies. Similarly,

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lower trade barriers across environmental goods and services and clean technologies can encourage green growth. We hope that the EU will vigorously pursue the negotiation of a new “green trade agreement” through all available channels, including as a plurilateral agreement at the WTO and by continuing work underway via forums such as the Organization for Economic and Cooperation Development (OECD) and Asia-Pacific Economic Cooperation (APEC). Finally, we would encourage the swift conclusion of negotiations for a trade facilitation agreement at the WTO, which would help promote secure, stable trading environments that could benefit investment and commerce in developing countries.

11. The EU is a major market for agricultural imports from developed and developing countries. The EU is also a key producer and exporter of processed food and other high value agricultural products:

**Given the forthcoming revision of the Common Agricultural Policy and the continuing need to foster a sustainable agricultural sector in Europe, how should EU trade policy develop in this area consistently with the overall objectives of the Lisbon Treaty?**

The Common Agricultural Policy (CAP) is holding the EU back from receiving the benefits of open-market trade and investment. The CAP is disadvantageous to both the EU and the U.S. through the distortion of trade. Allowing for a more rules-based trading system would create benefits for consumers and create economic opportunities for developing countries. The CAP has also had negative consequences for the environment. This does not support the Europe 2020 strategy to find more efficient and greener methods of trade. Farmers receive incentives to produce more than they can grow, increasing the use of artificial fertilizers and pesticides. In order to receive the maximum benefits of exporting, the EU must either drastically reform the CAP or do away with it entirely.

**Inclusive Trade**

The distribution of the benefits to trade is also affected by the changes in the way business is conducted today. The European economy is increasingly dependent on the participation of its businesses in global value chains. A final product often incorporates hundreds of subcomponents, which are traded back and forth around the globe before reaching the final consumer. Greater openness in trade has allowed this to happen:

12. **How can EU trade policy ensure that the benefits of global value chains are shared by European producers, consumers and jobholders?**

In order to expand the benefits of global value chains to European producers, consumers, and jobholders, there are a number of initiatives the EU must move forward. This includes increasing trade in goods and services with the U.S. through a transparent regulatory system, continuing to follow international best procedures, and a great deal of cooperation. By establishing a framework for regulatory officials to follow, the EU and U.S. would guarantee more transparency in government regulation, a higher degree of confidence in regulation by consumers, improved predictability of regulatory frameworks and enforcement for businesses, and improved access to foreign markets for small and medium enterprises (SMEs). When countries fail to establish strong regulatory practices, consumers are punished. Consumers lose confidence in regulator’s ability to work successfully and the risk of consumer harm increases when regulation does not take international implication of regulatory action into account. This creates unnecessary barriers on trade and investment.

13. The gains from trade are not evenly distributed, and adjustments can lead to short-term costs in the form of unemployment, retraining the workforce and converting production structures. The EU has a

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number of instruments available to address the problem of adjusting to new global trade patterns, such as EU Structural Funds, the European Social Fund (ESF), and the European Regional Development Fund.

In addition, the EU launched the European Globalisation Adjustment Fund (EGAF) in 2007, which offers a general response in terms of managing the negative employment effects of globalisation. The EGAF is designed to provide one-off individual support for a limited period to workers who are 'severely and personally affected by trade-adjustment redundancies'. In the longer term, the aim is to help redundant workers find and hold on to jobs:

**Are existing 'flanking' policies sufficient to ensure that the benefits of trade are shared among different people and across different regions and markets in the EU? And how can the EU best ensure, where necessary, that trade and other policies play their part in helping people, sectors and communities adjust?**

No comment.

### **Trade and Development**

The link between trade and development has become a major issue in recent decades as more and more countries, especially in Asia, have shown that trade can be an important means of boosting economic growth and lifting people out of poverty. The EU is a global player and takes its development responsibilities seriously. It is negotiating and implementing Economic Partnership Agreements with a view to sustainable development and regional integration in Africa, the Caribbean and the Pacific. Negotiations have also taken place with the Central American and Andean Community countries. A parallel consultation is already in progress on reforming the EU's general system of preferences for developing countries. However, trade policy alone cannot address the development challenges some countries face. Note that in light of the importance and scope of the topic, a future communication on trade and development will address these complex linkages between these policies. This too will be preceded by a public consultation:

**14. How can the EU best strengthen the issue of trade and development in its trade policy? Should the EU pursue a more differentiated approach in its trade relations to reflect the level of development of particular partners? How should the EU approach the issue of trade preferences in relation to the generally low level of EU Most Favoured Nation (MFN) tariffs, which will further be eroded following the possible conclusion of the Doha Round?**

The most immediate and strategic effort to strengthen the issue of trade and development in the context of EU trade policy is for the EU to continue to push for the conclusion of the Doha Round and liberalize market access globally. A successful conclusion to the Round is the broadest and most effective way to integrate developing markets into a rules-based international trading system. While there is an institutionalized tradition of Member States ceding competence and authority for trade policy to the European Union, individual Member States still retain a large portion of individual control over their own development policies. This dynamic increases the potential for trade policy to overshadow the development impact when dealing with developing countries. Mechanisms to first better coordinate development goals and strategies among individual nations of the EU is key, followed by more direct linkages between EU trade objectives and supplying technical assistance to developing nations. A central criticism in the required reciprocity imposed by Economic Partnership Agreements between the EU and nations in Africa and the Caribbean has been that of insufficient transition times and lack of technical assistance to build capacity necessary to accomplish the economic restructuring which may be necessary as a result of opening development country markets to the EU. As MFN tariffs are eroded, better coordination of development assistance linked to EU trade policy objectives is required to ease required



restructuring and to increase capacity for developing nations to take advantage of increased access to EU or other developed nation markets. Capacity building in power and transportation infrastructure, administrative and regulatory transparency, education and training and access to capital markets are all must be synchronized to changes in market access and often outweigh any benefit in changes to tariff rates.

### **'Smart Trade'**

The Europe 2020 strategy emphasises the 'smart' growth dimension, that is to say growth driven by innovative products, services and industries. A number of emerging market economies are likely to catch up with the technologies of the developed economies, at least in some sectors. Convergence between developing and developed countries can boost our economy, including in new and innovative 'smart' high-tech goods and services. While tariffs may be an issue in some instances, de facto barriers might arise as a result of divergent regulatory developments. Fortunately, in many of these high-tech domains, regulation is still on the drawing board. Upstream regulatory dialogue on these newly emerging technologies, addressing both risks and the response to risks, could facilitate international convergence and avoid the emergence of new barriers to trade:

#### **15. What initiatives could the EU take and which EU trade policy instruments could we mobilize to complement and reinforce the 'smart' dimension of the Europe 2020 strategy and facilitate trade in high-tech goods and services?**

In order to help EU trade policy reinforce the 'smart' dimension of the Europe 2020 strategy and better facilitate trade in high-tech goods and services, the EU must follow the conditions of the Information Technology Agreement (ITA) under the WTO. The ITA covers more than 90 percent of total trade in IT products. It eliminates all import duties on a range of IT and telecommunication products. This agreement is hugely beneficial for IT development because it further facilitates the trade of high-tech goods and services to those countries involved. However, the EU has cut corners and has either not adopted all of the ITA agreements on IT trade or reimposed former tariffs. The EU must commit to all conditions of the agreement in order to reap the benefits. It is essential for the preservation of the agreement that the EU lower tariff on selected items.

### **Enforcement and Dealing with Unfair Practices**

The EU benefits from being one of the most open economies in the world by having access to cheaper goods and services, for citizens, the public sector and companies. It is in a strong position to shape globalisation and promote its interests. At the same time, we should not be naively open and defenceless in the face of unfair practices by some of our trading partners, e.g. distortion of international competition by the payment of unfair subsidies, in cash or in kind, or by dumping practices.

To defend the EU against such practices, we have recourse to trade defence instruments, in line with WTO obligations. In addition, existing multilateral, bilateral and plurilateral agreements provide for enforcement tools, including dispute settlement. This is particularly important with risk of protectionist measures still high in the aftermath of the economic crisis:

#### **16. How can the EU best safeguard its firms or interests against trading partners who do not play by the rules? Are the existing tools and priorities sufficient to address unfair competition from third countries?**

Protection of ideas and trading rights is a significant concern for both the EU and U.S. It is therefore essential that we work together to stop other countries from disregarding international standards. It is important that the EU and U.S. work together to reinforce WTO international laws and standards towards countries with unfair trade policies. Specifically, it is essential that the EU and

U.S. work together in the WTO Doha Round in order to prevent the weakening of rules. The Doha Round provides the international rules required to help countries successfully grow and participate in the global economy today.

**17. How can the EU best safeguard its firms or interests against major trading partners who maintain an asymmetric level of openness and resort to protectionist measures? Are the existing tools and priorities sufficient to address practices such as keeping EU suppliers out of government procurement markets, market access restrictions, restricted and insecure access to energy and raw materials?**

When countries resort to protectionist measures and maintain an asymmetric level of openness, it is essential that the EU turn to the WTO to expand and enforce international trade law. There is no adequate international mechanism for stopping government procurement. In order to influence countries to decrease barriers to trade, the primary tool for fighting this is the WTO. The EU and U.S. must work together, using WTO dispute settlement cases against countries with an asymmetrical level of openness. This may not completely eliminate barriers to trade but it can influence countries to decrease some of their protectionist policies in favor of more open trade.

18. One important factor in promoting 'high-quality' growth is innovation, for which the Europe 2020 strategy also has a number of initiatives. Ideas and innovation need to be protected through effective protection of Intellectual Property Rights (IPR), including geographical indications (GIs). This is why the Commission in November 2004 put in place a strategy for enforcing IPR outside the EU. The strategy is currently being evaluated, and an Enhanced IPR Protection and Enforcement Strategy in third countries is due to be launched in 2011. Cooperation is also underway with major partners in order to promote better respect of IPR rules in third countries. Other issues such as access to medicines in developing countries need to be taken into account:

**What else can EU trade policy do to further improve the protection of IPR in key markets?**

The EU should seek a global marketplace that ensures predictable and enforceable markets for intellectual property rights. To that end, there are a number of initiatives the EU must take. The EU should vigorously enforce the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) commitments of its trading partners. The TRIPS commitments require all WTO members to adjust their laws to minimum intellectual property standards set by the WTO. Stronger enforcement of these commitments will hold more countries accountable for intellectual property law violations. The EU should also include comprehensive intellectual property provisions in regional and bilateral trade agreements to protect patents, copyrights, trademarks, trade secrets, confidential data, and other forms of IP, and enforcement of those rights including through civil, criminal and border measures. The EU should remain committed to the conclusion of a successful Anti-Counterfeiting Trade Agreement (ACTA), including commitments for a strong legislative framework and the creation of opportunities for enhanced cross-border law enforcement. It is also important to pursue alliances with countries in order to address concerns in markets where there are significant deficiencies in intellectual property protection. The EU should combat industrial policies of states that seek to disrupt competitive markets and disenfranchise IP rights holders.

**An Open Approach to Shaping Trade Policy**

The Commission is committed to shaping trade policy as openly and democratically as possible. Thanks to the Lisbon Treaty, the increased role for the European Parliament in trade policy improves both the accountability and the transparency of trade policy. However, in addition, trade policy should build on a wide range of points of view inside the EU and from other parts of the world. There are a number of structures, such as DG TRADE's Civil

Society Dialogue to assist with this, but the approach can further evolve to take full account of the new EU institutional environment and changes in modern communications technology:

**19. What more should the Commission do to ensure that trade policy becomes more transparent and to ensure that a wide variety of views and opinions is heard in the policy-making process?**

High-level political commitment is necessary to improve the effectiveness of regulatory dialogue. The EU and U.S. should begin negotiations for an EU/U.S. transatlantic regulatory cooperation agreement to develop a system of early warning for future regulations and involve legislatures and stakeholders in transatlantic regulatory cooperation on a structural basis. A transatlantic cooperation agreement would give the EU and U.S. better access to each other's markets and create a more efficient regulatory process between the two. Such an agreement would protect EU/U.S. trade interest in the future because it would discourage regulatory divergences between the two.

**20. Are there additional priorities in relation to trade policy that the Commission should pursue?**

The transatlantic trade relationship is among the most stable and beneficial trade alliances in the world. It is for this reason that the EU and U.S. must continue to expand and strengthen the alliance. It is in the interest of both the U.S. and EU to expand trade and open markets. On the EU's side, this can be done by taking down protectionist barriers and opening itself to the benefits of new markets. . The EU and U.S. must also collaborate on the development of international standards and seek to harmonize standards, technical regulation, and conformity assessment procedure in order to better facilitate access to each other's markets. In order to protect intellectual property rights, the EU must establish more trade agreements with provisions to protect intellectual property rights, stronger enforcement of the WTO Trade-Related Aspects of Intellectual Property (TRIPS) commitments, strive for a successful conclusion of the Anti-Counterfeit Trade Agreement (ACTA), pursue alliances with countries with significant deficiencies in intellectual property protection, and combating policies of countries which wish to disrupt competitive markets and disenfranchise intellectual property holders.

**21. Do you oppose publication of your contribution? If yes, please provide the specific reasons for which you consider that your interests would be harmed if it was put in the public domain.**

No.