

August 4th 2010

EEA Response to the European Commission Public Consultation on a 'future trade policy'

Section 1 – Introduction

Context of Question 1: *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:*

Question 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 neighbouring countries?.*

EEA Response to Question 1:

The European express industry plays a crucial role in goods and services sector as one of the key facilitators of international trade. Furthermore, our industry is a responsible corporate industry taking environmental and security issues into account and investing in innovative clean technologies to improve environmental performance. EU companies are dependent on express services for around 3% of their sales on average – worth around EUR 450 billion. By 2013, over 5% of EU sales are expected to be dependent on express services.

The European Express Association (EEA) has welcomed the strengthening of the competences of the European Union in trade in services and investment policy brought by the adoption of the Lisbon Treaty.

The common commercial policy is now included within the framework of the common foreign and security policy. It will be important to advocate that the new exclusive competence of the EU on services and investment policies will aim at

granting full and effective market access to services suppliers through the European External Action Service whenever possible. The EEA would like to stress that a strong coordination focus should be developed on Market Access Strategy to remove market access obstacles.

Context of Question 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 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:

Question 2: *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?

EEA Response to Question 2:

By making the EU economy more globally competitive, the express industry is providing more than a quarter million jobs in the EU and growing quickly, whilst investing in innovative clean technologies to improve environmental performance. The European express industry supports further development of a rules-based, secure and functional global economy, most notably through the DDA.

Trade policy plays an essential role in furthering Europe’s competitiveness and growth. In order to reach the EU 2020 strategy goals, new trade priorities should focus on eliminating market access barriers for the import and export of goods and services and, should enhance legal certainty and transparency, together with the removal of administrative burdens and technical barriers.

The EEA calls on EU leaders to facilitate completion of Doha round, and achieve significant market opening for express delivery services abroad, as well as, a strong outcome in the Trade Facilitation negotiations to simplify customs procedures around the world. EEA also strongly supports the completion of existing bilateral trade negotiations and the development of further bilateral agreements.

Section 2 – Multilateral trade negotiations

Context of Question 3: *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:*

Question 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?*

EEA Response to Question 3:

The EEA believes that the completion of an ambitious and balanced Doha Round would be one of the most effective ways of boosting the international trade flows that

are so vital to global recovery and prosperity. The EEA calls on EU leaders to facilitate completion of the Doha round. Such completion would achieve significant market opening for express delivery services abroad.

While many markets are already open, the lack of binding commitments creates considerable uncertainty for express operators and increases the threat of arbitrary new restrictions, which we are witnessing in some key markets. In many markets for example burdensome authorisation and licensing regimes act as barriers to market access. We would therefore urge the EU to press for commitments to secure and bind full market access covering both international and domestic delivery and to continue to press for increased market opening wherever this is possible.

In the meantime the EEA would support early implementation of the trade facilitation package, while remaining part of the single undertaking, as an option which could be explored by the EU. In addition, the EU should put emphasis on completion of bilateral trade negotiations and strengthening of the role of the Market Access working groups and supporting structure.

Section 3 – Bilateral trade negotiations

Context of Question 4: *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:

Question 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?*

EEA Response to Question 4:

Bilateral trade negotiations can in some instances lead to better and more short-term results than what is offered in the DDA. Furthermore, regional trends in the express industry over the past 5 years show significant growth opportunities in Latin America, Asia Pacific and the Middle East and Africa. These regions represent only a small portion of the global share of trade for express delivery. The vast majority of express delivery services are intra-regional – i.e. between countries within one region – deliveries between the regions only account for 12% indicating a significant opportunity to growth inter-regional trade as a result of additional free trade agreements with these regions.

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.

The European express industry therefore supports the completion of existing bilateral trade negotiations and the development of further bilateral agreements. In order to prevent the risk of a “spaghetti bowl” of differing requirements for European companies abroad, the EU should put much emphasis on ensuring harmonized commitments from its trading partners. The EEA supports the selection of target countries for FTA’s based primarily on objective economic criteria.

It also supports an emphasis on quality of commitments rather than quantity of negotiating partners. Sometimes it may be preferred for the EU to ensure completion of bilateral trade negotiations before entering into new FTA negotiations.

	Revenue in USD (billion)	Revenue in USD (billion)	Per annum Growth	Global Share
North America	58	76	6%	43%
Latin America and Carribbean	2	3	12%	2%
Europe	35	49	7%	28%

Asia Pacific	28	42	9%	24%
Middle East and Africa	4	6	10%	4%
Total	125	175	7%	100%

Source: The impact of the global express delivery industry on the global economy, Oxford Economics 2009.

For the full report please click here:

[The impact of the global express delivery industry on the global economy, Oxord Economics 2009](#)

Question 5: *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?*

EEA Response to Question 5:

The EEA would welcome further progress in the multilateral trade negotiations (DDA) and specifically with the Trade Facilitation portion of the DDA. A multilateral agreement on Trade Facilitation and active promotion of the existing global customs procedures and protocols (Revised Kyoto Convention and WCO’s immediate release guidelines) will benefit exporters from all countries and reduce the relative cost of export and import procedures for small and medium sized companies that seek to participate in a global market.

Context of Question 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 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:*

Question 6: *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?*

EEA Response to Question 6:

The EEA supports the removal or reduction of regulatory barriers with the trading partners through multilateral or bilateral trade negotiations. In addition, workshops and seminars that are jointly hosted by the EU, the US and the third country in questions can also help to disseminate best-practices in regulatory standards.

Section 4 – Services

Context of Question 7: *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:*

Question 7: *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?*

EEA Response to Question 7:

The EEA calls the EU to aim for more trade in services. The services sector delivers more than two thirds of EU employment and GDP. In the EU-25 alone, the express industry currently employs more than 250,000.

The liberalization of distribution of services should be furthered through the Doha Round as well as through bilateral negotiations. Market access barriers applying to services should be removed and the EEA welcomes the European Commission efforts

on this aspect, in particular the Market Access Working group on Services dedicated to Postal and Courier services. The WTO plurilateral process for ensuring commitments for services has unfortunately so far not lived up to its expectations. New momentum needs to be created to ensure progress in addition to the identification of new negotiating methods. High-level political support from the WTO members is also needed to push for a more prominent role of services.

Section 5 – Investment

Context of Question 8: *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:*

Question 8: *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?*

EEA Response to Question 8:

The European express association support the initiative of the European Commission to use its newly Lisbon acquired competence to further develop international investment negotiations. The Express industry helps facilitate foreign direct investment, as one of the factor influencing firms' decision on where to invest is the access to markets and international transport links which the express sector provides. It is also important that the EU challenges efforts made by other countries to reduce foreign ownership. We have seen proposals to this extent in the margins of proposed postal legislation in Indonesia and India.

Section 6 – Sustainable trade

Context of Question 9: *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:*

Question 9: *How can trade policy best support green and inclusive growth around the globe including through Sustainability Impact Assessments?*

EEA Response to Question 9:

The European express industry provides inclusiveness to EU citizens and businesses by providing access to goods and services, “door-to-door” delivery and, connecting EU business and SMEs with the rest of the world. In this respect removal of customs clearance barriers and better trade facilitation would reduce time and therefore cost of EU citizens and businesses. Further the European express industry is investing in innovative clean technologies to improve environmental performance.

Section 7 – Inclusive Trade

Context of Question 10: *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:*

Question 10: *How can EU trade policy ensure that the benefits of global value chains are shared by European producers, consumers and jobholders?*

EEA Response to Question 10:

The EEA believes that trade restrictions on the delivery of its services means

increased costs and possible loss of competitiveness in the global value chains for the users of its services, to the detriment of consumers and employees.

The European express industry provides a truly European network, delivering for the entire internal market, connecting remote regions to industrial centers. It also provides access for European exporters to a global delivery network, allowing EU based companies to have access to foreign markets in a time specific manner. It will allow EU companies to source and sell from and to foreign markets in a more competitive manner through reduced cost of inventory and import procedures.

Section 8 – Enforcement and dealing with unfair practices

Context of Question 11: *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:

Question 11: *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?*

EEA Response to Question 11:

The European express industry believes that monitoring FTAs is key to the safeguard of EU firms and interests against trading partners who do not play by the rules.

The European express industry also believes that the Market Access working group on Postal and Courier set up by the European Commission is an efficient way to identify unfair competition by and in third countries using formal and informal tool to find solutions to this issue. The EEA also sees significant value in the WTO rules based systems as the basis for international trade. Conclusion of the DDA will help to strengthen and reconfirm the multilateral rules based trading system and allow parties to use the rules to resolve disputes. Additional membership (Russia) would

also help to strengthen a rules based approach and transparency to be complied with in the new WTO member countries.

Context of Question 12: *Many partner countries still give limited access to their markets, for example to their procurement markets by giving national preferences to their enterprises. The EU is also looking into new areas such as access to raw materials and energy (see question 7 above). Furthermore, the EU has developed a comprehensive Market Access Strategy which uses a variety of formal and informal tools to make sure that European companies can make use of the market access opportunities which have been negotiated in trade agreements. Following the recommendations of the Europe 2020 Communication, an annual trade and investment barriers report identifying ways to improve market access and regulatory environment for EU companies will be presented to the Spring European Council starting in 2011:*

Question 12: *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?*

EEA Response to Question 12:

The European express industry believes that the Market Access working group on Postal and Courier set up by the European Commission is an efficient way to identify unfair competition by and in third countries using formal and informal tool to find solutions to this issue. Further trade multilateral negotiations and bilateral trade agreements would reduce asymmetric level of openness and resort to protectionist measures.