

## General info

### What is the exact title of the session?

Trading for new Growth

### What is the timing?

Wednesday 30 June from 14:00 – 15:15

### What is the framework of the session?

Faced with the worst economic slump in 80 years, the WTO is working hard to contain protectionist pressures. Trade is essential to restore sustained economic growth, but economic nationalism tempts political leaders to erect trade barriers. What can organizations like the WTO do to prevent protectionism from spiralling into trade wars? What is the role of the new fora like the G20, which unites industrialized and the increasingly powerful BRIC (Brazil, Russia, India and China) countries? Another way to avoid protectionism is to advance trade liberalization. Yet, the Doha Development Agenda is struggling to advance. Pascal Lamy, the WTO-chief, will outline his strategy to move the negotiations forward and highlight the challenges that we face. The debate will focus on how to fight against protectionism and to advance multilateral trade liberalisation.

## Introduction: the topic

European firms face a difficult situation on world export and investment markets. Competition has intensified as the slow recovery in the developed world keeps global demand levels low. In addition, though the direst predictions of a protectionist wave in response to the crisis have not been realised, many governments have introduced significant new restrictions. Protectionism will have many new ways to find expression: stimulus and stabilisation measures, though necessary, have hugely increased governments' involvement in economies. Behind-the-border regulatory barriers will therefore be of increasing importance.

The lion's share of Europe's trade and investment is and will remain with OECD countries such as the US, Switzerland and Japan. However, large emerging countries will make up an increasing share of EU international trade and investment. Average GDP growth in 1980-2008 was 2.2% in the European Union, with 6.3% in newly industrialised economies and 7.4% in developing Asia. This crisis has increased this gap.

Putting the right policies in place is crucial to avoid prolonging the crisis and holding back growth. Trade can be no exception given its importance to Europe's prosperity: extra-EU trade accounts for 15% of EU GDP; European companies hold investments abroad worth 25% of GDP and foreign companies have investments here equivalent to 18% of GDP. Millions of jobs are dependent on trade and investment.

## Main issues at European level

An ambitious conclusion of the WTO's Doha Round providing for substantial market access for all companies to major markets should be the top priority for 2010. If this is not possible in the short term new approaches should be considered, including broad sectoral negotiations and moving ahead with issues such as trade facilitation, services liberalisation and providing duty free treatment for the world's poorest countries.

The challenges in concluding the Doha Round leave the EU little choice but to pursue bilateral free trade agreements with willing partners. Agreements must comprehensively address the barriers faced by companies and be in full compliance with WTO obligations to avoid trade diversion. The EU also needs coherent strategies for its economic relations with major partners – both traditional and emerging. Priority countries are the United States, China, Russia, India, Japan and Brazil.

Securing a level playing-field for access to raw materials is a high priority for Europe's diverse industries. Restrictions, taxes and other government distortions that undermine global trade in raw materials must be tackled, and the EU should make better use of foreign and development policy to encourage sustainable access to raw materials in resource-holding countries.

Green technologies, particularly in energy production, have the potential to create new business opportunities across the economy. Accordingly the EU should promote a broad global liberalisation agreement for the sector, addressing all barriers in a non-discriminatory manner.

Barriers to participation in international public procurement markets are significant for European sectors such as energy, water treatment, healthcare, construction and transport. The EU needs to remove these barriers through the WTO, free trade agreements, strategic dialogues, or action in international organisations. Barring significant progress, the EU needs to reflect on how to better ensure reciprocal market opening.

## Challenges in the short and long term

### Challenges in the short term

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Although protectionism has not spiralled out of control as a result of the economic crisis, EU exporters have been hit heavily in Russia, Ukraine and to a certain extent the US and China (buy local requirements). European companies can expect similar problems to continue as governments do not yet look set to withdraw from steering their economies out of recession. European business is growing increasingly concerned about state intervention in the economy in China (subsidies, raw materials, technology transfer), restrictions to access to procurement markets globally, and measures that restrict/distort markets for green technology.

A united strategy in multilateral institutions like the WTO enables Europe to display strong leadership to promote open, rules-based trade and investment and to oppose rising protectionism. The EU should therefore press for the rapid conclusion of an ambitious Doha Development Agenda (DDA) by focusing on the three priority issues for Europe: industrial market access (tariffs and non-tariff barriers), services liberalisation and trade facilitation. The WTO also needs better rules to prevent abuse of anti-dumping, more stringent anti-subsidy rules and improved dispute settlement procedures including an NTB-mediation mechanism to enforce the rules.

### Challenges in the long term

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Businesses have been experiencing new challenges. New trade barriers are cropping up under the guise of environmental, health and consumer protection standards. In addition, numerous industrial policies are implemented to protect or subsidise industries, for instance through double-pricing schemes for energy-related products. Secondly, access to raw materials and energy resources will be an increasing concern of EU companies over the coming years due to heightened global competition, interventionist policies by some governments and

the rise of green technologies. Thirdly, there is a global trend towards investment protectionism although everybody acknowledges the importance of foreign direct investment.

Looking forward, the EU will need to keep an open mind about future bilateral negotiations. Economic factors must continue to be the determinants of new discussions and ultimately companies will benefit most from liberalisation with our biggest trading partners and fast growing but highly protected economies. The choice of partners should be based on serious and comprehensive analysis.

## Possible questions to be discussed during the session

### 5 Most relevant questions to be discussed during this session

Question 1:

The WTO Doha Round has been moving slowly since its launch in 2001, and the prospects for a successful conclusion in 2010 are not very promising. Are there different approaches to be considered in order to move the negotiations forward?

Question 2:

New barriers to trade and investment have been cropping up, particularly through NTBs, export restrictions, procurement or divergence of standards. What role should the WTO play to prevent and tackle these distortive measures?

Question 3:

There is currently a debate on the future of the EU's Global Europe Strategy, which has been the blueprint for EU trade policy over the last years. What have to be the priorities for a future strategy that ensures to deliver on its pledge to break down barriers and provide more market access?

Question 4:

How can governments worldwide stimulate their economies and domestic industries while staying within the rules of the international trading system?

Question 5:

Some trade unions are arguing that trade liberalisation has a negative effect on wages and this argument has made trade negotiations more challenging in some countries like the US. What should be the response to these concerns?

## Further reading

### Interesting weblinks for further reading

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- Global Europe: A Strategy for Growth and Jobs (2006)
  - [The Communication](#)
  - [Facts and Figures](#)
- BUSINESSEUROPE
  - [Going Global: The Way Forward \(2008\)](#)
- BUSINESSEUROPE
  - [Priorities for external competitiveness from 2010 to 2014: Building on Global Europe](#)

### Provide 3 articles/books for further reading

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- WTO-OECD-UNCTAD:
  - [Report on G20 trade and investment measures \(September 2009 to February 2010\)](#)
- ECIPE Working Paper No. 2/2010:
  - [Trade, Globalisation and Emerging Protectionism Since the Crisis](#)
- Eurobarometer
  - [Globalisation](#)

