



Resolution adopted by the ETUC Executive Committee in their meeting held in Brussels on 07-08 December 2006

## **On the Communication “Global Europe: competing in the world”**

### **I. Introduction**

1. On 4 October 2006, the Commission published a Communication entitled "Global Europe: competing in the world", welcomed by the General Affairs council of 12 November 2006. That text proposes that EU external trade policy be reoriented through a number of initiatives to be given effect late in 2006 and early in 2007. The ETUC wishes to set out in this resolution the position it has already expressed in a press release and at two conferences organised by the Trade Commissioner.

2. The ETUC considers that this Communication represents a break with the pro-multilateral and pro-development approach of the Commission's current trade policy mandate. It calls for a wide European debate to be opened on this subject, notably involving the social partners, and for this matter to be placed on the agenda of the spring 2007 European Council.

3. With that aim in mind, the ETUC has launched a campaign addressed to Members of the European Parliament and the Member States. The ETUC's contribution to this debate will be one of the points of the ETUC action programme proposed at the Seville Congress.

### **II. Content of the Communication**

4. The stated purpose of the Communication is to revise the priorities of European trade policy, making it the "external chapter" of the Lisbon strategy for growth and employment. The proposed new approach comprises two chapters: one on external policy and the other on EU internal policies. The external chapter recommends that, to maintain its ability to compete on global markets, Europe should accelerate access for its companies to third country markets, particularly targeting the regulatory environment in those countries. The internal policy chapter recommends that the imperatives of competitiveness be taken on board more explicitly in the development of European rules and their harmonisation with those from the European Union's trading partners.

#### **External chapter**

5. While reiterating the priority of multilateralism and of agreement in the Doha round of trade talks, the Commission proposes to negotiate several bilateral free trade agreements with emerging countries, in particular ASEAN (Association of South-east Asian Nations), South Korea and Mercosur. These agreements will have to go further than a WTO agreement by tackling services and barriers of a regulatory nature to competition, investment and public procurement. Thus, the Commission wishes to reintroduce the "Singapore" questions into the bilateral agreements, while the developing countries made it very clear in Cancun that they do not wish to discuss those issues.

6. After the publication of the Green paper on EU investments in trade defence the Commission confirmed through the Commissioner for Trade its will to adapt it to the changes linked to globalisation. The Commission recognized the legitimate request of the trade union movement on the necessary reference to the inclusion of the social, environmental norms, of the recognition of the concept of "decent work" and an agenda of sustainable development and environment in the bilateral agreements. A supplementary advantage should be granted to those who respect the criteria stipulated in the trade agreements.

7. To facilitate EU access to basic resources such as energy, metals and primary raw materials, the Communication proposes to abolish restrictions on access to resources in EU partner countries, except where justified for security or environmental reasons.

8. In November, the Commission proposed a detailed strategy on relations with China. On trade and economic issues, it focuses on intellectual property, market access and investment opportunities.

9. By the start of 2007, the Commission will propose a number of measures on intellectual property rights, access to public procurement in third countries, trade defence instruments (antidumping and safeguard measures) and a renewed market access strategy.

### **Internal chapter**

10. The internal chapter of the Communication certainly raises the most concerns. To enhance support for external competitiveness and better serve the interests of European businesses, it proposes that, when developing regulatory standards, the EU should ensure consistency with its main trading partners, including through the consultation of industrial leaders from outside of Europe. This concerns all Union policies, including social policy. The idea is to go even further than the policy of "better regulation".

11. The Commission recognizes that the advantages of market opening in the textile sector have not been passed on to consumers. It commits to set in place systematic monitoring of import and consumption prices before considering further action.

12. The Commission is aware that if it wants ambitious free trade agreements, it will have to offer concessions, by opening sectors of the European economy. In addition to transitional periods and safeguard measures, the Commission will rely on new EU cohesion programmes and on the new Globalisation Adjustment Fund to manage the effects of liberalisation, but does not specifically mention workers' needs in adapting to change.

## **III. The ETUC position**

### **General approach**

13. The ETUC is not opposed to a partial revision of European trade policy to improve its contribution to growth and the creation of jobs in Europe. It concurs with certain aspects of the Commission's analysis, and the necessity for the EU to be more active in the following areas: a. redirecting European exports to expanding markets in the emerging countries; b. enforcing the commitments made by our trading partners on intellectual property rights when these rights do not affect public health and human development in the developing countries. This should involve technical cooperation and assistance to the developing countries and identification of the countries to which the EU's efforts should give priority; c. maintaining trade defence instruments imposing temporary targeted restrictions on certain anticompetitive imports in Europe, and reinforcing them if the EU should accept further opening of its markets.

14. In contrast, the ETUC would like to express its disagreement with the proposed general reorientation of European trade policy in favour of an extremely aggressive liberalisation agenda in the developing countries, without consideration for possible social and ecological implications, both positive and negative.

15. This logic, which can be considered "mercantilist", is a flagrant contradiction with the Commission's commitments to improve coherency between trade policy and development, social and environmental objectives. These commitments are asserted in a number of communications, notably the Decent work Communication of May 2006 and the 2004 Communication on the Social Dimension of Globalisation.

16. The Union must promote an original and transparent approach to external trade, which is not that taken by the United States. The ETUC expects the EU to align its trade policy with the principles it promotes in its policies and Treaties, in particular the Charter of Fundamental Rights, namely the primacy of fundamental human rights - the social, health, environmental and cultural rights of peoples - over trade competition rules.

17. The Communication sees rules and standards as nothing more than obstacles to trade or "red tape". Yet the rules represent collective preferences. For example, the draft REACH Regulation reflects what Europeans want in terms of the safety of chemical substances, even if the regulation is not to the liking of industries outside of Europe. The ETUC wants

the question of collective preferences to be put back on the Commission's agenda, because it has the potential to promote Europe's legitimate collective interests in globalisation.

18. It is urgent to examine the impact of globalisation on climate change and how international trade rules could encourage the reduction of greenhouse gas emissions. The ETUC would like to see the Commission analyse the possibility of introducing a border tax adjustment system in trade with "non-Kyoto" countries and restricting intellectual property rights on technologies essential for combating climate change.

### **Bilateral agreements**

19. The ETUC stresses its attachment to multilateralism in trade. The Doha development cycle offers numerous opportunities to help the developing countries become integrated into the world trading system. In addition, one should not overestimate the capacity of bilateral agreements to bring real benefits to the developing countries. By definition, bilateral agreements do not allow treatment of certain subjects that respond to the interests of developing countries, such as domestic support for agriculture.

20. The ETUC stresses the opportunity offered to the Commission, in the context of the relaunch of the Doha talks, to reiterate the necessity of taking to a decisive stage work on the development of cooperation between the WTO and the ILO.

21. That said, however, the ETUC is not opposed to bilateral or inter-regional trade agreements provided they really contribute to the sustainable development of the partner countries, their citizens and their workers. We believe the Commission has the opportunity, through its bilateral agreements, to promote an active policy allowing the development of quality employment in Europe, and among our trading partners, in accordance with EU policy objectives such as respect for the Charter of Fundamental Rights, the development of an active environmental policy to combat climate change in particular, the promotion of public health at international level, in short, the emergence of new development concepts. Unfortunately, we do not find the development of such an active policy in the Commission's Communication.

22. The future bilateral agreements must include a social dimension. This social dimension should, in our opinion, comprise three essential elements which constitutes decent work :

- ▶ the promotion of dignified and fair work
- ▶ the promotion of social protection through public and private processes (mutual associations)
- ▶ the guaranteed application of social rights (the eight fundamental ILO conventions, the right to employment, protection of maternity, and health and safety at work).

23. All bilateral agreements must be accompanied by a social dialogue committee composed of economic and social representatives of urban and rural sectors. Its task should be to monitor implementation of the social dimension and to negotiate implementing arrangements on a tripartite or bipartite basis.

24. The agreements being discussed with Mercosur must include such a social dimension, as requested jointly by the ETUC and trade union organizations in the region.

25. The trade agreement under consideration with South Korea will be a real test of the Commission's will to promote workers' legitimate rights through its trade agreements. South Korea is the only OECD country that does not respect its international obligations in terms of workers' rights, in particular freedom of association. An agreement with South Korea that would not include provisions to promote respect for fundamental ILO standards would be totally unacceptable to the ETUC.

### **Internal dimension of the Communication**

26. The Communication says nothing about the price the EU would have to pay to achieve further market opening in third countries through these new free-trade agreements, in particular in the sensitive sectors of services and mode 4 (with temporary movements of service providers). If such agreements were to be concluded, they must be preceded by an open debate on this point.

27. For the ETUC, European regulations and standards must not be governed solely by the imperative of competitiveness if this concept is limited to maximizing the share of the global market held by multinationals operating in Europe. A fortiori, standards must not

be established in consultation with businesses outside the Union. The aim of achieving regulatory convergence with the United States at all costs would not take forward European prosperity, built on high social and environmental standards. On the contrary, Europe should seek to project its standards outside the Union through all its policies.



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