ESF POSITION PAPER ON EU FUTURE TRADE POLICY

ESF Message to new European Commission:

The EU needs:

- to pursue an active Open Trade Policy, oriented on improving market access for services businesses in a larger number of trading partners and refrain from protectionist policies;

- to remain the main supporter of the multilateral trading system and engage constructively in keeping the World Trade Organisation (WTO) as the guarantor of the global rules for international trade. ESF urges the European Union's institutions:
    - to continue to push towards the reform of the WTO, and in particular its unique Dispute Settlement Mechanism;
    - to keep as its highest priority the extension of the Moratorium on Customs Duties on Electronic Transmissions, including for MC14.
    - to support for an early harvest for a JSI on E-Commerce agreement with review clause and continuation of the talks on critical issues.
    - To pursue its leading role in finding a solution to integrate plurilateral trade agreements like the Investment Facilitation for Development (IFD) and the Joint Statement Initiative on E-Commerce into the WTO core rules.
    - To call to renew the GATS market access negotiations or Trade in Services Agreement (TiSA) negotiations.

- To pursue an offensive and positive policy towards more bilateral trade agreements. To that effect, ESF calls upon the EU:

    - to urgently ratify the trade agreements that it concluded;
    - to conclude on-going FTA negotiations and to speed up the ratification process as soon as the talks concluded;
    - to launch new FTA negotiations with countries that are important for the services sectors;
    - to improve the EU-USA trade relationship:
    - to find a new venue to engage with China;
    - to prepare itself for the review of the EU-UK Trade and Cooperation Agreement (TCA - due to start in May 2026);
    - to improve EU-Africa trade relationship in services trade.

- To explore alternative solutions when necessary to move the trade agenda forward:
    - to pursue negotiations of Digital Partnership Agreements and in particular digital trade agreements on cross border data flows;
    - to launch trade in goods and services negotiations at multilateral, plurilateral or bilateral level that include market access commitments;
    - to pursue ambitious trade and sustainable development objectives, by better including partners through mutual active cooperation.

- To strengthen the negotiating branch of DG Trade and ensure leadership in world trade policy with a strong and fully dedicated European Trade Commissioner.

Brussels, 5 June 2024

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Competitiveness concerns have returned to EU discourses. The warning signals concerning the EU's economic underperformance are growing, notably from Germany, where the EU's main economic engine for the European Union is slowing down. To add to these grim overall macroeconomic trends, there are also growing clouds on the trade horizon: war, geopolitical tensions, the Red Sea disruptions, the fragmentation of global supply chains, the growing barriers in digital trade, and the list could go on.

It is in these circumstances that the Europeans will go to the polls in June 2024, and that a new leadership for the European Council presidency and a new European Commission president and college will be nominated this autumn.

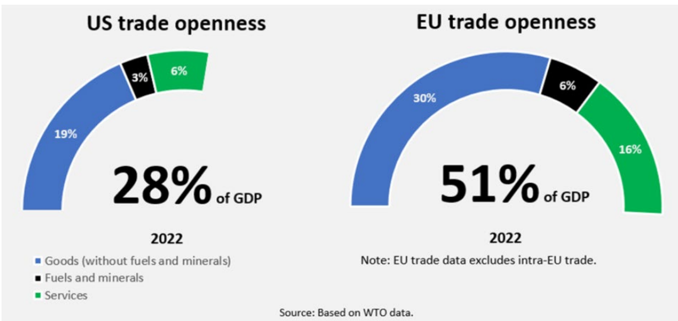
This ESF Paper aims to outline the priorities of the European services industries for the next five years in international trade and investment issues.

I. ECONOMIC CASE FOR AN OPEN EU TRADE POLICY FOR THE SERVICES SECTORS

A. The importance of trade openness

One element to examine when looking at the economic impact of trade is to measure trade openness. Historically the EU trade openness is higher than many competing countries, especially as compared to the United States. While for several decades the trade openness of the US and EU economies were at similar levels, the two major trading blocs stand nowadays in sharp contrast. The US's trade openness has seen a steady but a small increase over time, reaching in 2022 28% of GDP. In contrast, the EU's trade openness increased spectacularly in recent years, and in 2022 stood at 51% of GDP[1]. Although there is no direct scientific link, the EU's trade policy, which has delivered several new trade deals over the last decade, likely contributed to this result.

Both trade in goods and trade in services contribute significantly to this trade openness gap. However, proportionally, EU trade openness in services stands out even more than trade in goods.



The European economy and its businesses have gained tremendously from international trade, and the Commission itself has repeatedly published these benefits, where more than "38 million European jobs are related to the EU exports", where "**1 in 5 jobs** in the EU depends on exports"[2], where more than 16

[1] *The importance of trade openness – Lucian Cernat – March 2024*

[2] *See https://ec.europa.eu/trade/policy/in-focus/trade-and-jobs/ and the Report "EU exports to the world: effects on employment" – November 2021 – 61% of these 38 million are in services!*

million EU jobs are related to inward foreign direct investment[3]. Trade creates jobs and wealth, and this has not changed in the recent years, despite the pandemic and aggressive or coercive measures by some third countries. The EU economy is built on openness; EU exports benefit in numerous segments, including, of course, in services and EU imports have allowed better choice for EU consumers, as well as for EU companies, contributing to efficient supply chains.

The open flow of data has also clearly benefited the EU economy as well. Up to a point that, according to the WTO, and contrary to most people would expect, the EU is by far the world's largest exporter of telecommunication, computer and information services to the rest of the world (see below). The EU is also the biggest importers of these services. This openness fully contributes to keeping the EU abreast of ongoing fast-paced innovation in these domains.

B. The importance of trade and investment in services for the EU economy

The EU27 trade in services represented 30% of EU GDP in 2022[4]. This is significantly higher than in the US (6.4%), China (4.8%), India (14.2%) or Brazil (6.3%), etc. The world average is 9.2%. But other competing countries have an even higher rate, Switzerland (38.4%) or Singapore (117.8). The UK rate is 26.7%. This clearly demonstrates that the EU is more open and hence more dependent on trade. Policies negatively impacting trade in services would therefore have more influence on the EU economy.

The total volume of trade in services in the EU amounted to more than €2.4 trillion (€1.3 trillion of exports and €1.1 trillion of imports). Trade in services does represent 33% of total EU trade (trade in goods and services together). This trend is growing and, unlike what one might expect, the EU today has become also the biggest global exporter of digitally delivered services.

The WTO and other international organisations have started to collect data on "Digitally delivered services trade". The EU is by far the leading exporter of these services, though the figures include both intra-EU and extra-EU. The EU exported $1.62 trillion in 2023, while the US exported $649 billion and the UK $438 billion[5]. If we use more traditional figures of exports of "Telecommunications, Computer and Information services" (BOP6 - SI), the EU is also the biggest exporter by far with $329 billion of exports in 2021 (last year available – extra EU) while the US exported $74 billion. The EU is therefore the main international player in digital trade and the EU institutions must keep in mind this position when negotiating the JSI on E-Commerce in the WTO, the digital trade chapters in FTAs, and the other bilateral Digital Trade Agreements.

Foreign direct investment is also crucial for the EU economy. The EU is the biggest investor and the biggest recipient of FDI in the world[6]. These investments allow the EU to shine abroad and projects its values. Most importantly, these investments create jobs and growth in the EU and contribute to keep the competitiveness of the EU economy. It is important to note that, according to Eurostat in 2021, 71.3% of total EU outward FDI originates from services sectors, and 77.4% of total EU inward FDI targets services sectors[7]. Eurostat estimates that in 2021, 15% of EU total jobs were working in foreign

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[3] *See https://trade.ec.europa.eu/doclib/docs/2019/march/tradoc_157724.pdf - page 65 - with a significant share in US owned companies - See also https://www.espon.eu/sites/default/files/attachments/ESPON%20FDI%20-%2002%20-%20Main%20report%20-%20Extra-European%20FDI%20towards%20Europe.pdf*

[4] *See the World Bank database here.*

[5] *See https://www.wto.org/english/res_e/statis_e/gstdh_digital_services_e.htm. The dataset contains WTO estimates on services traded through computer networks, such as the Internet, apps, emails, voice and video calls, and digital intermediation platforms. The coverage of digitally delivered services reflects the definition of the IMF-OECD-UNCTAD-WTO Handbook on Measuring Digital Trade.*

[6] *See OECD Foreign direct investment in figures: EU FDI Outward: $13.4 trillion; EU FDI Inward: $7.4 trillion*

[7] See Eurostat - BOP_FDI6_POS

controlled businesses[8]; i.e. around 34 million jobs in the EU depend on inward FDI, around 60% of those are services companies. For this reason, we urge the EU to exercise caution when considering any policies that could restrict Europe's attractiveness for foreign investment. For example, any screening or monitoring measures targeting inbound or outbound investments should be clearly and narrowly targeted to address objective security risks, avoiding disrupting investments that are crucial to EU innovation and competitiveness.

In the current complex geopolitical context, there is a need for greater confidence in Europe's business environment. Foreign investors still want to source production across the EU. Putting up trade barriers would be an obstacle to this. EU strength comes from global engagement, all the more so if the US and China continue to progressively withdraw.

It is true, as claimed by the European Commission, that the EU has continued to build over the last decade a wide network of preferential trade relations with over 74 countries around the world. Unfortunately, these efforts have not yet brought the expected benefits for the services sectors. **Out of the top 25 EU trading partners for trade in services, the EU has signed an FTA with only 6 of them** (UK, Singapore, Japan, Canada, Korea and Ukraine (in that decreasing order)). The EU has signed many other trade agreements, but they are either revised but not yet ratified (Mexico), or with smaller countries that trade less services with the EU (Chile – ranking 28th, Colombia – 32nd, New-Zealand – 35th , etc.), or agreements without any services commitments (EPAs with African and Pacific countries).

II. SPREADING A POSITIVE TRADE AGENDA

One can hear that the sirens of protectionism are ringing at the doors of the EU. And the EU has already started to take that path with the development of "open strategic autonomy" and a unilateral toolbox that include the Anti Coercion Instrument (ACI) (2023), the Deforestation regulation (2023), the CBAM (carbon border adjustment mechanism) (2023), the foreign subsidies regulation (2022), the foreign direct investment screening regulation (2019, to be revised in 2024), the International public Procurement Instrument (2022), the data act (2023), the forced labour regulation (2024), the Corporate sustainability due diligence directive (2024); and more recently the proposal of the economic security package, with possible measures on outbound investment. Surely all these instruments have their own history and good reasons, and surely the EU should not continue to be naive anymore in a more complex and unsecure trade environment, and indeed, ESF supported some of them, like the one on public procurement and on foreign subsidies.

But ESF would like to draw the attention to the fact that the EU is sending a wrong signal to its trading partners by adopting unilateral measures. The EU is more and more perceived as a protectionist block. These wrong signals are in turn making trade negotiations more complex, hampering market access opportunities, and can trigger other protectionist reactions, if not retaliations. Proper Impact assessments of EU future regulations on the EU Single Market but also on the international trade and on the perception of such regulation by trading partners should be systematically undertaken, ex-ante at the time of the EU Commission proposal, but as well post-adoption by the Parliement and Council, as the amendments brought in the legislative process can significantly change the core of the original proposal. This will allow smoother implementation.

In addition, as the importance of digital services is growing, forward-looking digital policy enabling free flow of data is critical to job creation, economic competitiveness, and innovation. The EU should continue acknowledging that global services depend on cross-border **personal and non-personal data**

[8] *https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20240209-1*

flows, considering their positive impact on economy, and growing digital trade between the EU and third countries. ESF supports policies that help instil trust in the digital economy while safeguarding the ability to transfer data across borders, **refraining from imposing data localization or other protectionist requirements** that may restrict the free flow of data.

The misconception that data localization leads to better data protection is often counterproductive, whether it pertains to privacy legislation, health data spaces, certification schemes, or rules for non-personal data transfers. Data localization undermines the objectives of European data protection laws, which seek to ensure a high level of protection and facilitate the free flow of data. The central EU data protection law, the EU General Data Protection Regulation (GDPR), is structured around two primary objectives: ensuring a high level of protection and promoting the free movement of personal data. As the EU continues to advance its ambition of promoting the EU standard for personal data flows as a global benchmark, it should also play a crucial role in encouraging international best practices that promote a risk-based approach and the interoperability of international data flows systems.

These are the reasons why ESF calls upon the EU to continue to work towards a positive trade agenda. As outlined in the recent Letta report, EU trade policy should "move away from a logic of imposing regulations that harm partners and our ability to negotiate strategic partnerships".

A. Protect and expand the Multilateral trading system and integrated plurilateral agreements

First and foremost, **the EU must continue to be the champion of multilateralism**:

a) by protecting as far as possible the global rules set by the World Trade Organisation (WTO). In the current tense geopolitical situation, the EU will need to play the role of referee and protect the multilateral system.

b) by continuing to push towards the **reform of the WTO**, and in particular its unique Dispute Settlement Mechanism. ESF welcomes the MC13 ministerial decision to accelerate discussions and build on the progress already made, and work on unresolved issues, including issues regarding appeal/review and accessibility to achieve the objective by 2024 as set at MC12.

c) by supporting the **full implementation of the WTO Trade Facilitation Agreement (TFA).** The TFA is a landmark agreement which entered into force on 22 February 2017 following its ratification by two-thirds of the WTO membership. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area. Its implementation is crucial for all logistics' related services as well as their customers trading across the globe.

d) by keeping as its **highest priority the extension of the Moratorium on Customs Duties on Electronic Transmissions**. This is absolutely crucial so that a quarter of world trade remains absent of tariff. The global private sector has strongly expressed its support for this Moratorium to stand, including in a global letter signed by 211 business trade associations, where ESF played an active role. ESF welcomes the extension of the Moratorium for two more years and call upon the EU to continue to take the utmost efforts to keep these rules under the ambit of the multilateral trading system as has been the case since 1998. The Abu Dhabi declaration clearly allows the WTO membership to do so by consensus.

e) by pursuing its leading role in the negotiations and conclusion of **plurilateral trade agreements** initiative like the Investment Facilitation for Development (IFD) and of course the Joint Statement Initiative on E-Commerce.

ESF applauded the conclusion of the Disciplines on Services Domestic Regulation, which will allow EU services exporters and investors to benefit from more transparency in their licensing and authorisation procedures which will significantly reducing the cost of doing business. ESF is grateful to the European Commission and the Member States for their active role, prior to and at the 13th WTO Ministerial Conference in Abu Dhabi in February 2024, in ensuring that these disciplines will now become legally binding for the 70 signatory countries. This is the first full-fledged plurilateral agreement in the WTO, and ESF fully support the two others mentioned above to be integrated into the WTO rules of law, either as an Annex 4 to the WTO agreement, or through any other innovative solution.

ESF applauds the work of the participants in the recent round of Joint Statement Initiative (JSI) on E-Commerce negotiations on 22-25 April, which reportedly concluded JSI discussions at the technical level. ESF also welcomes the reported terms of the latest Chair's text issued by the JSI Co-Convenors in early May 2024 where real progress has been made. ESF is disappointed that key issues like cross-border data flows, data localisation, and protection of source code have been put aside for the moment but insists that the negotiations must continue in due time, and welcomes the review clause inserted in the first phase agreement. This first package however must enact a permanent ban of tariffs in digital trade. It must also, so as to be somewhere significant, include rules on e-payment and financial services. ESF and partners of the Global Services Coalition have on any occasions[9] expressed their support on this initiative.

f) by encouraging WTO members, either on a multilateral or plurilateral basis, **to explore the possibility to resume market access negotiations for trade in services**, as set forth in GATS (General Agreement on Trade in Services) Article XIX. The documents that were discussed during the negotiations of the Trade in Services Agreement (TiSA) that stalled in 2016 could serve as a basis for such talks. TiSA and the GATS negotiations themselves were plurilateral talks, and now that it has been demonstrated that plurilateral agreements with countries of the willing are possible, new talks on market access in services should be explored.

g) By continuing to push for **closer cooperation between the WTO and business**. We believe that more and better channels of dialogue between business and the WTO are needed to enable structured, effective and transparent communication. ESF remains ready to bring business input into the multilateral process.

B. Pursue the bilateral trade agenda with focus on market access

ESF urges the institutions **to maintain the core principle of the EU as an open economy**. Now that the unilateral toolbox has been put in place, the European Services Forum calls upon the EU institutions **to use this toolbox in a smart and balanced way**, that should not lead to deterioration of trade. Proper stakeholders' consultations and impact assessments will need to be conducted before the activation of any of the measures of the toolbox. Market access commitments for EU service providers abroad remain crucial to support EU's competitiveness.

Furthermore, as the digitalisation of the economy spreads across all sectors, ESF believes that every modern trade agreement should include provisions on:

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[9] See GSC Statements here (07/03/2024); here (at MC13 – 02/03/2024) and here (16/05/2024).

- Cross-Border Data Transfers. Across all sectors, trade agreements shall prohibit requirements to use domestic computing facilities or store data locally as a condition for conducting business;
- Prohibition of Data Localisation and Mandatory Location of Computing Facilities. Across all sectors, trade agreements shall not impose requirements to use or locate computing facilities or data in their own territory as a condition for conducting business, localization of data should be prohibited;
- Custom Duties. Trade agreements shall establish a ban of customs duties on electronic transmissions.
- Cybersecurity Risk Management. Trade agreements shall adopt frameworks to manage cybersecurity risk and refrain from protectionist mandates or other measures that undermine cybersecurity.
- Personal Data Protection. Trade agreements shall promote mechanisms to ensure interoperability of personal data protection frameworks, and ensure that data can be transferred across borders.

In addition, the ESF urges the EU to continue respecting longstanding tenets of international law and practice, including: (1) the freedom of governments to pursue necessary public policy objectives; (2) the renunciation of discrimination against non-national persons, products, services, or technologies; (3) the commitment to minimize trade-restrictive effects; and (4) due consideration to principles of compatibility and interoperability with trading partner laws.

Furthermore, ESF believes that the **bilateral trade agenda** remains pertinent and calls on the EU to continue to **work towards better market access** wherever possible:

a) by ratifying concluded deals: Revision of the FTA with **Mexico** (18th largest EU trade partner for services in 2022 – €22.5 billion, with new commitments for the service sectors; EU-**Mercosur** FTA (Brazil = 15th – €28.9 billion and Argentina – 30th – €8.1 billion);

b) by concluding ongoing trade negotiations with 1) **Australia** – 13th – €34.3 billion; 2) **India** – 8th - €50.7 billion; 3) **Indonesia** – 27th – €9.3 billion; 4) **Thailand** – 25th - €11.5 billion) and resuming those negotiations which were previously stalled (**Philippines** – 33rd - €6.5 billion; **Malaysia** – 24th – 10.9 billion);

c) by finding a new venue to engage with **China** and move on the agreed content of the Comprehensive Agreement on Investment (CAI). This draft agreement was particularly of interest to services sectors where new business opportunities were negotiated. China is essentially seen as a strong exporter of goods. But China is already the fourth largest global exporter of trade in services[10]. China is also the fourth largest trading partner of the EU for trade in services, with a total of €93.5 billion of trade in 2022 (EU exports: € 57.1 billion and EU imports: €36.4 billion). China will remain a major trading partner in the future and both parties need to overcome their political differences and re-engage into trade talks.

d) by improving the EU-**US** trade relationship: ESF is conscious of the difficult political situation with its major trading partner, and much will depend on the results of the forthcoming US presidential elections. However, all efforts should be continued to keep the lines of communications open and to pursue a risk-management policy and reduce market access barriers. The US will likely remain the most important exporter and importer of services trade to and from the EU in the foreseeable future, and all must be done to preserve this relationship. In 2022, 37% (€300 billion)

[10] China is 4th world exporter of services, behind the EU, USA and UK, with $422 billion in 2022. WTO Global Trade Outlook 2023.

of total EU exports to the US were services, while services trade represented **52%** of total US exports (€396 billion) to the EU. EU exports to the US represents 22% of its global trade in services, and **34.5%** of its total imports of services, which is really impressive. Alternative kinds of agreements should be explored like mutual recognition agreements of professional services qualifications and cybersecurity certification frameworks, as well as sub-federal States MOUs or "mini deals" in some specific sectors. The work of the Trade and Technology Council (TTC) should be continued as a way to channel bilateral activities and solve possible upcoming challenges. ESF welcomed the EU-U.S. Data Privacy Framework (EU-U.S. DPF) adopted last year. Going further, ESF would like to encourage the EU and the US to work on a full Digital Agreement Partnership, with a proper Digital Trade Agreement that would cover rules on cross-border data flows.

e) by preparing itself for **the review of the EU-UK Trade and Cooperation Agreement (TCA** - due to start in May 2026).

In this context, we would like to bring the EU's attention to the provisions under Article 126 of the TCA: this Article commits the parties to reviewing the agreement "with a view to introducing possible improvements" to the provisions on Services and Investment[11], and to "review the non-conforming measures and reservations set out in Annexes 19, 20, 21 and 22 and the activities for short term business visitors set out in Annex 21, with a view to agreeing to possible improvements in their mutual interest."[12]

In particular, many businesses in both the EU and UK are unhappy with the current EU-UK business mobility provisions, therefore negotiating improvements to such provisions in the TCA (including the activities for short term business visitors) would be in the parties' mutual interest.

f) By exploring the possibilities in joining the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (**CPTPP**). The EU has clearly set its interest in increasing it trade relationship with the Indo-Pacific Region. The EU has already signed FTAs with the majority of countries that are part of the CP-TPP (Canada; Chile, Japan, Mexico, New Zealand, Peru, Singapore, United Kingdom and Vietnam); and is currently negotiating with Australia and soon will resume with Malaysia. It will therefore make sense to analyse whether an even closer relationship will be of the interest of the EU. Such an agreement would create the world's biggest trade agreement and new paradigm for global trade.

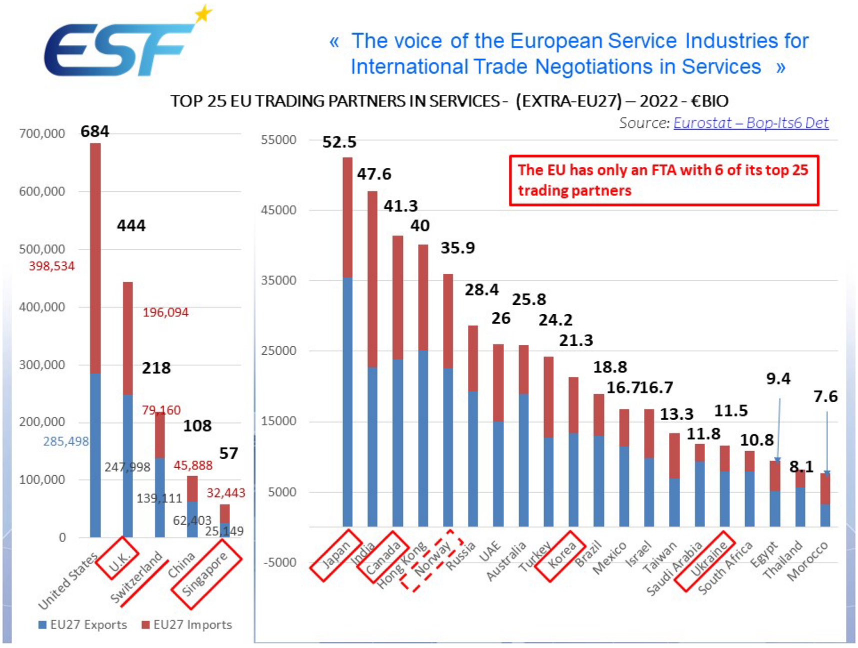
g) by **opening new Free Trade Agreements with willing trading partners**.

We have in mind here in particular negotiations with the **United Arab Emirates** who are the 11th largest EU trading partners in services trade with a total volume of +€35 billion in 2022. The revision of the Customs Union with **Türkiye**, and an expansion to the liberalisation of the services sectors is also a priority for the European services sectors. Türkiye is the 12th EU services trading partner with also a volume of +€35 billion.

Finally, ESF calls upon the European Commission to further consider a deeper trade relationship with **African countries**. Demographic and economic development of the African continent will soar in the near future. This will trigger important economic growth that the EU cannot ignore while EU growth remains low. The EU services companies will be interested in contributing to this growth by providing expertise in these countries, but to allow this they need access to these markets. Exploratory discussions could be run to see whether services talks could be launched

[11] See TCA, Article 126.1: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22021A0430(01)&from=EN
[12] TCA, Article 126.2.

or pursued with countries like **South Africa** (23rd - €15.8 billion), **Egypt** (25th – 1€4.3 billion), **Morocco** (27th - €11.4 billion) or **Tunisia**. Finally, ESF deeply regrets that no market access negotiations have been launched with trading partners that have signed Economic Partnership Agreements (EPAs) with the EU, notably recently with **Kenya** (41st – €2.5 billion), as well as **Nigeria** (37th – €4.2 billion) and **Mauritius** (39th – €2.6 billion) for instance.



C. <u>Explore alternative solutions when necessary to move the trade agenda forward:</u>

ESF acknowledges the growing difficulties of signing comprehensive trade agreements, and remains open to alternative solutions when circumstances and bilateral discussions towards a full-fledged FTA are at an impasse. ESF however once again draws the attention of the institutions on the importance of trade in services for the EU economy (see above), and urges the decision makers to keep this in mind. ESF understands and supports the efforts towards agreements on critical raw materials, but this should not be to the detriment of bigger trading interests like those from the services sectors.

ESF welcomes the recent efforts to negotiate Digital Partnerships with <u>Canada</u>, Japan, Korea and Singapore, and further encourage negotiations of **digital trade binding rules on cross-border data flows** with these countries. The <u>agreement with Japan</u> has set a benchmark and we encourage further similar results with Canada, Korea and Singapore as well as, for instance with countries with which the EU has already signed an FTA but not advanced rules on digital trade, like Colombia, Costa Rica and Peru.

On the subject of **trade and sustainable development**, ESF welcomes the achievements reached through the Trade and Sustainable Development chapters in the numerous FTAs that have been finalised and implemented in the last decades. ESF is actively contributing to these efforts by spreading the acknowledgement of these rules towards its own membership and towards our trading partners, as well through ESF participation in the various Domestic Advisory Groups set in these FTAs. ESF however believes that the EU should put a far greater focus than previously on cooperation with third countries. Efforts to show the good way through the "Brussels Effect" such as through the deforestation regulation have not shown that the EU is living up to its stated aims of wanting to protect the multilateral system. To be efficient, sustainability commitments need to be understood and accepted by our trading partners.

One possible way forward related to services and environment would be to look at ways to relaunch the **trade and environmental goods and services** either as a multilateral agreement or as a plurilateral joint initiative in the WTO. There are flurry of evidence that environmental services could bring solutions to fight against pollution and climate change (clean air pollution, reduce noise pollution, contribute to water management, waste management, energy efficient construction, etc.). But so far, only few countries have opened their markets to these services and their new technologies.

D. Ensure leadership in world trade policy

Finally, the EU needs to strengthen the negotiating branch of DG Trade and ensure leadership in world trade policy with a strong European Trade Commissioner. Now that the defensive toolbox has been adopted to ensure that the EU will not be seen as naïve and is able to defend its interests when necessary in its own internal market, it is time again to set a proactive trade policy that will negotiate agreements as proposed here above in this paper.

ESF would like to call the new incoming Commission to ensure that the college includes a full-time dedicated Trade Commissioner. This is very important to ensure that the EU is well equipped to run one of the few EU full exclusive competences. According to the World Bank[13], trade represent 106% of the EU GDP in 2022. This is much higher than our major competitors, like the US (27%) or China (38%). Such a high level of dependency on trade justifies having a dedicated high-level official at the helm of the EU Trade Policy. Some might argue that the trade portfolio can instead be incorporated under other cabinets/commissioners, as trade is becoming more complex and integrated in other policy areas (such as sustainability, security, and digital). However, ESF considers that moving in that direction would risk that trade will be overshadowed by these other issues. This would be a dangerous development for global trade and consequently for businesses.

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[13] https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS

List of members supporting the above position

- Amazon
- Amfori
- Apple
- Architects' Council of Europe –ACE
- BDO
- Bureau International des Producteurs et Intermédiaires d'Assurances – BIPAR
- BUSINESSEUROPE
- BUSINESSEUROPE WTO Working Group
- BSA The Software Alliance – BSA
- Danish Shipping
- DHL Group
- Digital Europe
- EK - Confederation of Finnish Industries
- EuroCommerce
- European Banking Federation - EBF
- European Community Shipowners' Associations – ECSA
- European Express Association – EEA
- Fédération de l'Industrie Européenne de la Construction – FIEC
- FratiniVergano European Lawyers
- General Council of the Bar of England & Wales
- Google
- Huawei Europe
- IBM Europe, Middle East & Africa
- Institute of Chartered Accountants in England and Wales (ICAEW)
- Insurance Europe
- Irish Business and Employers' Confederation – IBEC
- Law Society of England & Wales
- Le Groupe La Poste
- Microsoft Corporation Europe
- PostEurop
- Svenskt Näringsliv (Confederation of Swedish Enterprise)
- TechUK
- Telenor Group
- TheCityUK
- UPS
- Vodafone
- Zurich Insurance