

## Concept Paper:

### Towards European Trade Implementation Action Plans

#### I. The concept of European Trade Implementation Action Plans

European trade policy is an enormous success for Europe, with almost 30 million jobs depending on EU exports, of which 6 million have been created directly by exporting SMEs. Moreover millions of jobs have been created through imports from third countries, as well as through the 4.5 trillion in foreign direct investment.

Europe more than most other world regions thus depends on access to foreign markets for its prosperity, and this trend will only increase further as 90% of world growth will be generated outside the EU by 2020.

Fortunately in this context, the Juncker Commission is currently on track to become the most successful Commission in terms of negotiated trade deals, counting on the strong support of **EUROCHAMBRES** along the way.

- However while Europe undoubtedly has a very successful track record in terms of developing the world's largest network of trade agreements, it has not done as well in ensuring an optimal uptake of its trade agreements among its business community- especially among SMEs. In other words, Europe is currently "*punching below its weight*" when it comes to the implementation of its trade agreements.

This can certainly also be attributed to the complex internal structure of the European Union, in which the EU is exclusively competent for negotiating trade agreements, but it being up to the Member States to implement them. Additionally it is for the European Parliament to give its consent to any EU trade agreement and to monitor its development along the way.

Despite recent noteworthy improvements such as the annual publication of an EU trade implementation report and the establishment of the Market Access Partnership, the interplay between the relevant actors still needs to be further strengthened, as still too many of the over 20 million European SMEs are not aware of the EU trade agreements, and are not sufficiently well instructed how to use them in practice.

The challenges at the intra-EU level on implementation are currently leading to two main challenges for Europe:

- a) Despite trade growing under existing EU agreements, there is still a sizeable number of the EU's trading partners who are currently achieving better results in terms of implementation than the EU does.

b) Given that trade promotion is member state competence, the successful implementation of trade agreements relies ultimately on the capacity, ability and willingness of the individual EU Member States to promote a given EU trade agreement with their national business community at home. In his regard the performance of member states varies -sometimes considerably- within the EU. It is therefore an inherent European business interest to ensure an overall effective and coherent implementation strategy in Europe, in order to make sure that our SMEs, wherever they are located, can have substantially the same means to make use of our EU trade agreements.

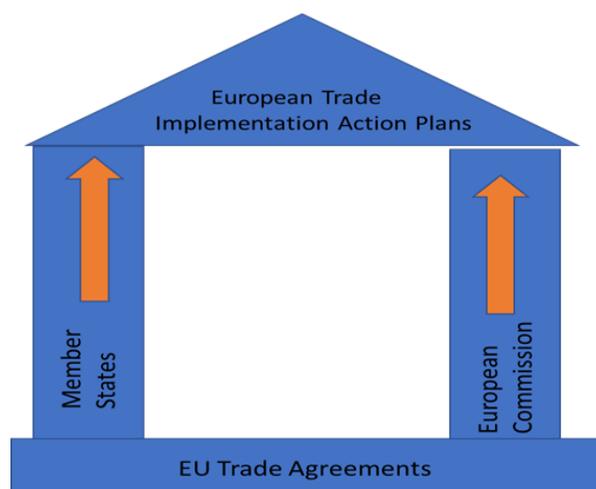
Addressing the current implementation challenge also means that Europe has a **significant economic opportunity** to achieve more sustainable growth and more jobs for its citizens, by ensuring that its companies – particularly SMEs -actually use to the fullest the opportunities that more open foreign markets were intended to provide for them.

With this in mind, **EUROCHAMBRES** suggests a practically oriented vehicle in which the main of the relevant actors (primarily the 27 Member States + EC ) commit voluntarily and in accordance with their respective competence, to implement concrete actions and activities at home, through politically binding action plans that accompany the ratification of mayor EU trade agreements<sup>1</sup>.

The different undertakings by each relevant actor could be suitably tabled at the moment an EU trade agreement is ratified, being the point at which the EU as whole will have committed itself to a trade deal, and will have signaled its priority to strengthen economic cooperation with a given third country partner.

- At that moment, Europe could also effectively signal to its businesses, that it takes implementation equally serious by committing to bring trade closer to the doorstep of those of really need it; our SMEs.

The commitments by the actors would in their entirety form the **European Implementation Action Plans**, bundling in an instrument the relative strengths and commitments of each actor involved in the implementation process, increasing national political priority for implementation, as well as increasing accountability of national governments towards their respective business community.



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<sup>1</sup> Examples of mayor trade should include the recently trade agreement with Canada (CETA), the agreement with Japan (EPA), the agreement with Vietnam, as well as Mexico and the Mercosur once fully concluded.

In this respect, the **European Implementation Action Plans** would complement on the intra-EU level the “external” implementation roadmaps that the European Commission has already committed to set up along its trade agreements, and which should contribute further to an effective monitoring of the actual transposition of negotiated FTA commitments in a respective third country.

To best attain increased political priority and consequent business impact, the **European Implementation Action Plans** could be presented and consequently updated at a targeted Ministerial level meeting in the Council on an annual basis, back to back with the publication of the EC’s annual implementation report. This would enable for an effective monitoring and benchmarking on the concrete implementation actions undertaken by the relevant actors. It would also present new opportunities for intra EU-cooperation, as well as for EU support to accompany planned efforts by governments and the business community at national and regional level.

In this respect it is of equal importance to keep the European Parliament fully informed throughout process in order for it to be able to support national and European implementation initiatives according to its monitoring role and given its authority over the EU budget.

## **II. Possible Content of the Roadmaps**

As described above, the content of the each of the Action Plans would be entirely voluntary and be based on the political priorities, competences and needs of each and every single Member State and the European Commission. However in order to try to outline the potential scope and contents, some elements below could be seen as relevant suggestions to the actors involved, including elements for the supporting role of the European Parliament in this process:

### **1. The 27 Member States:**

- Building targeted national implementation partnerships with the national business community to ensure tailored and structured implementation efforts at home, notably involving national and regional Chambers of Commerce as prime interlocutors for business/ SMEs
- Identification with the business community of national exporting SMEs and those with export potential per sector according to the strength of the national/regional business community with a targeted third country
- Elaborate national trade implementation reports mirroring the European initiative to increase transparency, accountability, and the availability of comprehensive data on all pertinent aspects of implementation (goods, services, standards/non-tariff barriers etc) at national/regional level for the respective EU trading partners.
- Together with EC commit to an EU wide political target of a 75% preference utilization rate for existing EU FTAs by 2020.
- Explore utilizing EU regional funds for the strengthening of the competitive base of European SMEs through different hubs in Europe in order to foster indirect exports through European value chains
- Commitment for general and targeted roadshows with the business community for SMEs
- Brochures in the national language tailored to the local needs, priorities and economic strengths.; dedicated website of a trade agreement – interlinkages with EU material etc.

## 2. The European Commission

- Enable more coherent joint outreach activities at national level with the Member states and the national business communities through the EU delegations on the ground.
- Enhance promotion and awareness at national level of the Market Access Database (MADB), outreach material per MS; exporter stories; comprehensive and user friendly factsheets for a specific agreements etc.
- Dedicate a separate and comprehensive section for SMEs in the annual EC implementation reports in order to examine concretely how EU trade agreement have been used in practice by EU SMEs
- Ensure the prompt establishment of the “Decision Tree” for rules of origin in order to enable SMEs to know and calculate online and free of charge whether their specific product complies with the rules of origin of EU FTAs.
- Negotiate simple and coherent rules of origin across EU trade agreements, and reduce in future agreements the recent increasing complexities and information requests in the statements of origin, which risk overburdening SMEs when wanting to use our trade agreements (e.g. EU-Japan agreement).
- Expand future information commitments in EU SME chapters to services so as to further increase uptake by service providers.
- Promote broadly with the Member States and the business community the concrete opportunities arising from openings in foreign procurement markets (e.g CETA) through a single easily accessible portal, while ensuring commitments from third country partners that European SMEs can participate digitally in foreign procurement processes
- Work with different DG’s and the European Parliament to identify European initiatives which could support European business and member states implementation efforts with regards to a given third country partner.

As stated above the **European Parliament** has an important role in supporting the implementation efforts in Europe, and which could focus on the following actions:

- More targeted support in the monitoring the utilization rates by SMEs of mayor EU trade agreements by the respective EP delegations
- Accompany implementation efforts by allocating budget for EU wide activities for the implementation of trade agreements

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*EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 93% of which are SMEs – through members in 44 countries and a European network of 2000 regional and local Chambers.*

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