

## POSITION PAPER

Brussels, 12 June 2019

### Orgalim Trade Priorities for the next European Union Legislative Term

#### Introduction

The future of Europe's technology industries is inextricably linked with the future of Europe and vice versa. In the next ten years, technological innovation can create change at a pace never seen before and open up immense opportunities for Europe if the right choices are made.

Orgalim has a [2030 industry vision for a renewed Europe](#) centered on three strategic imperatives:

- Embracing the innovation-led transformation of European industry
- Enabling European industry's long-term global leadership
- Transforming societal challenges into future drivers of prosperity

Driving an effective future trade policy will in our view be center stage. Europe's technology industries are strongly export-oriented and depend on international trade for their success, representing over a third of the EU's manufactured exports. With trade supporting 36 million jobs<sup>1</sup>, the EU must help companies to maintain leadership in the global competitiveness race by leading the global response to protectionism; standing up for free, fair and open rules-based trade; and enhancing market access for our companies.

**This paper sets out our key recommendations for a future-facing EU trade policy to support these objectives.**

- **Promote enhanced market access for our companies: open markets and fighting against protectionism**

**Open trade is in Europe's DNA.** The European Commission recently presented two papers on the benefits of trade<sup>2</sup>. These studies demonstrate that Europe's success depends to a major degree on the openness of the international economy. Our companies need access to the world's largest and most dynamic economies. This, in turn, will create growth and jobs in the European Union, creating tangible benefits for workers, consumers and society at large.

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<sup>1</sup> <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1946>

<sup>2</sup> [http://trade.ec.europa.eu/doclib/docs/2018/november/tradoc\\_157516.pdf](http://trade.ec.europa.eu/doclib/docs/2018/november/tradoc_157516.pdf) and <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1946>

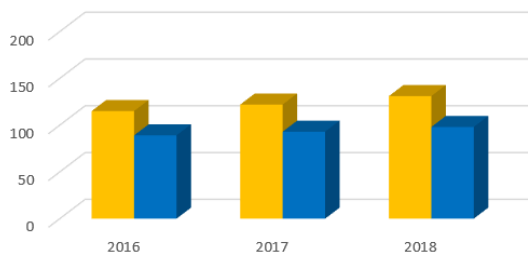
*Orgalim represents Europe's technology industries: companies that innovate at the crossroads of digital and physical technology. Our industries develop and manufacture the products, systems and services that enable a prosperous and sustainable future. Ranging from large globally active corporations to regionally anchored small and medium-sized enterprises, the companies we represent directly employ 11 million people across Europe and generate an annual turnover of around €2,000 billion. Orgalim is registered under the European Union Transparency Register – ID number: 20210641335-88.*

Europe's technology industries are convinced that protectionism is the worst of all strategies when addressing the challenges that our societies and economies encounter. Protectionist policies will backfire in the long term, raising prices and harming both industries and consumers. The European Union should therefore refrain from taking protectionist stances going forward. Instead, we call on the European Union to deepen and accelerate its work with trade partners at multilateral and bilateral level to avoid the creation of new tariff and non-tariff barriers, while working on lowering existing ones.

The US and China are key markets for our companies. These two countries are the most important ones for our sectors both in terms of value of the goods exchanged and in term of investment (see below the trade data for the US and China. Note that European-owned companies established in the US and China are considered as US and Chinese companies for the purposes of this data, and as a result their sales are not included in the figures). Our companies' interest in these markets remains high, and Orgalim expects further expansion of our companies' activities in the US and China in the near future. It is essential therefore that policy makers and industry work together on developing a strong, confident European strategy to cope with the current challenges such as the growing trade disputes.

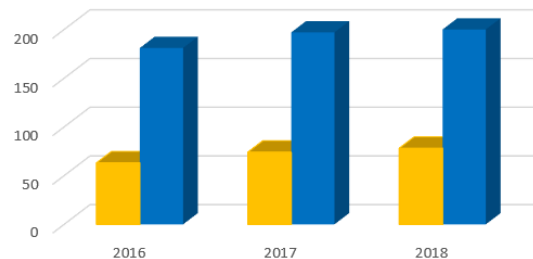
**EU exports to US**  
**EU imports from US**

HS codes 84, 85 & 90  
Value in million Euro  
Source: Eurostat  
(Data Set - 045409)



**EU export to China**  
**EU import from China**

HS codes 84, 85 and 90  
Value in million Euro  
Source: Eurostat  
(Data Set - 045409)



Asia, Africa and Latin America are the fastest growing regions. Key trade negotiations, like the one with Mercosur, should be swiftly concluded, ratified and implemented.

Critically, we believe that future trade negotiations have to tackle not only tariffs but also technical barriers to trade. Additional efforts are needed to work towards technical cooperation that seeks to reduce as far as possible the current differences in regulations and technical standards between the EU and its trade partners.

Finally, Europe should remain an attractive destination for foreign direct investment: the newly approved Regulation establishing a framework for the screening of foreign direct investments into the European Union<sup>3</sup> should not unduly prevent foreign direct investments into the EU.

<sup>3</sup> [Regulation \(EU\) 2019/452 of the European Parliament and of the Council of 19 March 2019 establishing a framework for the screening of foreign direct investments into the Union](#)

- **Create simple trade rules fit for a globalised world**

**Work towards a horizontal trade simplification agenda focused on rules of origin and customs procedures.** Trade rules, including rules of origin, need to be simplified so that all companies, including SMEs, can reap the full benefits of trade. The European Commission needs to make it easier for our companies to export, by enhancing its helpdesk support to SMEs and streamlining rules of origin for the on-going and future free trade negotiations. Complexity and the resulting costs are the greatest barriers for SMEs to export and fully to benefit from free trade preferences. Simpler rules would raise the utilisation rate of existing free trade agreements for SMEs.

- **Reap the benefits of digitalisation on trade and trade policy**

**Innovation and technology will further enhance global trade.** Digital innovation is key: only with the right conditions in place can Europe's technology industries fully seize the opportunities provided by the digitalisation of the industry and remain competitive within the European Union compared to products coming from outside the European Union. In turn, this competitiveness at home leads to a strong position of Europe's technology industries on a global scale.

The European Union therefore needs a clear focus on innovative aspects such as the digitalisation of the industry when negotiating Free Trade Agreements and in the current discussion on e-commerce at World Trade Organisation level.

- **Sustainability: transform societal challenges into future drivers of prosperity**

**Sustainability is a driver of growth at the international level.** With the right policies in place to systematically promote sustainability and – as a benchmark – the UN Sustainable Development Goals, Europe can ensure that our industries continue to maintain a global edge, driving growth and prosperity both at home and worldwide. European technology companies are leaders in providing solutions to the sustainability challenges facing our planet and will be at the forefront of the development and delivery of clean technologies and systems.

Therefore, Orgalim suggests that the EU pursues a positive approach to sustainable development through trade policy, without however automatically imposing solutions on third countries through free trade agreements. Sustainable development should create a positive trend with Europe's trade as an incentive for further engagements by third countries.

- **Rule-based free trade: strengthen the role of the WTO**

**The current unprecedented crisis of the WTO needs to be resolved as soon as possible.**

Orgalim is convinced of the benefits for Europe of rules-based free trade. We therefore regret the current stalemate in the nomination of judges to the WTO Appellate Body. In order to enable continued ruled-base free trade, the dispute settlement mechanism of the WTO, including the Appellate Body, needs urgently to be fixed.

Orgalim fully supports the European Commission's other efforts in finding solutions to the current challenges at WTO level<sup>4</sup>. Notably, we agree that the role of the WTO Secretariat should be enhanced by providing a facilitating right of initiative to propose compromise proposals.

We also support the EU proposal on transparency and subsidy notifications<sup>5</sup>, including the creation of a general presumption according to which, if a subsidy is not notified to the WTO by the State giving the subsidy, it would be presumed to be an illegal subsidy. In this case, the State in question would need to prove that the measure is not an illegal subsidy according to the WTO rules. We also welcome the new WTO negotiations on e-commerce<sup>6</sup>.

- **Achieve coherence of policies**

**Coherence between external trade policy and the functioning of the internal market needs to be improved.** Europe's Technology Industries can continue to prosper only if there is full coherence between the policies that make them thrive in the internal market, including its industrial and environmental objectives and an ambitious trade policy. With the right conditions in place, the trade opportunities for European businesses are hugely promising.

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<sup>4</sup> [http://trade.ec.europa.eu/doclib/docs/2018/november/tradoc\\_157514.pdf](http://trade.ec.europa.eu/doclib/docs/2018/november/tradoc_157514.pdf)

<sup>5</sup> [http://trade.ec.europa.eu/doclib/docs/2019/january/tradoc\\_157633.pdf](http://trade.ec.europa.eu/doclib/docs/2019/january/tradoc_157633.pdf)

<sup>6</sup> [http://trade.ec.europa.eu/doclib/docs/2019/january/tradoc\\_157643.pdf](http://trade.ec.europa.eu/doclib/docs/2019/january/tradoc_157643.pdf)