

Brussels, 4 February 2008

Engineering Industries demand an EU Trade Policy which focuses on competitiveness, growth and jobs

1. INTRODUCTION

The engineering industry is a growth industry whose output rose in real terms by some 6.6% in 2006 and is estimated to have risen by some 7% in 2007. As suppliers of capital goods to all industrial sectors, the environment and health sectors, including those products and technologies which will allow the EU to become a world leader in energy efficiency technologies, a wide range of consumer products, and other intermediate products, we are central to the technological and economic development in the European Union and a key driver of the growth and jobs agenda.

2. CALL FOR A PRO-ACTIVE AND OPEN EU TRADE POLICY

In order to maintain and further develop our industrial and technological leadership, both a healthy internal market and stable, foreseeable framework conditions on export markets are necessary. While the internal market is strong at the present time, as a cyclical industry we rely heavily on our exports for a key part of our growth. The engineering industries are therefore heavily dependent on *open* markets with stable and foreseeable framework and investment conditions abroad.

We believe that a modern and pro-active EU Trade policy should work towards the creation of favourable framework conditions worldwide, which could allow EU industry to meet the challenges of a constantly changing competitive landscape. The outcome of such a policy should be free and fair trading conditions and, in the EU, appropriate market surveillance as well as access to competitive energy and raw materials prices.

Orgalime therefore fully supports the Commission's "Global Europe" Trade Policy Agenda which underlines the important links between the EU's internal and external agenda and pleads for rejecting protectionism at home and for further opening up of markets abroad. This is all the more important at this time of instability in the financial markets where the strength of the "real" economy can to a certain extent mitigate the turmoil in the financial markets.

While we believe that the WTO DDA round should conclude with far reaching tariff cuts for all member countries, we fully support the Commission's proposal to additionally conclude bilateral free trade and political agreements with our main trading partners. We ask for an ambitious deal in terms of product coverage and liberalisation, as well as the inclusion of topics and policies that are currently not covered by the WTO Agreement, such as for example investment, public procurement, further removal of non-tariff barriers and strong IPR protection. With regard to the latter, Orgalime very much welcomes the Commission's effort to conclude a new Anti

Orgalime, the European Engineering Industries Association, speaks for 35 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 23 European countries. The industry employs some 10.6 million people in the EU and in 2006 accounted for some €1,779 billion of annual output. The industry not only represents more than one quarter of the output of manufactured products but also a third of the manufactured exports of the European Union.

Counterfeiting Trade Agreement (ACTA) with EU's major trading partners, which would go much beyond the WTO TRIPS agreement.

Orgalime believes that the EU should use bilateral negotiations also for encouraging the development and growth of third countries' internal markets. It will both provide economic development to our trading partner, as well as ensure that our manufacturing industry can continue to play the leading role in satisfying the needs of rising living standards in emerging economies, of urbanisation and technological development and of the demand for energy efficient products.

3. THE WRONG WAY: UNJUSTIFIED USES OF TRADE DEFENCE INSTRUMENTS

Orgalime is a proponent of free and fair trade. We are therefore not opposed to the use of trade defence instruments where this fundamental principle is breached. We do not however support the use of trade defence instruments, such as anti dumping, as a political measure, for example with a view to correcting imbalances in trade or strong competition. In our view:

- Trade defence instruments should only be used for their purpose, namely to counter predatory behaviour in specific situations and moments of time.
- Trade defence instruments are static instruments, based on past behaviour. They are essentially ill-suited as a long-term policy instrument.
- It is essential to take into account the Community interest which has too often in the past been neglected. For an industry such as the engineering industry, the possible knock-on effects of inappropriately used trade defence instruments are evident: they damage the competitiveness of our manufacturers and clearly discourage continued investment and growth in Europe.

4. CONCLUSION

We therefore urge the Commission to pursue a trade policy which is in the Community's whole interest and to not resort to counterproductive short term measures, in particular in cases where actions are based on preserving a captive market of some segments of industry to the detriment of a competitive and healthy market which are essential to the fostering of the innovative products and technologies which will guarantee the future of the EU as a strong manufacturing economy offering growth and jobs.



The European Engineering Industries Association

ORGALIME aisbl | Diamant Building | Boulevard A Reyers 80 | B1030 | Brussels | Belgium
Tel: +32 2 706 82 35 | Fax: +32 2 706 82 50 | e-mail: secretariat@orgalime.org
Ass. Intern. A.R. 12.7.74 | VAT BE 414341438