

Position Paper: EU Economic Diplomacy



EBO

'The Voice of European Business Abroad'

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INTRODUCTION

“I want a European Union that is bigger and more ambitious on big things, and smaller and more modest on small things.”

President Jean-Claude Juncker

A New Start for Europe: My Agenda for Jobs, Growth, Fairness and Democratic Change

Echoing Jean-Claude Juncker’s sentiment, the time has come for the European Union (EU) to be more ambitious on “big things” and develop a common EU economic diplomacy.

The European Commission has stated that 90 per cent of future growth opportunities will emerge outside of the EU. Nowhere is the understanding of the potential of these markets greater than in the businesses and business organisations that are already engaged in these markets.

The European Business Organisation (EBO) Worldwide Network¹ represents the interests of European business in 29 third-country markets – and this number is growing. As such, the EBO Worldwide Network stands prepared to be the leading partner in the internationalisation of European companies in third- markets.

The EU and the EBO Worldwide Network share a common agenda in the opening of new markets, not only through the reduction of tariffs, but also in the elimination of non-tariff trade and investment barriers such as those linked to standards, access to procurement, reduction of subsidies and the improvement of regulation. If European companies were afforded open markets and a better regulatory environment, coupled with increased visibility and joint promotional efforts, they would have a far greater chance of being successful. However, for all this to happen there needs to be a shared vision among all key European stakeholders and a unified ‘team-Europe’ approach.

Specifically, the EBO recommends that the EU focus on:

1. Enhancing the business image of Europe;
2. Building a shared vision of an EU economic diplomacy;
3. Improving the ease of doing business in third markets; and
4. Leveraging EU delegations and EBOs.

¹ The EBO Worldwide Network is the sole global representative entity of pan-European business interests in markets outside the European Union. It represents a network active in over 29 key markets that serves European multinationals, as well as micro, small, medium and large enterprises. European chambers of commerce within the EBO Worldwide Network work on a daily basis with European Union delegations across the globe in the shared interest of supporting European companies.



KEY RECOMMENDATIONS

1. Enhance the Business Image of Europe

- a. Promote the European single market and European quality, engineering and value for money (considering life-cycle costs and environmental impact). To that end, improve the current PR campaign (online and offline) in third markets to promote the single market and European companies.
- b. Inform the European public that internationalisation of European companies is good for European jobs and growth. For example, publish the success stories of small and medium-sized enterprises (SMEs) that have ventured successfully into third markets; create a European SME award for internationalisation; increase interest among European youth through internships and training programs in third countries.
- c. Ensure that all high-level visits abroad have a substantive EU business component.
- d. Ensure EU delegations have adequate human and financial resources to support an EU Economic diplomacy strategy (e.g. hospitality budgets for hosting EU Day, sub-contracting related work and hiring local staff).

2. Build a Shared Vision of an EU Economic Diplomacy

- a. Develop an overall leading blueprint strategy that can be tailored to third-market circumstances.
- b. Develop the EU economic diplomacy strategy in conjunction with business communities by setting up regular consultative meetings on the overall progress of the initiative.
- c. Actively seek input from major leading European and third-market think-tanks to encourage constructive, critical feedback on current strategies and enhance overall impact (e.g. develop 'track two'-style economic diplomacy efforts).
- d. Explore and pilot joint initiatives with EU Member States in third markets—even if in smaller groupings—that demonstrate the shared belief in and approach to an EU economic diplomacy.



3. Improve the Ease of Doing Business in Third Markets

- a. Pursue global and regional trade and investment agreements actively based on the interests of European business. Know that governments in many third markets are concerned about being excluded from future regional agreements and want to engage with Europe. At the same time, don't waste time with countries that are not committed to making progress.
- b. Pursue and advocate regulatory improvements in third markets such as the harmonisation of standards, protection of intellectual property rights (IPR), access to procurement and reduction of subsidies. However, third countries will only adjust their regulatory systems if it is also in their own interests to do so. Therefore, there is a need to prioritise, review, adjust and re-prioritise. The involvement of EBOs will play a key role in highlighting why changes to respective regulatory systems are needed.
- c. Review restrictions on dual-use technologies and ensure that Europe remains competitive in high tech sectors. Ensure that politics do not negatively impact business relations. Instead, use politics to promote and create opportunities for business.
- d. Increase the mobility of people to facilitate business between third markets and Europe (e.g. visa facilitation).
- e. Improve access to finance for SMEs, both from within Europe (e.g. engaging the European Investment Bank (EIB) in EU SME financing for internationalising business) and ensuring that third-market countries provide equal treatment to European SMEs as well.
- f. Develop exchange programmes with third markets whereby young Europeans complete internships in third markets, and reciprocate with foreign nationals from third countries interning in Europe. This is helpful for European businesses.
- g. Ensure all EU-funded development projects create business opportunities for EU companies (e.g. EU-UN funded projects in Development Co-operation Instrument countries).
- h. Ensure that government-to-government advocacy efforts and results are more frequently communicated to the business community and their input is sought.
- i. Use the position papers produced by EBOs, and consult with and inform EBOs which issues will be prioritised. Invite EBOs to become an official member of the EU market access monthly stakeholder meeting in Brussels and defend the principles and values for which the EU stands. Use trade defence instruments when appropriate and apply reciprocity measures if trading partners continue to discriminate against European companies.



- j. Close dialogues that are not productive nor delivering results and focus energies elsewhere.
- k. Prepare EU companies well in advance before going abroad – not every company is ready to internationalise.
- l. Develop and expand government-government industry dialogues at the national, regional (e.g. ASEAN, CELAC) and sectoral level. Ensure that business is involved in briefings, debriefings and, if possible, through observer status in such dialogues, and publish the discussion topics and decisions for public consumption.
- m. Promote business summits on the back of political summits, only if the dates are confirmed early so that CEOs can join. Ensure that high-level business dialogues take place at these events to discuss business and regulatory issues, rather than just promotional speeches.
- n. Initiate regional business summits, especially within non-strategic, single market locations such as Pacific, South Asian Association for Regional Cooperation (SAARC), where synergies from several countries within the region can be formed.
- o. Ensure that future EU-supported cooperation between cities, research institutes, universities, hospitals and third markets includes business objectives.
- p. Re-invigorate the relationship with third-country markets (beyond strategic markets) where the EU's image has dwindled and where opportunities also abound.
- q. Develop activities with EU Member States—even if in smaller groupings—that demonstrate the shared belief in, and approach to, an EU economic diplomacy strategy.

4. Leverage EU Delegations and European Business Organisations (EBO)s

- a. Ensure that the EU delegations in respective third markets are the primary coordinating entity between EU government-driven initiatives out of Europe and their eventual implementation on the ground.
- b. Ensure that EBOs are the primary on-the-ground EU business counterpart and coordinating entity for issues affecting business and make them a key partner in an EU Economic diplomacy strategy.
- c. Encourage information sharing in third countries amongst EU delegations, EU business organisations and EU Member States' embassies (such as quarterly debriefings/contributing to working groups) and coordinate advocacy actions – they need not be the same, but coordination is essential.



- d. Leverage and support EBOs (e.g. by attending and speaking at EBO events in an EU official capacity, contributing content to EBO newsletters/magazines on EU developments, contracting out work to EBOs and hosting events with the business community).
- e. Ensure that EBOs in third markets play a key role in contributing to the development and prioritisation of issues in trade and investment agreements, as well as industry dialogues.
- f. Make EU Economic diplomacy strategy updates a regular agenda item of EU Market Access Teams in third markets. Invite EBOs in third markets to join the market access teams, if they have not already.
- g. Ensure that all high-level visits abroad have a substantive EU business component by ensuring the wide participation of business on the ground. Ensure that speaking points and advocacy efforts aimed at supporting business are added to all government-to-government meetings. Engage EBOs in speaking points and preparation for high-level visits.
- h. Ensure that adequate human resources are provided to EU delegations, taking into consideration that local staff often are less expensive, have broader local experience/networks and result in less turnover.
- i. Ensure EU officials have local language skills. This will help in their work, development of professional relations and job satisfaction. It will also be positively viewed by host country governments and businesses. Consider the possibility of increasing the term of EU postings to seven years for those who perform well and wish to stay, like some other countries do.
- j. Ensure that the websites of EU delegations are a one-stop shop for EU-related information in third markets.
- k. Ensure that the EU Commission / EU Delegation consults with the European business community in third markets before financial support and technical assistance projects are initiated. This approach will ensure that a proper project framework, within the parameters of an EU Economic diplomacy strategy, is created.
- l. Avoid launching EU projects that duplicate efforts/existing projects or overlap with that of existing organisations (e.g. as is the case in Thailand).
- m. Reduce the financial liability that EBOs may face due the volatility of the Euro currency in EU projects and cash-flow needs of non-profit organisations (i.e. by introducing advance payments, shorter payment terms/cycles, options to negotiate deliverables and reduced delays in payments). Member State organisations and EBOs have declined participating in some EU projects (China, Indonesia, and Malaysia) precisely because of the financial risks involved.



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- n. Engage and support the secretariat of the EBO Worldwide Network in the development of an EU economic diplomacy strategy and development of future EBOs in third markets.

CONCLUSION

The presentations given by DG Grow, DG Trade, DG DEVCO, the EEAS, and business organisations including Eurochambres and Business Europe at the EBOWWN's AGM in June, 2015, increased the awareness of an EU economic diplomacy amongst EBOs from 50 per cent to 100 per cent, and greatly facilitated contacts between the leaders of individual EBOs and key Brussels-based stakeholders. Given that such meetings take place only once a year in Brussels, it is essential that relevant updates and consultations are fully maximised and continue through other channels outside of this annual meeting. In this regard, the additional provision of working documents to the EBO Worldwide Network, were extremely helpful in raising awareness, promoting discussion and generating support. This paper is, in large part, the product of those meetings, papers and the discussions they generated among the 29 members of the EBO Worldwide Network.

From its vantage point, the EBO Worldwide Network recommends that the EU focus on: enhancing the business image of Europe; building a shared vision of an EU Economic diplomacy amongst its key stakeholders; improving the ease of doing business for European companies in third markets; and leveraging the on-the-ground resources of EU delegations and EBOs.

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