



**Economic and Social
Council**

Distr.
GENERAL

TRADE/2005/9
4 March 2005

ORIGINAL: ENGLISH

ECONOMIC COMMISSION FOR EUROPE

COMMITTEE FOR TRADE, INDUSTRY AND
ENTERPRISE DEVELOPMENT
Ninth session, 23 - 27 May 2005
Item 5.8 of the provisional agenda

**UNECE EXECUTIVE FORUM
“COMPETING IN A CHANGING EUROPE: OPPORTUNITIES AND CHALLENGES FOR
TRADE AND ENTERPRISE DEVELOPMENT”**

Results from the Discussion Sessions

Note by the secretariat

DOCUMENT FOR INFORMATION

At its eighth session, the Committee requested that the results from the discussion sessions held during its Forum on “Competing in a Changing Europe” should be published as input to discussions on the programme of work.

Introduction

1. The Executive Forum “Competing in a Changing Europe” included two discussion sessions, in which the participants were divided into groups of 15 – 20. Each group worked on questions that had been given to them in advance. The sessions required the active participation of speakers as well as the auditory and were an occasion for all participants to share views on the topic of EU enlargement. Almost all participants in the Forum took part and the exchange of views was lively. Later, during the Forum, the secretariat summarized the outcome of the discussions.

[GE.05-30469](#)

2. This paper combines the salient points from that presentation with a list of the detailed comments made by the individuals participating in the discussions. The repetitions contained therein are deliberate, the intention being to ensure that the ideas expressed are not lost. The material will also enable the Committee for Trade, Industry and Enterprise Development (CTIED), as well as its Bureau, to take into account the concerns of the participants in shaping the direction of their future work.

3. The following are summaries of the participants' answers to the two questions. These are then followed by the subject or topic titles that were used by the secretariat and the participants to summarize their discussions as well as the comments made by individual participants.

First Discussion Session Summary (11 May 2004)

4. Discussion Question: In your personal opinion, what is the most important economic impact of EU enlargement on your country, organization or business?

5. For the countries of the EU-25, participants felt that benefits would accrue to the enlarged EU and its Member States, in particular in terms of stable economic growth and economic stability, improved competitiveness, better quality products and the realization of economies of scale. Participants also expected enlargement to bring increased investment, especially in the services sector, thanks to increased funding from the EU, as well as the unification of rules and a safer business climate.

6. On the other hand, participants feared that the increased competition following the enlargement of the EU's common market could lead to the delocalization of production from some of the EU Member States with high labour and production costs to the EU's new regions. In the view of some of the participants, these challenges could be overcome through increased cooperation, a transfer of competencies and the adjustment of institutional and administrative structures.

7. As regards non-EU countries, there would be adjustment pressures stemming from increased competition in EU markets where the new Member States would now have free access, but non-EU countries would continue to have the same conditions for market access as before. This, some participants feared, could lead to a loss of export opportunities and market share. However, some others pointed out that the pre-accession agreements that the EU had with the 10 accession countries had already created a free circulation of goods (with the exception of agricultural products) quite some time before the actual accession date, so that, in reality, further adjustments for non-accession countries in this area would be limited.

8. In order to maintain and increase their exports to the EU Single Market, a major concern of many participants from non-acceding countries was the need to step up their efforts to fulfil EU quality and product standards so as to continue selling to some of their traditional markets in the new EU Member States. In this regard, participants observed that there was a need for more transparent and readily available information. Working towards regulatory convergence and harmonization and keeping standards stable and predictable were other key priorities. Participants regarded enlargement as an opportunity to facilitate trade and to control smuggling and illegal border practices.

9. Overall, there were positive expectations of what enlargement would bring for labour. The free circulation of human resources, the possibilities for youth employment and entrepreneurship could, they believed, bring a much-needed stimulus to the European job market.

10. Some of the participants had concerns about particularly sensitive issues, such as the future of the Kaliningrad region and of the Russian-speaking minorities in acceding countries. Overall, some local economies could be in a weak position, especially during the transition period, and there was a need for financing for at least the early stages of the adjustment.

11. Others pointed to the potential consequences of enlargement for energy markets and for forestry products. Participants from some newly acceding countries felt that they should receive an equal share of the EC support for agricultural production.

12. It was also felt that while enlargement would bring new energy to EU institutions; it would also present a big challenge, due to the different bureaucratic and cultural traditions of the 10 acceding countries.

Second Discussion Session Summary (12 May 2004)

13. **Discussion Question:** In your personal opinion, what are the most important steps that Governments and/or businesses should take to enable businesses to compete effectively in the new trading environment?

14. In order to increase competitiveness, participants felt that both government and business had to take action in a number of closely interrelated areas.

15. Authorities were first and foremost responsible for creating an open, transparent and simplified business environment, where companies could profit and grow. One key action of the role of Governments was ensuring political and economic stability, strengthening local institutions and improving public administration in general. Equally important was to increase the respect for work ethics, enforce all regulations and re-establish a good rule of law. However, these reforms could not be achieved without the involvement of civil society.

16. Access to markets - another crucial demand from business - could be improved through the completion of the Single Market agenda within all EU Member States, i.e. the unification of border controls, and the identification and dismantling of technical barriers to trade (TBTs). It was therefore important to ensure that environmental product legislation was not used as a barrier against imports from third countries.

17. Governments and international organizations were also called upon to develop the physical infrastructure, both at the regional and the national level, that was crucially needed to support international trade.

18. Participants regarded as very important a reform of financial markets, especially as regards improving international banking and payments and ensuring access to finance for small and medium-sized enterprises (SMEs).

19. Ultimately, however, companies themselves had to achieve a better reputation on international markets and this could only be achieved through increased investment in technologies, increased efficiency in the production of goods and services, and better quality finished products. In this context, business had to invest in its most precious asset, the working force, through capacity building and human resources development.

20. In a number of different areas improvement could only come through a successful partnership between government and business. For example, Public Private Partnerships (PPPs) could play a useful role in the definition and implementation of national e-strategies, in training and in the certification of skills. They could also provide useful input for improving governance in both business and trade-related institutions.

21. Many participants also felt that enlargement made EU standards and technical regulations ever more important for non-acceding countries, given that they are a prerequisite for selling in the EU Single market. Governments and business needed to work together to achieve greater regulatory convergence and implement international standards. Firms needed to work further on achieving ISO- 9000 compliance.

22. Yet, another area of potential collaboration between business and government was the promotion of new technologies and the development of a knowledge-based society. Specific areas of work were facilitating e-commerce – including by developing efficient e-payments systems, digitalizing the documentation flow, and building trust and credibility in e-business transactions. Another step suggested was increased support for electronic integration of the supply chain (through e-docs, common data standards for door-to-door legislation, capacity building, e-enabling of government trade agencies).

23. The exchange of information, both across and within countries, was another area where participants felt important actions could be taken, such as the organization of information databases involving the SME sector and the exchange of information about rules and regulations.

First Discussion Session: Summary titles and individual contributions (11 May 2004)

Discussion Question: In your personal opinion, what is the most important economic impact of EU enlargement on your country, organization or business?

In the following, roman numerals indicate the summary titles created by the secretariat, letters indicate the summary titles created by the discussion groups and bullet points are the contributions from individual participants.

I. A WINNING EUROPE

A. Stable economic growth

- Economic stability
- Growth of enterprise competitiveness
- Increased competition, improvement in product quality and economic stabilization
- Market expansion and increased competition

B. A more successful Europe

- Improved competitiveness of business
- Business opportunity
- Greater competition
- Much more export to EU countries
- Increasing effectiveness of economies of scale

C. New competitiveness

- Increasing number of competitors
- Increased number of competitors leads to saturation
- Need to deal with more competitive enterprises
- Interest and possibilities to invest in other countries
- Improvement in governance
- Delocalization

D. Economic cooperation

- Create an area of economic cooperation
- Economic cooperation
- More (25) countries to cooperate with on an advanced level and based on higher EC standards
- Increase in EU financial assistance
- Facilitate trade with indigenous peoples
- We downsize, move East

E. Economic policy

- Adjusting institutional structures
- Public administrative reforms
- Transfer of competencies

F. Investment attractiveness

- Investment attraction
- Investment in services, growth of entrepreneurship

G. Improving

- Improvement in products' quality
- More attention to risks
- Higher commercial and production standards

II. ADJUSTMENT PRESSURES FOR NON-EU COUNTRIES

A. New challenges for neighbours

- More focus on non-acceding EU countries
- Trade policy changes
- New models in non-acceding EU countries

B. The challenge of increased competitiveness

- Negative impact: EU demand for some goods could be covered by new members which have better market access than others
- Reconsideration of market share
- Ukraine will undertake the next step for participation, which will result in: production of more competitive products, improving quality, etc.
- Subsidies
- Increasing the competitiveness of our economy (positive impact)
- Four freedoms versus competition policy¹

C. Old obstacles stay, new obstacles appear

- Positive expectations: economic growth, improvement of competitiveness
- Negative practice: coordination of policy, fiscal restructuring, structural reforms
- Do not allow new members to apply EU rules selectively

D. The application of EU trade standards by non-EU countries

- Importance of EU enlargement as a “standardizing regulator”
- A challenge to demonstrate the importance of standards in a “transparent” society
- Foster further adoption of common European market standards
- Information shortage, both in East (norms) and in West (qualities)
- Increasing possibilities for trade and business in a wider market
- Trade facilitation within a wider region
- Stability in business within a wider region
- Effect of meeting implementation of EU standards and regulations
- Boosting the process of capacity building in knowledge in new institutions and the harmonization of laws
- There is no automatic increase in trade opportunities for developing countries in the markets of the new EU members

E. Play to EU rules

- Export quotas
- Unification of anti-dumping measures
- Kaliningrad region
- Russian-speaking minorities

¹ The “four freedoms” - enshrined in the Treaty of Rome – are defined as free movement of goods, persons, services and capital.

F. Transition period for third countries

- Period of transition needed

G. Challenges for non-UNECE countries in agriculture

- Uncertainty on agricultural trade with newly acceded countries

H. Necessity for change and a balanced approach

- EU enlargement is a necessity
- Need to study to live with the new world
- Women entrepreneurs in new EU markets
- Increase in level of lifestyle
- Improvement of investment climate
- Liberal trade policies, improvement of laws
- Overcoming of the illegal economy (through legislations/legalization)
- Decrease of exports to EU countries
- Quality of production (stimulus)

I. Controlling increased smuggling (black economy)

- Exporters trying to avoid new EU regulations
- Overcoming of illegal economy (through legislation/legalization)

III. CHANGES TO FDI AND FINANCE MECHANISMS AND STRUCTURES**A. Trade and FDI effects on countries with preferential trade agreements**

- Unification of trade rules
- Encouragement to countries neighbouring the EU to develop trade, investment, cross border cooperation, etc.
- As a country with a positive view and, hopefully, a candidate country – Croatia will benefit from the EU enlargement in the area of trade, FDI, etc.
- Politically increase the chances for economic integration into a unified market
- Countries with preferential trade agreements have to increase import quotas

B. Increased competition (more/new) opportunities for investment

- More opportunities for investments
- Competition for more investment
- Safer business climate

C. Changes in funding flows and mechanisms

- Increase of foreign direct investment in the new members' economies: new employers, salary increases, stronger competition
- Funding through EU's structural funds within PPP schemes
- Better atmosphere and conditions for promoting (and encouraging) trade and FDI
- Attraction of foreign investments for business development in Kyrgyzstan
- Unified FDI Legislation

D. Funds restructuring

- Change of donor/recipient relations

IV. ENERGY IMPACTS

A. Energy and the EU

- Regional systems of energy
- Need to incorporate into regional energy systems existing long-term contracts between new EU member States and non-EU States

B. Fate of long-term contracts (energy, nuclear, etc.)

- Saving of contracts

V. IMPACT ON LABOUR OF CHANGES

A. Consequences for labour

- Free movement of natural persons
- Labour market changes

B. More opportunities and challenges for human resources, capital and FDI

- Free circulation of human resources, capitals and goods
- Better access to low-cost labour markets in eastern Europe
- Importance of adapting to a changing Europe
- Labour market:
 - o Flow to EU - high end (educated) and low end (non-educated)
 - o Compensated by lesser flow from EU
- Increased foreign direct investment to EU
- More opportunities for cooperation
- Importance of economic locomotives

C. New employment opportunities

- Possibilities for youth employment
- Beneficial to enterprises in the new EU member countries and employment prospects for their people

VI. MARKET ACCESS AND THE SINGLE MARKET

A. Changes in market access

- Development of regions
- Positive opportunity to participate more quickly – more logical
- Positive impact – import capacity of 25 countries is higher than of 15 countries
- Enlargement of EU will have a positive effect on the trade of Turkey with EU countries because Turkey signed a Customs Union agreement with EU

- The change in the number of borders should reduce the number of duty payments, i.e. changes in customs duties
- Reconfiguration of market shares
- Larger market – more opportunities for economic cooperation and business activities

B. Trade liberalization

- Trade procedures facilitation
- Fair and simplified trade

C. Challenges and opportunities for a bigger single market

- Shift in balance to East – need to manage stagnation in West (forest sector)
- Opens up new markets
- Turkish industrial exports will increase after enlargement
- Reduced costs for market presence
- Rules of the single EU market
- Safer business climate

D. Market access

- Trade barriers and market access to the EU market

E. Loss of export markets

- Loss of markets
- Decrease of exports to EU countries

F. Larger single market with harmonized market rules

- Easier to trade because of unified trade regulations and procedures
- Trade effectiveness will be larger in terms of trade volume and scalability
- Expanded (customs free) business sector
- Larger market
- Better market access in the new member States

G. New market opportunities

- Bigger internal market
- Elimination of internal EU borders to trade and, especially, to exports
- Increase of external trade
- Increased potential for trade in services and investments

VII. REGULATORY AND STANDARDS CONVERGENCE

A. Costs and benefits of technical standards

- Other countries will use new standards
- Increasing needs for international standards
- High European standards will increase requirements for national products of third countries
- International standards

B. Need to accept and introduce EU standards

- Working with EU standards
- Necessity to increase competitiveness of production
- Improvement of national standards by adjusting them to EU standards

C. Regulatory convergence

- Changes in the regulatory framework
- European legislative and institutional framework
- Regulatory convergence
- Most important impact is STABILITY and HARMONIZATION
- Uniformity in financing

D. Simplifying Trade

VIII. ADJUSTMENT COSTS

A. Immediate direct cost of EU enlargement

- Negative pressure: 1) political and 2) economical
- Short term: 2 - 3 million USD

B. Need for financing of “transition” in local economies

- Psychological problem for citizens: mass media gives wrong information on enlargement
- Increase in competition
- Additional expenditures on restructuring
- Appearance of new (discriminatory) economic barriers
- New ”Schengen” danger

C. Adjustment costs

- Greater competition
- We downsize – move East
- High transaction costs because of required reforms in:
 - Government organizations
 - Agencies (railways, industry, etc.)

IX. AGRICULTURAL CONCERNS

A. Agricultural concerns

- Similar direct support for agriculture

B. Challenges for non-acceding countries in agriculture

- Uncertainty on agricultural trade with newly acceding countries

X. LEGISLATIVE IMPACT

A. Revitalizing European legislation (through dialogue among EU members)

- Good legislation will be copied
- Bad legislations will be questioned
- Implementation of legislation

XI. OTHERS

A. Structural Challenges for the European Commission and Regional Organizations (BSEC, CEI, etc.)

- Enlargement made BSEC (Black Sea Economic Cooperation organization) an immediate neighbour of the EU
- To integrate 10 new Member States from several different bureaucratic and cultural traditions into the European Commission at a time of wholesale change
- Belonging to a European Institution, my opinion is that we will have new people with new and original contributions to our activities (the Institution is the European Economic and Social Committee)

B. Security

- Security concerns (unless controlled)

C. Implementing Global Trade Standards and Practices

- New business standards (International Business Standards)
- Creation of organizational structures
- Economy versus environment
- Business learning
- Improving management to reach a higher-level of management

D. Increasing Trade in order to Reduce Economic Inequalities

- Positive impact on trade with EU
- Free trade or no trade barriers with EU
- More FDI
- Increasing trade opportunities

E. Regional Development

- Overcoming of regional disparities
- Legal convergence and upgraded competition (+/-)

F. Social Development

- Social cohesion leads to more market potential in a growing area of Europe

Second Discussion Session: Summary titles and individual contributions (12 May 2004)

Discussion Question: In your personal opinion, what are the most important steps that Governments and/or businesses should take to enable businesses to compete effectively in the new trading environment?

In the following, roman numerals indicate the summary titles created by the secretariat, alpha letters indicate the summary titles created by the discussion groups and bullet points are the contributions from individual participants.

I. BUILD COMPETITIVENESS

A. Take advantage of new opportunities

- Governments should enable business to compete

B. Building competitiveness

- Human resource capacity building
- To increase efficiency in the production of goods and commodities and the provision of services

C. Enhanced products

- Improved quality of exports
- To raise product quality
- Investment in technologies
- Improved quality of products through the application of international standards

D. Create external conditions for competitiveness

- Cooperation
- Political and economic stability

II. TRADE LIBERALIZATION AND FACILITATION

A. Access to markets

- EU should reconsider its GSP [General System of Preferences] scheme for developing countries in terms of reducing tariffs for most important products, especially if these products were exported to the new member countries with a lower tariff.
- Export standards and technical regulations

B. Create a competitive market

- Create a competitive market
- Financial market reform: banking improvement
- European Union: to complete the Single Market by 2010
- Unification of border controls schemes

- More autoregulation (services...)
- To complete monetary union through economic convergence
- Reinforced cooperation among member countries

C. Address barriers to trade

- Reorientation of economic relations
- Non-tariff restrictions
- Long-term contracts [the effect of accession on long term, unexpired contracts with organizations in non-acceding countries]
- Anti-dumping
- Tariff policy
- Agriculture
- Noise regulations for airplanes
- Atomic energy
- Visa-regimes
- The state should eliminate trade barriers

D. Trade Liberalization and Facilitation

- Use the potential of existing GSP regimes
- Reduce administrative barriers to trade
- Push up [in priority] a free trade agreement with the EU

III. LEGISLATIVE AND REGULATORY CONVERGENCE

A. Global regulatory convergence and simplification

- Make use of the UNECE International Model [for regulatory cooperation]
- To accept and introduce EU: 1) standards, 2) technical regulations, and 3) legislation
- Commit to adopt and implement trade facilitation measures
- Regulatory convergence and implementation of international standards
- Implement and control the application of competition regulations
- Ensure legislative support
- Stop environmental product legislation from becoming a new trade barrier

B. Unification of the regulatory standards environment

- Firms should agree to use ISO 9000 norm
- Make agreements on the unification of legislation in the area of standardization and certification

C. Efficiency in the implementation of laws

- Development of regulatory infrastructure
- Adopt a law on anti-dumping procedures
- On the State side: no action required

D. Implementation of EU rules

- To start implementation of EU criteria for acceding countries

E. Simplification and regulation in support of growth

- Promote access to finance
- Harmonization of national rules and regulations with the EU and WTO ones
- Harmonization of norms and standards with that of EU
- Regulatory convergence
- Legal framework
- Governments should adopt and endorse e-business standards developed through open, international processes
- Open borders and create a transparent business environment
- Legislation should protect better original products [i.e. intellectual property]
- Simplification of the regulatory framework
- Government to develop positive regulatory framework
- Simple implementation of regulations
- Simplification of procedures with neighbours, in the line of establishing a free trade area
- Well explained/transparent regulatory framework
- Change bureaucratic systems
- Government: VAT-accreditation for e-purchasing, billing and e-payment
- Harmonization of legal systems

IV. SUPPORT TO BUSINESS

A. Support and promotion of business

- Information about business opportunities (Governments to provide)
- To establish and provide a central support system [for business]: training centres, consulting services, information system and financial assistance
- Improve on-line information about the regulatory and trade environment
- SME promotion

B. Support of agriculture

- At the very beginning, think over the strategy of agricultural support of member States

C. Business support

- Foster international trade standards
- Support of export-oriented enterprises
- Investment in technology
- Support women in business

V. PRIVATE PUBLIC DIALOGUE

A. Private Public Partnership (PPP) enhancement

- Facilitate the development of PPPs by implementing joint projects for good governance
- Establish collaboration schemes between governments and businesses that allow the reduction of inefficiencies
- Ensure clearly defined e-strategies between government and business

B. Private Public Partnership (PPP)

- PPP – Interface between the real economy and market requirements
- Business support organizations: better services – an entrepreneurship approach

C. Business to prepare itself for dialogue with the Government

- Business needs to have an open mind and adapt
- Businesses should provide the business requirements for open e-business (ICT standards and adopt completed standards)

D. Open mind for dialogue between government and business

- Create a two-way dialogue
- Business: Do not forget the human factor!
- People training and certification of skills for e-purchasing, e-billing and e-payment
- Create a dialogue with business on regulatory implementation

E. Encourage greater inter-institutional cooperation

- Inter-institutional cooperation should be encouraged (by the financial institutions)

VI. DEVELOPMENT AND IMPLEMENTATION OF STANDARDS

A. Government to help business to implement global business practices and national regulations

- Supply chain e-integration support (e-docs, common data standards for door-to-door logistics [movement of goods from manufacturer to final customer], capacity building, e-enabling of government trade agencies)

B. Government initiatives and political will to implement international standards

- Introduce standards (Government)
- To bring third countries' technical standards and regulations closer to European Union requirements
- Strengthen institutions and public administration
- Implement international rules and standards

C. Optimize harmonization

- Progressive fiscal and social harmonisation upwards
- Harmonisation of commercial transactions
- Legislative measures

- In agro-food, harmonising upwards food security
- Create official European quality signs (food and environmental security)
- Legislative simplification

D. Business to implement global business practices and standards

- Our enterprises should accept all standards: about ecology, working, protection, quality...

E. Business-led standards

- Widely implement ICT [information and communication technologies] as a powerful tool for introducing changes
- Introduce business standards
- Action Plan for the implementation of IT applications enabling global e-business
- Endorse + implement industry-supported e-business standards

VII. CONDUCTIVE BUSINESS CLIMATE

A. Ethics (reduced corruption)

- Fight against corruption
- Fair competition
- Information and learning about EU standards on competition
- Reduce wrongly used state aids and subsidies
- Social responsibility of enterprises

B. Legal framework and institution building

- Establish good rule of law (legislation)
- Reduce corruption
- Eliminate corruption and organized crime
- Transparency

C. Open, transparent and simplified business environment

- Improve and simplify customs procedures
- Transparency
- Consistency
- To have a fair competition, the Government has to enforce all regulations
- Available government sector
- Transparency – in the business environment and networking

D. More conducive business climate

- Harmonization of international trade development through the organization of informational databases by involving the SME [small and medium-sized enterprises] sector
- Creation of an investment-friendly environment
- Creation of new circumstances for trade development and corresponding international agreements

E. Economic reforms

- Harmonization of tax systems
- Completing internal market reforms

VIII. PROMOTE NEW TECHNOLOGIES**A. Promotion of sustainable technologies**

- Enterprises: Using XML
- Government: Facilitating and standardising the use of e-commerce tools
- Promotion of education, research and development
- Facilitating official approval of new technologies directed towards sustainable development

B. E-Development

- Focus on e-security
- Develop efficient e-payment systems
- Digitalization of the documentation flow (e-government)
- Focus on building credibility in the virtual world

C. New technologies (energy saving, information, etc.) + knowledge economy

- Development of a knowledge-based society
- New energy-saving technologies

IX. INFORMATION SUPPORT**A. Exchange of information**

- Learn about benefits of EU
- Mutual information, EU-Russia, about rules and limitations (creation of an e-information bank)

B. Information support, in particular to SMEs

- Providing suppliers with databases and [information services with] international level characteristics

X. INVOLVE CIVIL SOCIETY**A. Involve main stakeholders in the society in order to ensure sustainable reforms**

- To speed up the Lisbon economic and social reforms, involve civil society in the reforms

XI. INFRASTRUCTURE**SUPPORT FOR****A. Support for infrastructure (regional and national)**

- Support for industrial infrastructure
