

### **Who will win the US-EU trade war?**

Who's going to win the dispute between Brussels and Washington over Boeing and Airbus?

The most likely answer is: neither.

The World Trade Organisation (WTO) will take about fifteen months to look at what are two separate complaints. At the end of it, it will probably point the finger at both governments.

5 The WTO will analyse the European Commission's allegations that Boeing gets unfair support in the form of generous help by the authorities in Washington State where it makes its planes, further Japanese subsidies from Boeing's Japanese suppliers and favourable treatment from the Pentagon.

And it will also analyse the American allegation that European taxpayers' support of Airbus projects is an unfair state subsidy.

10 If the WTO does decide against both governments, they will each be told to stop breaking the rules. And retaliatory sanctions may be inflicted by the WTO.

Airbus gets aid from European tax-payers. It can develop new aircraft knowing that if they don't sell, the money won't have to be paid back.

15 As for Boeing, Airbus alleges that the firm's generous contracts from the American military amount to a subsidy. Boeing has most to lose at the moment. It's now being out-sold by Airbus, but it's putting its money on a new mid-sized 250-seat jet: the 787, better-known as the Dreamliner. Airbus, for its part, is pressing ahead with a mid-sized aircraft of its own, the A350.

If either government is found to be in breach of WTO rules, the other will be authorised to retaliate. The US could put tariffs on European goods if the WTO rules against Airbus and vice versa.

20 These tariffs could go far beyond the aircraft industry. When the US was ruled to have unfairly supported its steel industry, for example, tariffs were slapped by the EU on Florida oranges.

Nobody wins in a trade war. With so many jobs at stake with Boeing and Airbus, it could be hard for either government to back down.

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Script n° 2

**Firms unite to combat piracy**

A coalition of companies from the music, film, software and pharmaceuticals industries launched a new body yesterday to combat piracy. British music group EMI, French media conglomerate Vivendi Universal and drugs group GlaxoSmithKline are among the companies backing the Business Action to Stop Counterfeiting and Piracy group (Bascap).

5       The plan includes compiling case studies on piracy, developing the best anti-piracy strategies, which are expected to name and shame counterfeiting "hotspots" around the world.

Eric Nicoli, EMI chairman and co-chairman of Bascap, said the executives had been brought together by the developments in technology, which means that "it is now possible to replicate every product as accurately as possible".

10       Bob Wright, chairman and chief executive of Universal Studios, owner of NBC Universal, said "a lot of countries are afflicted with the [piracy] problem".

"No country wants to be known as a pirate location. No businessman wants to be in a city or country known as a piracy capital. Even good businesses can be taken down if they operate in an area known as a piracy location."

15       Mr Wright said he expected a resolution in the anti-piracy campaign: the long-lived dispute over the dominant high-definition DVD format through the next decade. Sony's Blu-Ray technology, which is supposed to offer better copyright protection, is backed by Sony Pictures, Rupert Murdoch's 20th Century Fox and Disney. Toshiba's HD-DVD sides with NBC Universal, Viacom's Paramount studio and Microsoft.

20       The anti-piracy drive is expected to call for better enforcement of existing laws rather than campaign for new legislation. "Our task will be raising awareness of governments to the problem," said Bascap's representative.

25       Although short on details about budget and the specific countries it will be targeting, Bascap revealed a number of facts to illustrate the scale of the piracy issue. Microsoft's chief executive said that the revenue lost by the software industry to piracy every year was equal to the value of the entire record industry: \$33.6bn (£19bn).

(322 words) Dan Milmo, The Guardian, October 5, 2005

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Script n° 3

**EU and China agree on textile pact**

**The European Union and China have agreed a deal to limit exports of Chinese textiles into Europe talks to calm a trade row.**

EU Trade Commissioner Peter Mandelson said the curbs would give European firms time to adjust to China's growing power in the textile trade. The measures will come into force immediately and last till 2008. The EU was set to impose its own curbs if no deal was reached on Friday, as trade rules allow protection till 2008.

5 Mr Mandelson said "the overall settlement offers a fair deal for China while giving respite and much-needed breathing space to textile industries in Europe and developing countries".

It limits growth in imports of 10 categories of Chinese made clothing and fabrics to 10% a year until 2008.

10 The EU fears Chinese products could overwhelm Europe's textile producers, while China had said the EU was acting unfairly. The US has levelled similar complaints about Chinese textiles. The explosion in China's textile trade has followed the Multi Fibre Agreement on 31 December 2004.

As he arrived in Shanghai, Mr Mandelson told reporters that he looked forward to reaching a last-minute deal. "If we don't make an agreement, we will have to take other measures. This question has been dragged on over many days. "

15 The agreement comes as China on Friday reported its biggest monthly trade surplus so far this year. Chinese exports in May rose 30% from the year before, with the trade surplus - the difference between exports and imports. Also on Thursday, shoes came under scrutiny after the EU said shoe imports from China had leapt 700% since the start of the year.

20 The EU position rests on China's agreement when it joined the World Trade Organization in 2001 to allow other members to curb its clothing exports if their markets were disrupted.

China warns that as many as 400,000 workers could be affected and has also warned that it may delay opening up its markets to agricultural products. China sees the textile row as a test about fairness in enforcing free trade rules.

25 "China will protect its industry's legitimate rights, and on the other hand will act in line with WTO regulations," the Trade Minister told reporters.

BBC, Friday, 10 June, 2005 (346 words)

Curbs: limits

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Script n° 4

**Nestle launches fair trade coffee**

Nestle has launched a fair trade instant coffee to tap into growing demand among consumers. The firm is the first of the four major global coffee firms - the others are Kraft, Sara Lee, and Procter & Gamble - to put out such a product.

5 Ethical shopping is an increasing trend in the UK, as consumers pay more to ensure poor farmers get a better deal.

The decision represents a turn-around for the Fairtrade Foundation which has endorsed the move. "This is a turning point for us and for the coffee growers," said Harriet Lamb, director of the Fairtrade Foundation, which helps regulate fair trade products. "This just shows what the public can achieve," she said. Development charity Oxfam cautiously welcomed the move, but said that it was  
10 only a small step in the right direction.

Yet the World Development Movement, a campaigning group which tackles the causes of poverty, said: "The launch of a Nestle Fairtrade coffee is more likely to be an attempt to cash in a growing market... than represent the beginning of a fundamental shift in Nestle's business model."

15 It called on Nestle to "alter its business practices, lobbying strategies, and ensure that all coffee farmers get a fair return for their efforts". Nestle said that while its decision has been driven by the consumer, it is committed to providing coffee growers with a fairer price for their product.

"This represents a fundamental, serious commitment to help some of the poorest farmers in the world," the company said.

20 Nestle said it already gets 14% of its total coffee needs directly from growers, and that it chose to buy its fair trade beans from El Salvador and Ethiopia because they were two countries where farmers were "suffering".

The new Nescafe Partners' Blend will be made from Arabica beans and is expected to retail at £2.69 for a 100g tin. "Fair Trade is quite clearly growing enormously in terms of its awareness,"  
25 said Fiona Kendrick, Nestle's UK head of beverages. "Specifically in terms of coffee, fair trade is 3% of the instant market and continues to grow."

(349 words) BBC News, October 7, 2005

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Script n° 5

**Bush call to end trade barriers**

5 President George W Bush has renewed his pledge that the US will abolish all trade tariffs if others do the same. His comments came as US trade representative Rob Portman and European Union Trade Commissioner Peter Mandelson meet for fresh trade talks. The two are trying to come to agreement on abolishing agricultural subsidies. The US and Europe's failure to reach agreement on agriculture is the main sticking point which has delayed a wider, new worldwide trade deal.

The World Trade Organisation (WTO) hopes the so-called Doha series of trade talks can be successfully concluded at its forthcoming ministerial meeting in Hong Kong in December. The aim is to deliver a new global deal on free trade by 2006.

10 Yet the Doha round of talks - which first started in 2001 - have already missed one deadline, mainly due to the ongoing inability of the US and Europe to reach agreement over agriculture. Both President Bush and WTO director-general Pascal Lamy have called for the US and Europe to secure a deal by the end of the year.

15 "We must work together in the Doha (WTO) negotiations to eliminate agricultural subsidies that distort trade and stunt development, and to eliminate tariffs and other barriers to open markets for farmers around the world," said President Bush.

"Today, I broaden the challenge by making this pledge: the United States is ready to eliminate all tariffs and subsidies and other barriers to the free flow of goods and services as other nations do the same." "The elimination of trade barriers could lift hundreds of millions of people out of poverty over the next 15 years."

20 Mr Mandelson agrees that agreement between the US and Europe is vital. "If we cannot agree on basic approaches then nothing will happen. It's as simple as that," he said.

Mr Portman said last week that he will press Mr Mandelson for greater compromise from the EU on farm subsidies. "We are at the point where we can no longer procrastinate and hope for the best in Hong Kong," he added.

25 No details were immediately following Mr Portman and Mr Mandelson's Wednesday discussions.

(354 words) BBC News, September 14, 2005

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Script n° 6

### **Trouble ahead for UK retailers**

For those retailers who thought 2004 was really tough, the message now is: hold on to your hats. All the signs are that the next 12 months could be even more difficult.

5        Within the past 24 hours, three of Britain's most admired retail names - Sainsbury's, Next and Boots - have reported ghastly numbers.

Boots said profits had fallen by 11%. Sainsbury's delivered the sharpest decline in its profits for 135 years, a fall of 97.5%. And Next warned that its sales had slipped by 6.3% during the first 15 weeks of this year.

10        Next week, Marks & Spencer unveils its results and most analysts are expecting a pretty ugly outcome.

Those figures reflect a general and perhaps accelerating slide in the retail sector. The British Retail Consortium said that it was the worst monthly fall since 1995.

Several other companies confirm this trend and have recently told investors that UK business was much worse than had been expected.

15        The prime cause of this gloom is growing anxiety among British consumers, who are at last coming back to reality after years of borrowing eagerly. It seems that interest-rate rises have taken their toll, just like fears that taxes will have to fill the hole in government finances.

20        Evidence of distressed borrowers comes in almost daily. Credit industry bodies have been warning for some time that a growing number of heavily indebted people are simply unable to service their obligations.

Their fears were reinforced this week when HSBC, Britain's biggest bank, warned that UK consumer credit quality is deteriorating.

25        Add to this a sharp rise in the level of UK personal bankruptcies and it becomes easy to understand retailers' worries.

Not all shopkeepers will suffer in 2005-2006. The best-managed, those with fresh ideas and must-have products will, of course, outperform.

30        But the high tide of consumer spending that floated some pretty average retail boats has long since passed, leaving many operators stuck in the mud. For them, the news is likely to get worse before it improves.

Jeff Randall, BBC News, 19 May, 2005 (336 words)