A1 (Global Economy)

Conditions:

General development philosophy:

- Strong commitment to market-based solutions in order to obtain an optimum balance between demand and supply of goods, services and environmental quality at national, regional (EU) and global levels.
- Government intervention, as limited as possible, should focus on core responsibilities (i.e. basic education, public health, basic security, planning of major infrastructure, ensuring conditions for competitive markets, law enforcement) and market failures.
- Lean government implies low taxes.
- International co-operation is focussed on the removal of trade barriers and the creation of a "level playing field".

Political situation EU:

- Turkey, Romania and Bulgaria as well as some Balkan countries, Ukraine and some smaller countries of the former Commonwealth of independent states have joined the EU.
- No further development of supranational powers. National governments remain responsible for Foreign and security policy (2nd pillar) and fiscal policy as well as Justice and Home Affairs (3rd pillar). However, competition forces and lack of border control force national governments to converge levels of corporate taxes, VAT and excise duties.
- Flexible policy regarding international mobility of people from outside the EU. No limitation for migration among member countries.
- Cohesion policy: Abolished
- Social security systems converge to a very basic level. Additional retirement schemes, unemployment risks etc. covered by private institutions.
- CAP subsidies: none (phased out or one-time pay off)

Market protection:

- Import tariffs very low or eliminated,
- Codex alimentarius is used as basis for food safety standards; countries are not allowed to impose more stringent criteria on imports unless unacceptable risks to public health can clearly be proven.
- Little attention to non-trade concerns [only in case of excesses (e.g determined in co-ordination with ILO regarding child labour and freedom of organisation)].

Environment (pollution):

- Relatively relaxed national or EU regulations to avoid that competitiveness (at global level) is affected. Legislation principally focussed on issues related to public health.
- enforcement of environmental legislation by (random) sampling and investigation of complaints
- Additional environmental standards (esp. for imports) are increasingly imposed by purchasers (contracts with supermarket chains and processing industries; e.g. according to standards of ISO 14000 family)
- The polluter pays principle is applied where possible
- little attention to GHG emissions. Kyoto targets not met; global warming considered as a fact of life.

Nature, biodiversity and cultural heritage:

- Maintenance (and acquisition) of natural and cultural heritage mainly privately funded, e.g. through foundations set up and funded by private stakeholders (e.g. tourist sector, hunter clubs, private sponsoring and donations; some co-funding by local-and national governments and or EU or international institutions such as UNESCO).
- Government payments to farmers severely restricted by WTO regulations to avoid market distortions.
- Hotspots of biodiversity (as indicated by UNESCO?) are protected by national law and international agreements; no or few changes in area as compared to 2000 situation;
- Gene banks are maintained by private enterprises (mainly agricultural) and governments (mainly natural) to preserve the source of genetic variation.

Restrictions on land use / production: few, except in a few sensitive areas; production quotas are abolished.

Consequences

Economic growth

- Strong in most OECD countries
- Even stronger economic growth (at least in relative terms) in new member states and (politically) stable developing countries with open economies; i.e. global convergence in wealth.
- Economic growth lags behind in less stable regions, and regions with a deficit in financial and human resources especially land-locked countries and many small island states in today's developing world. These countries will not be able to provide the package of public goods necessary to trigger accelerated development and to attract substantial amounts of (foreign) investments. They present a deficit in smooth and transparent (government) administration, insufficient availability of skilled workers and a poor physical infrastructure.

Technology development

- Strong, mostly focussed at cost reduction and yield increase (ICT, GMO's); and on less hazardous agrochemicals, especially regarding human health.
- => More efficient use of energy, fertilisers and agrochemicals
- => Higher yields per ha, requiring less labour input
- => More efficient (international) trade, transportation and storage management.