



EU TRADE POLICY

HOW IT WORKS

3. EU trade policy - how it works

How it worked before Lisbon Treaty

The negotiating process

The Commission is the negotiator

- On behalf of the 27 Member States

The Council is the decision maker

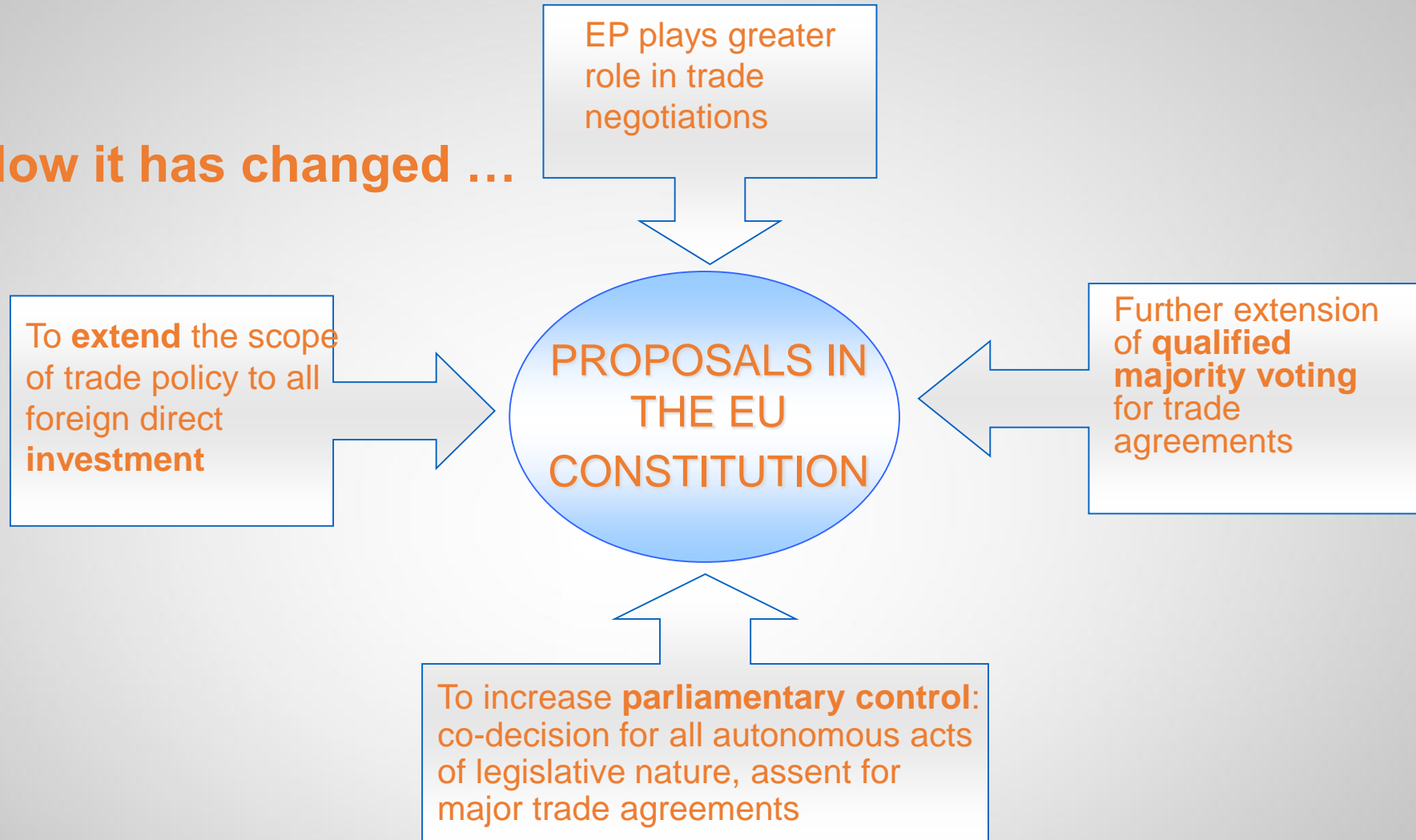
- **Mandate** = determined by the Council on the basis of a Commission proposal
- The Commission **negotiates** on the basis of this mandate
- The Council **approves** the result of the negotiation (generally by qualified majority)

The European Parliament

- Is **informed** by the Commission of trade policy developments
- Gives “**assent**” on major treaty ratifications (covering more than trade)

3. EU trade policy - how it works

How it has changed ...



3. EU trade policy - how it works

The trade defence instruments

“Defensive” instruments to ensure fair trade and defend the interests of European companies...

... have been designed in line with specific WTO agreements recognising the right of members to counter unfair practices:

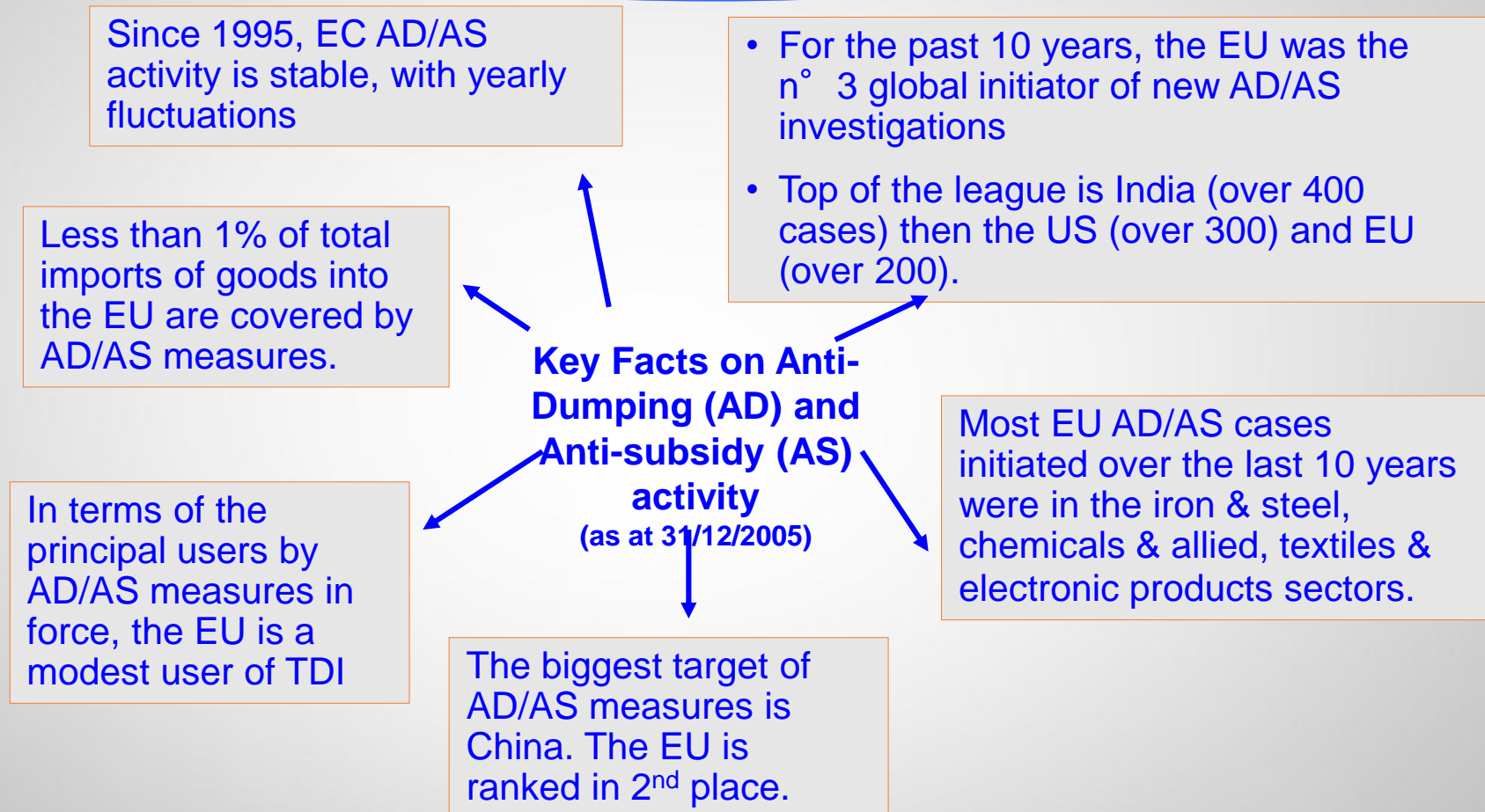
Anti-dumping measures created to counter dumping practices, the most frequently encountered trade-distorting practices. Dumping occurs when manufacturers from a non-EU country sell goods in the EU below the sales price in their domestic market, or below the cost of production.

Anti-subsidy measures designed to combat subsidies, which are made available to manufacturers by public authorities and which can also distort trade when they help to reduce production costs or cut the prices of exports to the EU unfairly.

Safeguards: A WTO member may restrict imports of a product temporarily if its domestic industry is seriously injured or threatened with injury caused by a surge in imports.

3. EU trade policy - how it works

The trade defence instruments



3. EU trade policy - how it works

The offensive trade policy instruments

“Offensive” instruments to open markets and eliminate obstacles to trade...

... across the multilateral, bilateral and unilateral fronts:

The Trade Barriers Regulation (TBR) gives EU industry the opportunity to lodge a complaint with the Commission when encountering trade barriers that restrict their access to third country markets. The TBR is then used to investigate whether there is evidence of violation of international trade rules, resulting in adverse trade effects - this could lead to the initiation of the WTO dispute settlement mechanism.

Market Access Strategy of which the EU's Market Access Database provides: information about market access conditions in non-EU countries; a systematic way for the Commission to follow up complaints from business about barriers to trade in non-EU countries; and a means of ensuring that our trading partners abide by their international commitments.

3. EU trade policy - how it works

The offensive trade policy instruments

Monitoring of third country trade defence measures:

- Ensuring third countries do not misuse the trade defence instruments (anti-dumping, anti-subsidy, safeguard) against EU exporters.
- Given the overall escalating use of these instruments important that there is full compliance with international rules.
- The Commission provides information and advice to all interested parties, identifies individual and systemic infringements of WTO rules by third countries, addresses these issues in the appropriate bilateral or multilateral forum.

3. EU trade policy - how it works

The trade policy instruments



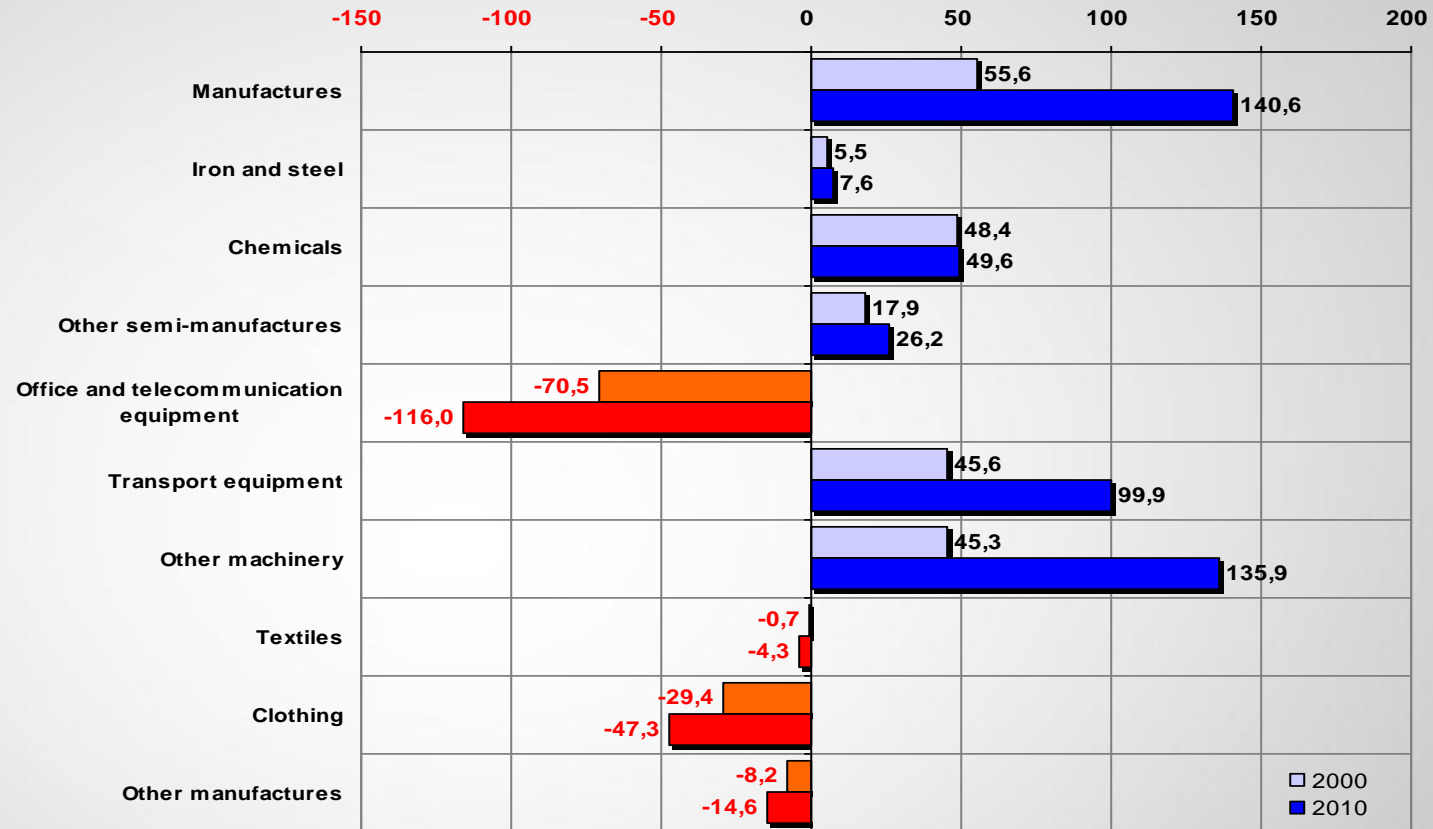
Towards a new generation of FTAs: “WTO++”

- Opening markets for trade in goods
- + investments, services, rule-making, standards, non tariff measures



COMPETING IN WORLD TRADE

4. EU trade policy - competing the world

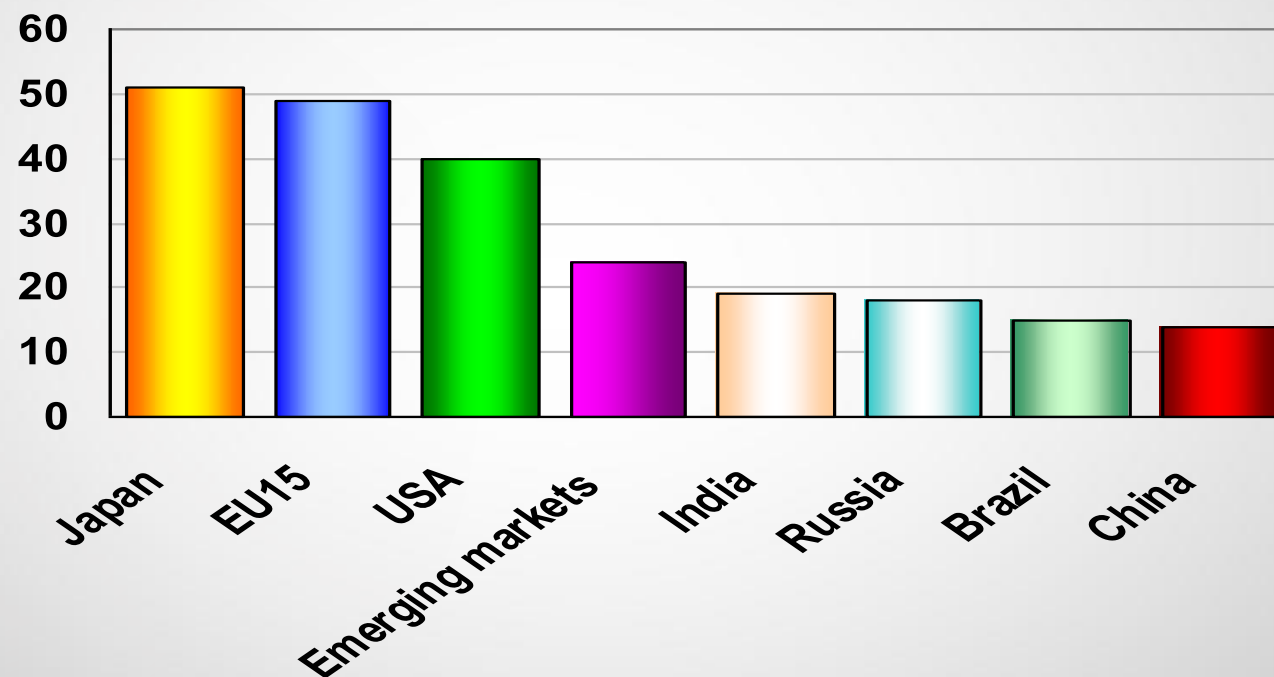


* Based on SITC Rev. 3 Nomenclature: Manufactures: 5, 6, 7, 8, excl. 68, excl. 891; Iron and steel: 67; Chemicals: 5; Other semi-manufactures: 61, 62, 63, 64, 66, 69; Office and telecommunication equipment: 75, 76, 776; Transport equipment: 78, 79, 713, 7783; Other machinery: 71, 72, 73, 74, 77, excl. 713, excl. 776, excl. 7783; Textiles: 65; Clothing: 84; Other manufactures: 81, 82, 83, 85, 87, 88, 89, excl. 891

4. EU trade policy - competing in the world

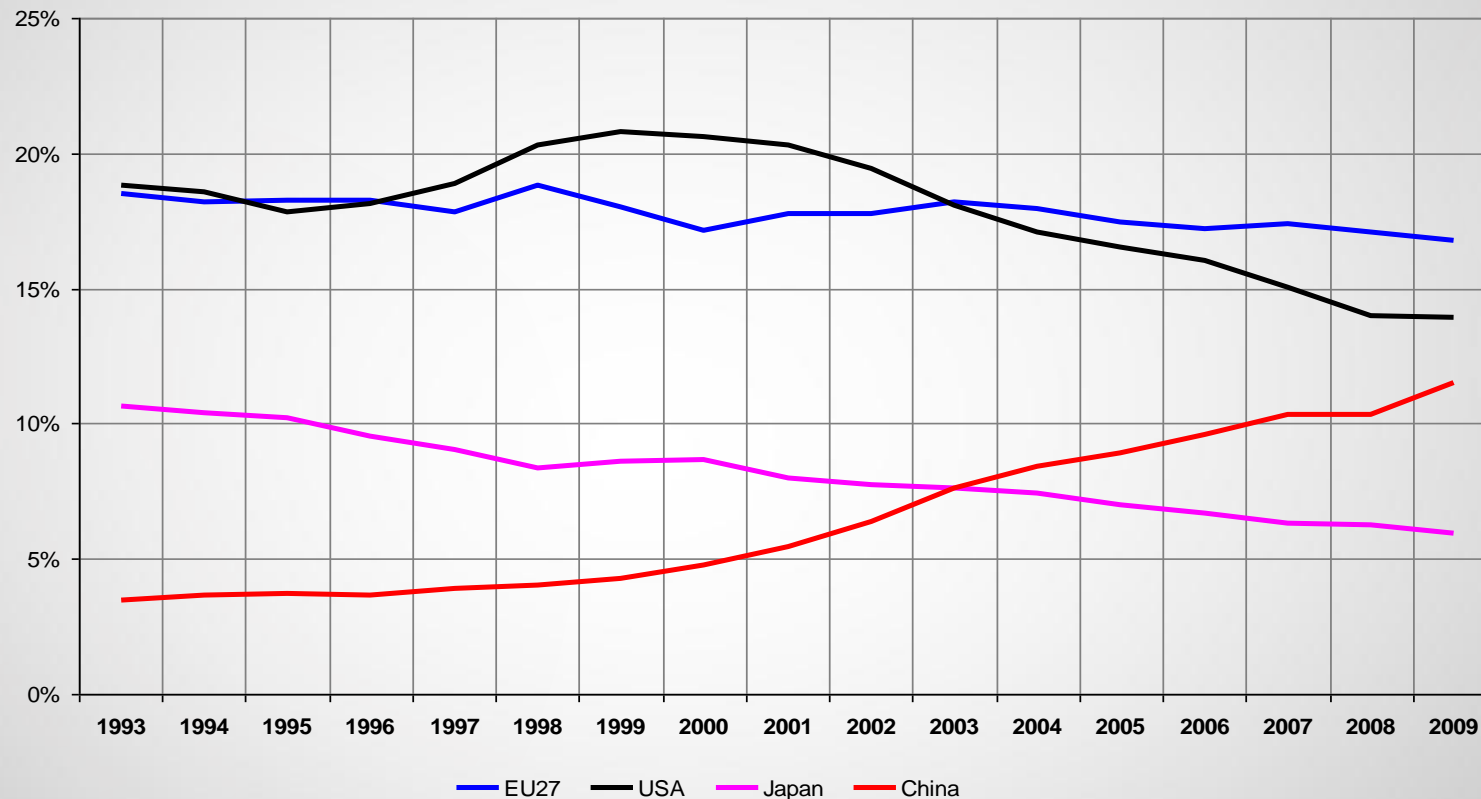
Good performance in high-quality products

Ratio quality products / exports (%)



4. EU trade policy - competing in the world

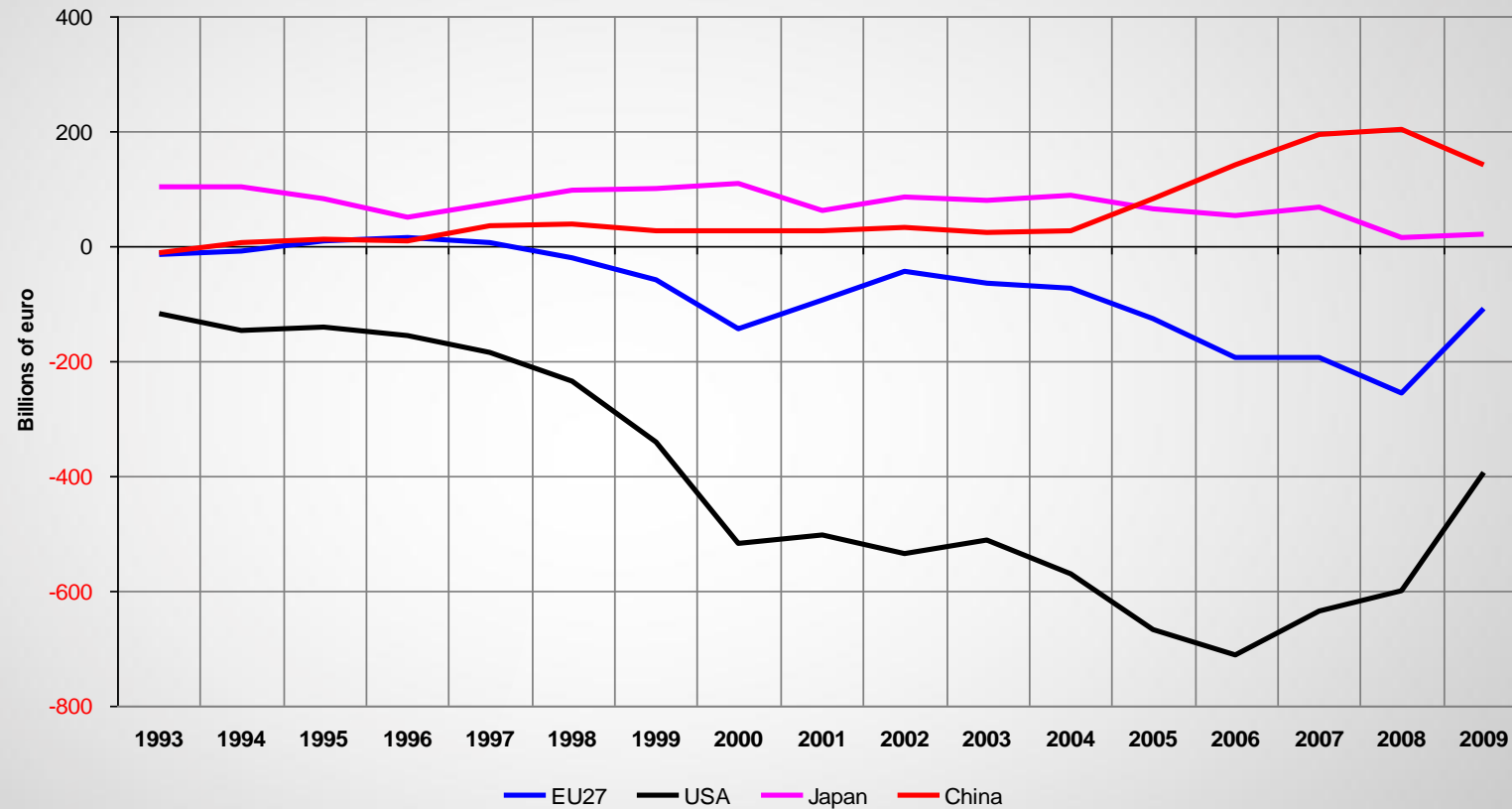
Market shares trends in world trade...



Source: Eurostat (Comext, Statistical regime 4), IMF, WTO; EU27 (excluding Intra-EU27 Trade)

4. EU trade policy - competing in the world

Comparative trade balance trends...



Source: Eurostat (Comext, Statistical regime 4), IMF, WTO; EU27 (excluding Intra-EU27 Trade)

4. EU trade policy - competing in the world

EU trade not focused enough on rapidly growing markets

	% of total exports to more/less rapidly growing markets			Contribution to growth in world imports 1995-2002
	US	Japon	EU25	
10 most rapidly growing markets	79%	76%	48%	93%
20 least rapidly growing markets	8%	12%	13%	-5%

Source: Cepii

4. EU trade policy - competing in the world

Globalisation has put trade issues at the centre of citizens' concerns

Opening markets can provide opportunities...

... if EU economy sustains competitiveness

... if harnessed by collective rules

Towards fairer trade...



A RENEWED STRATEGY FOR EUROPE

5. A renewed strategy for Europe

New EU trade strategy adopted 9 November 2010

- Why a new trade policy?

The previous strategy “Global Europe” generally on the right track

BUT

- ▶ Europe 2020 called for Trade and Investment to play crucial role in achieving growth objectives
- ▶ Changing economic environment
- ▶ Impact of economic crisis and public opinion

5. A renewed strategy for Europe

Public expectations on trade policy

An opinion survey on international trade found that:

Europeans think trade is good for Europe and Europe is good at trade ...

65% of Europeans think EU has benefited a lot from international trade

64% of Europeans think that European goods and products are competitive

... but they are less confident about the future

71% of Europeans think that in the coming years, trade will benefit more and more emerging economies like Brazil, China and India

45% of Europeans think that the EU will be secondary economic power

...and they want trade to deliver jobs and consumer benefits

61% of Europeans believe that the priority for future EU trade policy should be to create employment

5. A renewed strategy for Europe

The triple benefits from trade

- ▶ **Growth: more than 90% of future growth outside EU**
 - ▶ Finalising all the ongoing negotiations (DDA, FTAs and progress on strategic partnerships) would lead by 2020 to a EU GDP level more than 1% higher (150bn per year)
- ▶ **Jobs: high stakes and expectations**
 - ▶ 14 million jobs are directly linked to EU ability to export
 - ▶ But there is much more at stake: 36 million European jobs, directly or indirectly, linked to trade
 - ▶ 7% wage premium as a result of trade-induced competitiveness
- ▶ **Consumer welfare:**
 - ▶ The average EU “variety” consumer gains around €600 per year from wider trade induced choice

5. A renewed strategy for Europe

What does the strategy propose?

1. Completion of current negotiating agenda
2. Deepen trade relations with other strategic partners
3. Help European businesses access global markets
4. Create opportunities for investors
5. More assertive approach to enforcement
6. Share the benefits of the global economy

5. A renewed strategy for Europe

Completion of current negotiating agenda

Deliver new opportunities for trade and investment through:

- Multilateral negotiations: the Doha Round
- Bilateral agreements
 - *Concluded*: South Korea, Central America, Peru, Colombia
 - *Ongoing*: India, Canada, Mercosur, Ukraine, Singapore, Malaysia, Libya, Euro-Med



5. A renewed strategy for Europe

Deepen trade relations with other strategic partners

US:

- EU's largest investment and trading partner
- Transatlantic Economic Council

China:

- A fast growing market for EU's exports with big potential
- Tackling market access barriers
- High Level Economic and Trade Dialogue

Japan:

- Regulatory obstacles
- High Level Group

Russia:

- WTO membership
- Partnership and Cooperation Agreement

5. A renewed strategy for Europe

Deepen trade relations with other strategic partners

Cutting tariffs is still important but majority of trade barriers now lie elsewhere:

- ▶ *Improved market access for services and investment*
- ▶ *Opening up public procurement*
- ▶ *Better protection of intellectual property*
- ▶ *Unrestricted supply of raw materials and energy*
- ▶ *Overcoming regulatory barriers*

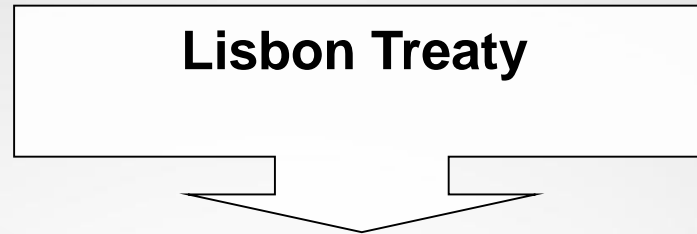
5. A renewed strategy for Europe

Help European businesses access global markets

- ▶ Mutual supportiveness of internal and external policies for market opening
- ▶ Public procurement in partner markets
- ▶ Market Access Strategy
- ▶ SMEs access to global markets

5. A renewed strategy for Europe

Creating opportunities for investors



EU has powers to negotiate future deals on foreign investment in order to improve conditions for investors

Foreign investment = engine for job creation

*Start on comprehensive investment agreements with:
India, Canada, Singapore, China, Russia*

5. A renewed strategy for Europe

More assertive approach to enforcement

Trade rules to be fairly applied to all

- ▶ Use all appropriate means to stand up for our rights
 - ▶ Anti-dumping rules
 - ▶ Dispute settlement mechanisms
- ▶ Effective enforcement of trade agreements
- ▶ Act against protectionism

5. A renewed strategy for Europe

Sharing the benefits of the global economy

Not just about opening markets but helping people and countries benefit

- ▶ Inclusiveness - European Globalisation adjustment Fund
- ▶ Trade-development agenda
 - ▶ Renewal of Generalised System of Preferences
 - ▶ Communication on trade and Development
 - ▶ Ongoing Economic Partnership Agreements
- ▶ Social and environmental issues



**Thank you for
your attention**