



CREATING OPPORTUNITIES, STANDING
UP FOR EUROPE'S VALUES AND INTERESTS

EU Trade Policy at Work

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The

LARGEST TRADE NETWORK

IN THE WORLD –

41 trade agreements with **72** countries

36 MILLION EU jobs
supported by trade with non-EU countries

5 MILLION MORE than in 2014

16 MILLION EU jobs
supported by foreign investment into the EU

350,000 jobs
protected by EU trade defence measures

Foreword

by EU Trade Commissioner Cecilia Malmström

When I became EU Trade Commissioner in 2014, the global situation was quite different from today. Public confidence in trade was at an all-time low, and there were regular protests on the streets outside my office.

In the intervening years, we have worked extremely hard to regain trust and to make sure that open trade can deliver for everybody. Alongside market-opening, these were the main goals of our 'Trade for All' strategy back in 2014. The evidence in this brochure shows that we have gone a long way towards reaching them.

In the past five years, this European Commission has negotiated and concluded more trade agreements than in any comparable period. Notably, the EU-Japan Economic Partnership Agreement entered into force – our biggest deal ever. The EU now has 41 trade agreements with 72 countries – the largest trade network in the world, offering European businesses opportunities and a fair and predictable working environment on every continent.

Importantly, these trade agreements also uphold and promote our values. Every comprehensive EU trade agreement now has legally binding commitments on workers' rights and the environment, including a specific reference to the Paris Climate Agreement. We have also not been afraid to hold our trade partners to account when they do not walk the talk.

EU trade in 2019 is synonymous with transparency. We include the public at an early stage, we regularly consult civil society organisations and we publish an unprecedented number of documents online. I am proud to say that the EU is now the most transparent trade negotiator in the world.

Beyond that, we have launched important work on trade and gender, and we will hold a high-level conference this autumn to take stock of progress. On the world stage, we were co-founders of the Global Alliance for Torture-Free Trade, a global movement to try to limit the circulation of these abhorrent tools.

The focus of early protests, the Transatlantic Trade and Investment Partnership (TTIP), is no longer on our agenda. However, you could say that the challenge facing us today is even greater than in 2014. At least back then we all agreed on the necessity of multilateral rules and a well-functioning World Trade Organization (WTO).



Today, this order is at risk of collapse. Unfair practices, outdated rules and unilateral action are testing it to its limits. Some WTO members even question its relevance. For the EU, global trade rules have been the bedrock of our success. They have enabled us to stay competitive and to tap into the growth in emerging markets. For other countries, it has been an essential part of their path to prosperity.

That is why, together with like-minded partners, we are working to reform the WTO so it can remain fair, strong, and equipped to face current and future challenges.

Finally, we are open traders, but we take decisive action against those who break or bend the agreed rules, harming European businesses, workers or consumers. Our reformed trade defence tools and our work on expanding market access enable us to tackle unfair trade and to break down overseas barriers to European exports.

Trade never stops. The work is never finished, and I know that my final six months in office will be just as busy as the first six months. Nevertheless, I am convinced that the time we have invested over the last five years reinforcing our foundations and reconnecting with the European public means that we are in a much stronger position to face whatever the future holds.

Building the World's Largest Trade Network



Trade agreements allow products and services to flow between the EU and its trading partners more easily and with fewer costs while fully respecting EU standards.

Trade with countries outside the EU supports 36 million jobs in the EU. Foreign investment into the EU supports 16 million jobs.

Trade and investment benefit firms of all sizes. Starting with our trade deal with Japan, our trade agreements now include chapters **dedicated to smaller businesses**. We have also launched a dedicated online information source and helpdesk for businesses big and small that will help boost trade between the EU and the Southern Mediterranean region.

In the first year of operation of the EU-Canada agreement, EU exports of goods to Canada grew by 9% or more than €3 billion, benefitting 72,000 EU exporters. EU imports from Canada also increased, benefitting 54,000 EU importers



36 million

**EU jobs linked to trade -
5 million more than
in 2014**

The EU has the largest trade network in the world. In the past five years, **agreements with 15 countries have entered into force**, including with Canada, Japan, Ecuador, and Ukraine.

Eleven of these countries are now connected to the EU through Economic Partnership Agreements: Cameroon, Comoros, Côte d'Ivoire, Ghana, Samoa and six members of the Southern African Development Community (SADC). These regional agreements aim to promote sustainable development and poverty reduction through trade and investment.

674,000 benefit from
European small firms international
trade

72 The number of countries
that have trade
agreements with the EU

EU-U.S. talks

EU-U.S. relations have seen many changes in the last five years. As of 2017, the US administration has adopted a more unilateral trade policy, imposed unilaterally tariffs on EU steel and aluminium and threatened higher tariffs on EU car exports.

The European Commission responded swiftly and firmly to the U.S. steel and aluminium tariffs to protect EU businesses and citizens.

At the same time, the EU has launched a constructive dialogue to resolve frictions, develop a positive agenda and improve bilateral relations. A high-level meeting in July 2018 between European Commission President Jean-Claude Juncker and U.S. President Donald Trump produced a statement which guides our work.

This meeting set out various actions, including ongoing work to strengthen regulatory cooperation and to eliminate industrial tariffs.



In the past five years, we have concluded and put into operation **the EU's two biggest trade agreements ever** in terms of market size, the **EU-Canada Comprehensive Economic and Trade Agreement** and the **EU-Japan Economic Partnership Agreement**.

Together, these agreements will help EU businesses **save up to €1.6 billion in customs duties per year** once all tariffs are phased out.

The EU-Japan agreement alone has created a free trade area that covers almost **one third of the world's GDP and more than 630 million citizens**.

The EU has **negotiated and agreed five new or reformed deals** with Mexico, Singapore, Vietnam, the East African Community (Burundi, Kenya, Rwanda, Tanzania, and Uganda) and 16 West African countries. These agreements are waiting to be applied.

We have also **started talks** for new or upgraded agreements with Australia, Chile, Indonesia, New Zealand and Tunisia and revived negotiations with the South American trading bloc, Mercosur. Negotiations also continue for an investment agreement with China.

15

The number of countries with trade deals with the EU that have entered into force since 2014

41

EU trade agreements in place

15%

Increase in EU exports between 2014-2018

EU trade agreements protect hundreds of iconic European food and drink products, such as Parma ham, Rioja wine or Cognac from imitation





Global Leadership for Better Trade Rules

STRENGTHENING THE WORLD TRADE ORGANIZATION

Founded in 1994, the World Trade Organization (WTO) is the cornerstone of the global multilateral trading system and the ultimate rule setter for international commerce. Without it, businesses cannot rely on fair, predictable and equal trading conditions.

The WTO and its predecessor, the General Agreement on Tariffs and Trade, have opened up international trade, helping create economic growth. In the past quarter of a century, this has lifted hundreds of millions out of poverty. The WTO has ensured stability, clear rules that people can trust and a mechanism to resolve disagreements. The EU and its citizens have benefited enormously from the WTO.

But the WTO rules-based system is in crisis:

As a consensus-driven membership body, the WTO has been unable to address the economic and technological changes of the past decades.

Discontent with the WTO could paralyse a key part of its dispute settlement mechanism, the Appellate Body.

The appointment of new judges to this body is blocked and the existing members' mandates are expiring.

By the end of 2019, the Appellate Body will only have one member left, yet it cannot function with fewer than three.

The WTO and its members need to better rein in market distorting subsidies, unfair practices by state-owned enterprises, lack of transparency, and forced technology transfers, while responding to the technological developments of our time.

The EU has put forward proposals to resolve these problems.

1. The EU was the first WTO member to present a **comprehensive approach to reform the WTO**, including its negotiating, monitoring and dispute settlement functions, in September 2018.
2. In November 2018, the EU, together with other WTO members, made a proposal for **concrete changes to overcome the deadlock in the WTO Appellate Body**.
3. The EU is working with the US and Japan on strengthened rules on industrial subsidies. The EU has also submitted an official proposal to **strengthen WTO requirements on transparency and notification** of government measures that can affect trade.

NEW INITIATIVES TO RESPOND TO NEW GLOBAL CHALLENGES

In today's interconnected world, the best way forward is to have global rules that apply to everyone. The EU has therefore launched two major initiatives:

A NEW GLOBAL AGREEMENT ON E-COMMERCE

The last two decades have seen exponential growth in electronic commerce (online sales). There are, however, no specific global rules on this type of trade. This means consumers can sometimes face risks when buying online, and differences in rules raise costs for consumers and businesses alike.

WTO negotiations on e-commerce started in 2019. They aim at **making it easier and safer for consumers and businesses to buy, sell and do business online**. The new rules should help, amongst others, combat spam, tackle barriers to cross-border online sales and permanently ban customs duties on electronic transmissions.



A MULTILATERAL INVESTMENT COURT

The existing system of investor-state dispute settlement (ISDS) contained in trade agreements around the world has come under increased criticism for relying on ad-hoc, non-transparent tribunals. In its most recent bilateral agreements, the EU has already fundamentally reformed the policy by creating fully transparent and permanent Investment Court Systems that preserve the State's right to regulate in public interest and eliminates any possibilities of abuse.

On the EU's initiative, the United Nations Commission on International Trade Law is now discussing setting up a permanent Multilateral Investment Court that could replace 3000 existing bilateral ISDS schemes. This would create a **stable and predictable case law, better decisions and legal certainty both for investors and for governments and public authorities**.

Promoting Our Values



The EU has placed **sustainable development** at the centre of its trade policy. This means ensuring that trade policy also promotes social justice, respect for human rights, workers' rights and high environmental standards.

All comprehensive EU trade agreements since 2014 include a **trade and sustainable development chapter**, with means to enforce it and a commitment to public scrutiny.

Our latest comprehensive trade agreements and new negotiations include a **specific reference to the Paris Climate Agreement**. The first such agreement, with Japan, entered into operation in February 2019.

Representatives of **civil society regularly review the progress made on sustainability** provisions of trade deals as members of so-called Domestic Advisory Groups. Over the past five years, these groups have met more than **80 times**.

This Commission has published a **15-Point Action Plan to better enforce the sustainable development commitments** in its trade agreements. It includes:

- better monitoring of compliance
- improving the involvement of civil society in trade policy
- improving transparency of the process.
- Better partnering with Member States and the European Parliament

Trade can be a driver of gender equality. **14 million women across the EU are in jobs supported by trade**. We are also negotiating specific gender provisions in our agreement with Chile – an EU first.

In 2017, the Commission launched the **EU Cities for Fair and Ethical Trade Award**. This initiative aims to recognise cities' positive impact in social, economic and environmental sustainability in international trade.



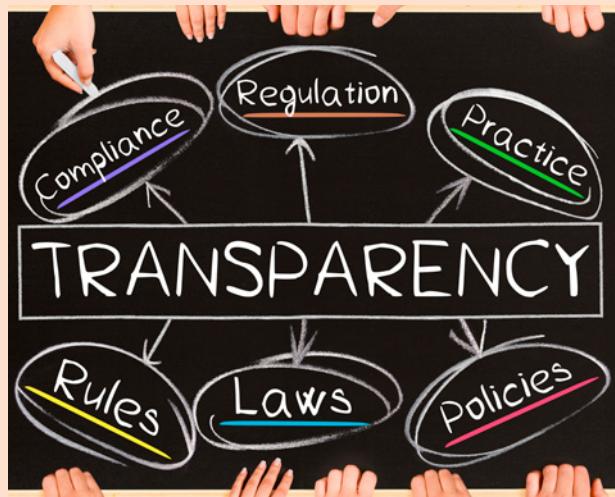
We have made our trade policy the most transparent in the world

The Commission publishes all its draft negotiating directives, reports of negotiating rounds and other relevant documents.

We have organised 125 public stakeholder events on trade, including 90 Civil Society Dialogue meetings, with representatives of non-governmental organisations, trade unions, business organisations and other groups.

Commissioner Malmström has participated in 26 Citizens Dialogues and met with 40 different parliament chambers in nearly all EU Member States.

This Commission has also set up the **Expert Group on Trade Agreements** to provide extra advice to the Commission during trade negotiations, and during the application of trade deals. The group includes employers' organisations, trade unions and consumer associations.



6,000
EU trade documents

published online
since 2014

1,200
Working documents

shared every year
under access to
documents requests



We want to **stop trade in instruments used for torture and death penalty**. In 2016, we banned the transit of such goods through the EU. The EU is a founding member of the Alliance for Torture-Free Trade, which in September 2018 launched work towards a binding United Nations convention to stop trade in such instruments.

In 2017, the EU passed a regulation to **stop EU imports of minerals and metals that fund armed conflicts** and are often also linked to forced labour. The regulation requires EU companies to ensure they only import from responsible sources.

In 2016, the Commission proposed modernising EU export controls of technologies that can have both civilian and military uses (dual-use). Notably, this would **update the current rules to prevent human rights violations linked to cyber surveillance**.

We unwaveringly **defend human rights**. We have started an official procedure that could lead to a **suspension of Cambodia's preferential trading status** under the EU's Everything But Arms scheme because of serious violations of human rights and labour rights.

We have started an official **dispute settlement procedure against Korea** because it has not delivered on the commitments on workers' rights it made in the EU-Korea trade agreement. This is the first EU initiative of its kind.

120+
Events

with civil
society on
various
trade issues



Trade Policy that Protects

The EU is one of the world's most open economies. We believe trade helps our economy grow, creates jobs and brings more prosperity. Open trade must also be fair trade. **We stand firm against unfair and illegal trade practices and state subsidies.** We are committed to protecting the interests of the EU, its Member States, citizens, consumers, workers and businesses.

We have adopted **several significant pieces of legislation** to achieve our aims:

- A major **reform of trade defence instruments** to make investigations faster and more transparent, with a special focus on helping smaller companies. They also make it possible to impose higher duties on unfair imports.

- A **regulation on screening of foreign direct investment** will help Europe safeguard its essential security interests from foreign investment targeting the acquisition of critical European assets.
- We have restarted discussions on adopting the **International Procurement Instrument**, which aims to ensure that EU companies have better access to government contracts in countries outside the EU.

The European Commission has been very active in **tackling illegal imports, such as dumping or imports helped by market-distorting state subsidies**. In the past five years, we have adopted 33 measures in this field, taking the total number to 144. Together, these protect over 350,000 jobs in the EU.

Creating export opportunities by challenging illegal duties

In 2014, the EU challenged Russian duties on paper, palm oil and refrigerators at the World Trade Organization because they were higher than allowed by WTO rules. The WTO agreed with the EU and as a result Russia cut its import duties on those products, worth €440 million in EU exports to Russia at the time.





When in 2018 the US imposed import restrictions on steel, the European Commission used safeguard measures as foreseen within the WTO framework to shield the EU's steel sector from other countries flooding the EU market with steel originally destined for the US. This action defended 216,000 jobs in the EU.

**€6.1
billion**

Of additional export opportunities through barriers removed

350,000 jobs
protected by EU trade defence measures

We also **protect the products of European creativity**, such as trademarks or inventions. In December 2018, the EU took legal action against China for its systemic practices that force European companies to give up sensitive technology and know-how as a precondition for doing business in China.

The European Commission has worked hard to **ensure that countries outside the EU do not block European products, either by illegal tariffs or through other barriers**, such as discriminatory regulations.

This has helped remove 123 export barriers in the last 5 years alone.



Helping small companies

Framesi S.p.A is a medium-sized cosmetics company located in Paderno Dugnano, Italy. When China imposed new labelling requirements that effectively blocked its products out of the country, Framesi faced a serious problem. The EU successfully contested the new requirements and the company could quickly restart its exports to China.

"Thanks to the EU's Market Access Partnership we were able to report our problem quickly, allowing the EU to start work immediately on getting the Chinese barrier to our exports removed." Fabio Franchina, owner of Framesi S.p. A.

€6.1 BILLION
OF NEW EXPORT OPPORTUNITIES

created by breaking down
export barriers

**9 WTO
DISPUTES
WON**

helping create **€10 billion** in exports a year

6,000

EU trade policy documents published

500

stakeholder groups regularly consulted on trade policy

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