



European Economic and Social Committee

**Employers' Group**

# Trade: New opportunities, new partnerships or new challenges?

## Free Trade Agreements Facts and figures

- The European Union already has trade agreements in place with nearly 50 partners — mainly its neighbours, but also countries such as South Korea, South Africa, Mexico and Chile. A further 12 agreements have been concluded and are waiting to enter into force, including those with Canada and Singapore, whilst major negotiations are under way with the US, Japan and India, and with China over investment. Negotiations with Russia are also ongoing.
- The added value for the European economy: 2.2% of the EU's GDP (275 billion euro) if the EU were to complete all current free trade talks tomorrow.
- Multilateral agreements at the WTO level still provide the best option for increased trade liberalisation, not least as subsidy levels can be included and no country can be readily discriminated against, but unfortunately the Doha Development Round as a whole has stalled. Therefore, most countries are looking to establish bilateral, regional agreements. The EU is at the forefront of that process.



## Eastern Partnership Deep and Comprehensive Free Trade Areas (DCFTAs)

- The Eastern Partnership, specifically the DCFTAs, offers an historic chance both for the countries involved and for the EU. By aiming for increased coherence in regulation and standards it will bring these countries closer together, both with each other and with the EU, offering many future possibilities.
- The political context and the pressure exerted by Russia cannot be ignored: the EU should not retaliate, but should show unity in negotiations and stress benefits, not fears.
- The agreements should be treated as the first step, not as the end of the road. Further work on reforms is needed: associated countries should be fighting more effectively against corruption, continuing to improve the business climate and reducing administrative burdens.
- With Russia now a member of the WTO, and with EU–Russia negotiations under way as part of the Partnership for Modernisation, the signing of DCFTAs with three Eastern Partnership countries should not be seen as an “either-or” situation. These are all steps in helping to build deeper and more meaningful relationships between the EU and its European neighbours to the east.

## Trade: regional opportunities and challenges – Russia

- Russia is the EU's third largest trading partner. With a market of 150 million consumers, it offers major opportunities for European enterprises — and vice versa as the EU itself is of course a market of more than 500 million.
- Russia can, however, be a difficult or uncomfortable partner, trade decisions often becoming a tool of political pressure on its neighbours, especially former partners. (e.g. the “Milk crisis” with Lithuania, the boycott of Moldova’s wines, the ban on Ukrainian chocolates, the ban on imports of Polish meat – these are the consequences of political tensions between Moscow and other capitals).
- The EU needs to find a common position in negotiations. The Russian Federation all too readily takes advantage of different interests of particular Member States.
- Closer EU-Russia trade cooperation brings benefits for entrepreneurs and consumers both in the EU and in Russia. The “Win-win” formula should be emphasised more, especially to Russian consumers and civil society.



- The creation of the EurAsian Union, involving Russia, Belarus, Kazakhstan and possibly others, leads to key questions. As some of its members are not WTO Members, the EU cannot negotiate with it directly, notably over such key areas such as tariff lines. It remains to be seen how far this Union will be coherent, or whether it can become a major global player in the future.
- Russia joined the WTO in 2012. So far the results have been disappointing. EU trade with China tripled in 10 years after China joined the WTO, but many commitments and regulations still have not been implemented by Moscow. Although Russia argues that the reason for delays is purely administrative, the representatives of neighbouring EU countries claim that more political will is needed to fulfil all the requirements.





## EU Trade Defence Instruments

- Trade Defence Instruments, i.e. anti-dumping, anti-subsidies and safeguard clauses are used to protect the Internal Market.
- TDIs should be seen not as protectionism, but as an essential tool to restore conditions for fair trade.
- The reform of TDIs proposed by the European Commission is supposed to create a more balanced package with real improvements for all stakeholders affected by trade defence duties: producers, importers and users.
- Why do we need TDIs? European companies could multiply examples. One of them concerns the market in CD boxes. Chinese producers sold at dumping prices for years, European factories closed, production in China was developed further and the price was raised again – even above the level offered earlier by European producers.
- For the moment Trade Defence Instruments are far too slow. The companies hit by unfair competition cannot withstand dumping for long, and often have to limit or close production before the end of proceedings. The case against China concerning photovoltaic modules is one of the latest examples.
- Anti-dumping regulations are too liberal. Investigations should be shorter and provisional measures should be imposed faster. This would reduce the losses that unfair competition causes to European companies.



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ASSOCIATION OF LITHUANIAN  
CHAMBERS OF COMMERCE,  
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The discussion took place during the conference “Trade: new opportunities, new partnerships or news challenges” held in Vilnius on 25 October. The conference was organised by The Employers’ Group of the European Economic and Social Committee together with the Lithuanian Presidency of the Council of the European Union, the Association of Lithuanian Chambers of Commerce, Industry and Crafts, Lithuanian Confederation of Industrialists.



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## ***Employers’ Group***

### **About the Employers’ Group**

The Employers’ Group brings together entrepreneurs and representatives of entrepreneur associations working in industry, commerce, services and agriculture in the 28 Member States of the European Union. Our members are genuinely committed to putting their own experiences to good use to further the European venture.

The European Economic and Social Committee is the only European institution that brings together entrepreneurs and people fully involved in the economic and social life of their home country. We make the voice of business heard at European level.



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