EU trade agreements: delivering new opportunities in time of global economic uncertainties

Despite the difficult global economic climate, European companies have continued to make good use of the opportunities created by the European Union's trade network – the largest in the world. In 2018 this network covered 31% of Europe's trade exchanges, a figure that is set to rise significantly (to almost 40%) as more trade agreements enter into force, according to the European Commission's annual report on the implementation of trade agreements released today. Overall, trade accounts for 35% of the EU's gross domestic product (GDP).

In 2018 EU exports to and imports from trade agreement partners showed positive developments, with a continued growth of 2% and 4.6% respectively, with a strong performance of EU agri-food exports. The EU's growing network of trade agreements is creating economic opportunities for workers across Europe, with over 36 million jobs being supported by exports to outside of the EU. The EU recorded a surplus of €84.6 billion in trade in goods with its trade agreement partners, compared to its overall trade deficit with the rest of the world of about €24.6 billion.

Commenting on the report, Commissioner for Trade **Cecilia Malmström** said *"Trade agreements create opportunities for European businesses to grow and hire more people. Today's report shows that overall trade is up, and more of our global trade is covered by preferential deals than ever before. Our food and drink exports in particular are flourishing thanks to lower tariffs and legal protection abroad for artisanal EU products like Champagne and Feta. The report also provides evidence of how our focus on trade and sustainable development is bearing fruit. Furthermore, we have taken a number of unprecedented steps to enforce the commitments made by our trade partners in the last year, including notably on workers' rights. There is still work to be done, of course. But by opening up this data to the wider public we hope to launch a wider discussion about how to make sure trade agreements benefit as many citizens as possible."*

Looking at specific sectors across agreements, the 2018 report shows:

- **EU agri-food** exports to trade partners continued to grow with an overall increase of 2.2% compared to the previous year. Exports of agri-food products to South Korea also gained 4.8 %. Also noteworthy are agri-food exports to Georgia, Moldova and Ukraine, which grew by 11% compared to 2017;
- **EU industrial goods** exports also increased overall by 2%, with stronger growth among others for chemicals (2.5 %), mineral products (6 %) and base metals (4.4 %).

Looking for instance at one of the recent trade agreements, the report shows that in the first full calendar year (2018) of the **EU-Canada trade agreement** implementation:

- bilateral trade in goods grew by 10.3% and the EU's trade surplus with Canada increased by 60%;
- EU goods exports to Canada rose by 15% (or €36 billion in extra export revenue), especially for sectors where import duties were previously high such as pharmaceuticals (up 29%), machinery (up 16%) or organic chemicals (up 77 %);
- EU Agri-food exports to Canada (accounting for 9% of total EU exports) rose by 7%.

Moreover, following intensive discussions in the joint committees created under the different trade agreements, several partner countries **lifted barriers to trade**, thus allowing more EU companies to benefit fully from the opportunities these agreements offer. Danish and Dutch farmers, for example, will be able to export beef to South Korea, while Poland and Spain will be able to export poultry meat to South Africa.

The report investigates also the impact of the provisions included in the dedicated **'Trade and Sustainable Development'** (TSD) chapters, which are part of all modern EU trade agreements. These chapters aim at engaging with trade partners to implement international rules on labour and the environment, as incorporated in multilateral environmental agreements or International Labour Organisation (ILO) conventions. Recent achievements ahead of the entry into force of the respective agreements include the ratification by Mexico and Vietnam of ILO Convention 98 on the rights to organise and collective bargaining. Additionally, the agreements with Vietnam, Japan, Singapore, Mercosur and Mexico include reinforced commitments to effectively implement the **Paris Agreement on Climate Change**.

In 2018 and 2019, the EU also took several **enforcement actions** under its trade agreements, including in relation to labour standards. Among other examples, the EU requested a panel following South Korea's failure to ratify ILO Conventions on workers' rights, notably freedom of association and collective bargaining.

However, the report also highlights the need to increase efforts – together with Member States and stakeholders – to **raise awareness of the opportunities** trade agreements offer, as well as **stepping up enforcement action** so the agreements deliver the intended results.

The report will now be subject to discussion with the European Parliament and Member States' representatives in the Council.

Background

At present, the EU has in place the largest trade network in the world, with 41 trade agreements covering 72 countries. Types of EU trade agreements include:

- “first generation” agreements, negotiated before 2006, that focus on tariff elimination;
- “second generation” agreements, that extend to new areas, including intellectual property rights, services and sustainable development;
- Deep and Comprehensive Free Trade Areas (DCFTA) that create stronger economic links between the EU and its neighbouring countries;
- Economic Partnership Agreements (EPA) focusing on development needs of African, Caribbean and Pacific regions.

For more information

Key facts

Report on the implementation of Free Trade Agreements

Commission Staff Working Document accompanying the report

EU Trade policy at work

State aid: Commission approves €380 million German rescue aid to Condor

The European Commission has approved, under EU State aid rules, Germany’s plans to grant a temporary €380 million loan to charter airline Condor. The measure will contribute to ensuring the orderly continuation of air transport services and avoid disruptions for passengers, without unduly distorting competition in the Single Market.

On 25 September 2019, Germany notified the Commission of its intention to grant, via the German public development bank KfW, a €380 million rescue loan to Condor. The airline faces an acute liquidity shortage following the entry into liquidation of its parent company, the Thomas Cook Group. Furthermore, Condor had to write off significant claims against other Thomas Cook Group companies, which Condor will no longer be able to collect.

The Commission’s Guidelines on rescue and restructuring aid allow Member States to support companies in difficulties, provided, in particular, that the public support measures are limited in time and scope and contribute to an objective of common interest. Rescue aid can be granted for maximum six months to give a company time to work out solutions in an emergency situation.

In the present case, the Commission has taken the following elements into account:

- the loan will be paid out in instalments under stringent conditions. In particular, Condor has to demonstrate its liquidity needs on a weekly basis and new instalments will only be paid when all existing liquidity has been used; and

- Germany committed to ensure that, after six months, the loan will either be fully repaid, or Condor will carry out a comprehensive restructuring in order to return to viability in the long-term. Such possible restructuring would be subject to the Commission's assessment and approval.

The Commission found that the measure will help ensure the orderly continuation of flight services, in the interest of air passengers. At the same time, the strict conditions attached to the loan and its duration limited to six months will reduce the distortion of competition potentially triggered by the State support to a minimum.

The Commission therefore concluded that the measure is compatible with EU State aid rules.

The non-confidential version of the decision will be made available under the case number SA.55394 in the State Aid Register on the competition website once any confidentiality issues have been resolved. New publications of State aid decisions on the internet and in the Official Journal are listed in the State Aid Weekly e-News.

SP2025: Exchange of views at the European Parliament

October 14, 2019 About the EUIPO

SP2025: Exchange of views at the European Parliament

On 14 October 2019, from 15:00 CEST, Members of the European Parliament’s Committee on Legal Affairs will exchange views with the Executive Director of the EUIPO, Christian Archambeau, on the Office’s new Strategic Plan 2020-2025.

The exchange of views will be streamed live from Brussels and can be followed here:

Brexit: European Commission statement following this weekend's technical talks with the United Kingdom

Michel Barnier briefed EU27 Ambassadors this afternoon, following constructive technical-level talks with the United Kingdom over the weekend. He will also inform the European Parliament’s Brexit Steering Group this evening.

A lot of work remains to be done.

Discussions at technical level will continue tomorrow. Michel Barnier will brief EU27 Ministers at the General Affairs Council (Article 50) on Tuesday.

Speech by President Donald Tusk upon receiving the Globsec European Award

Thank you very much Mr Prime Minister for your compliments. I am not only a father but also a grandfather, time is running. My first passion was football, unfortunately I was not talented enough and that was the only reason why I became a politician.

I am very moved. Personally this is a very important moment. You know what Slovakia means to me not only as President of the European Council but also as a Pole, your friend, your neighbour.

First of all, I would like to express my warm thanks for honouring me with the Globsec European Award, at the end of my mission in Brussels. Leaving high office has its good sides. When you start your term, everyone looks at you with mistrust, and places high demands on you. In the middle of your term, they criticise you without mercy, and often do not hide their disappointment with you. By the end of your term everything changes. It's an interesting interdependence: the number of compliments you get is in inverse proportion to the number of days left till the end of your term.

I want to believe, however, that there is more to awarding me this prize than just cordial courtesy. My sincere cooperation with Globsec, and we met for the first time many years ago, is a common continued effort to work for the integration of Europe, as well as for the strong position of the countries of our region in Europe and in the European institutions. I was a co-author of this cooperation, and also its beneficiary, because without a strong and univocal support from the Slovaks and other countries of this region, I would never have been elected twice as President of the European Council.

Frankly speaking, it was our common interest, to have at the helm of the Council someone who is an ardent supporter of the European unity, and at the same time a genuine spokesman for the countries of Central Europe; who understands their interests, emotions, history and ambitions. As well as their fears and traumas. I remember, as if it were today, our meeting in Bratislava for the opening of the Slovak Presidency. Please allow me to repeat the words I had addressed to you at the time:

"The greatness of a country is not determined by its area, the greatness of a country is not determined by its population. Today we speak of Slovakian greatness not by measuring it in square kilometres, nor based on demographic statistics, but by evaluating the results of your work, determination, patience and your wisdom.

You have demonstrated those attributes since the beginning of your indeed challenging history. Thanks to them, you have built your independence and your position in Europe. You have shown everyone what it means to be proud. You asked no favours of anyone. You didn't want anything for free. You only demanded respect and understanding for your ambitions. Great, but justified ambitions. And today you quite rightly enjoy the respect and recognition of all Europe, of all the international community.”

I spoke in Slovak then. I try to speak in national languages, when I visit the countries of the region. That was the case in Prague, in Zagreb, in Podgorica, Skopje, Sofia, Bucharest, and also in Kiev. Because my second obsession, alongside maintaining the European unity, was to find a balance between integration and a desire for sovereignty, so evident in our countries. It is understandable that we want to enjoy our independence and national sovereignty to the full – they are still so recent. I myself dedicated my young years to the independence of my home country, and so I feel exactly what you must feel. I also know, that there will be no sovereign countries of Central Europe without a united and integrated European Union. Whoever makes use of our pride and national ambition against the idea of a United Europe, also undermines the sovereignty of our countries. Because only Europe as a whole is able to face global challenges and dangers lurking in our immediate neighbourhood.

The federalists who dream about the disappearance of national states tend to be irritating, and the naivety of some of them can even be surprising, but it is in fact the nationalists who pose a greater threat to the sovereignty of our states. This may sound like a slogan, but there will be no sovereign and independent European nations without a sovereign and integrated Europe. The history of our region is the best proof, what kind of risks arise when our continent becomes a mosaic of conflicts and antagonistic interests, where it is difficult to agree even the most general and basic principles and values.

In 2017, as a guest of Globsec, I said that I was not afraid of different European speeds or different formats of cooperation. The essence of the Union is not threatened, just because some of its members integrate more slowly or more cautiously, for instance regarding common currency or Schengen. Also, I rather see advantages than threats coming from the fact that we gather in different formats, in terms of geography or objectives, such as the V4 format, for example.

The problem is not different speeds, but different directions and destinations. Europe, or in a wider perspective, a transatlantic community, has found itself today at a political crossroads. Until recently, we had been a political and axiological community, which was integrating and enlarging, while today it is starting to disintegrate and shrink. Brexit, the withdrawal of the US from many fields, like for example its latest decision to abandon Kurds in Syria, hesitations concerning accession talks with our Balkan partners, a demonstrative disregard by some of our Member States for fundamental principles such as the rule of law – all this is a sad illustration of the same trend: of shrinking and disintegration. That is why I am appealing to the citizens and politicians of our part of Europe: Take on your shoulders the responsibility not only for yourselves and for your interests, but also for Europe as a whole, for Europe as a community.

It only depends on you whether the European Union will survive this critical time and rebuild its self-confidence and determination. One may treat the Union as a cash cow and its values with a grain of salt and reservations.

Such an attitude may bring internal political benefits but it is only a very short-term game. Contemporary times demand from Central Europe maturity and strategic seriousness. We used to say of ourselves,we, the so-called “New Europeans”, that we were the hope and future of the Union. The moment is coming when history will tell us “Check!” It would be good, if our words didn’t turn out to be just a bluff. Thank you.