

Open and fair trade in a rules-based global system

TOWARDS A MORE UNITED, STRONGER AND MORE DEMOCRATIC UNION



'As Commission President, I will be very clear that **I will not sacrifice Europe's safety, health, social and data protection standards or our cultural diversity on the altar of free trade**. [...] Nor will I accept that the jurisdiction of courts in the EU Member States is limited by special regimes for investor disputes. I will insist on **enhanced transparency** [...] during all steps of the negotiations.'

Then candidate for European Commission President, Jean-Claude Juncker, Political Guidelines for the next Commission, 15 July 2014

In its February 2019 plenary session, the European Parliament gave its green light to 2 flagship initiatives of the Juncker Commission's trade policy: the **trade and investment agreements between the EU and Singapore**, and the **creation of a European framework to screen foreign direct investment**.

These landmark files represent two sides of the same coin: a **Europe that creates opportunities for its companies and citizens** and a **Europe that protects**.

CREATING OPPORTUNITIES THROUGH WELL-BALANCED PROGRESSIVE TRADE AGREEMENTS



- **Global trade** is a key driver of EU prosperity: 36 million jobs in the EU (1 in 7) are supported by exports.
- **Since November 2014**, the Juncker Commission has concluded and started implementing **new balanced trade agreements with 15 partners**.
- Today, European companies and citizens benefit from **open trade with 72 countries** around the world under 41 existing agreements, including with Japan and Canada.
- In addition to agreements with Japan and Canada, **4 more agreements with 13 countries have been finalised** and are under ratification.
- The Juncker Commission brought two other major negotiating processes (Mercosur and Mexico) into the final stretch.
- The Juncker Commission also opened **new negotiations with five countries**: Australia, Chile, Mexico, New Zealand, and Tunisia.



1. EU-Japan Economic Partnership Agreement

The EU-Japan Economic Partnership Agreement entered into force in February 2019.

Japan is already the EU's 2nd biggest trading partner in Asia after China, with more than 600,000 jobs in the EU tied to exports to that country.

EU exports to Japan are expected to rise by **€13 billion** a year while our exporters will save **€1 billion a year** in customs duties.

Examples of economic benefits:

- EU agri-food sector set to triple its exports
- access for EU companies to public tenders in 48 major Japanese cities and in the Japanese railway sector
- new opportunities for European firms in financial services, telecommunications, and transport

Creating opportunities and shaping globalisation

The Juncker Commission concluded the negotiations for an **Economic Partnership Agreement with Japan**. The agreement entered into force in February 2019.



EU and Japan account for almost

30% of global GDP

2. EU-Canada Comprehensive Economic and Trade Agreement (CETA)

The agreement with Canada became effective on 21 September 2017. Over 1 million jobs in Europe are tied to close economic relations with Canada: 865,000 jobs are linked to exports and a further 221,000 EU workers are employed by Canadian firms in the EU.

Examples of economic benefits:

- CETA removed already over **98% of Canadian customs duties** and will, over time, save EU businesses €590 million each year
- Canadian authorities at all levels **welcome offers from European suppliers**
- EU accountants, architects, lawyers and engineers can soon see their **qualifications recognised** in Canada

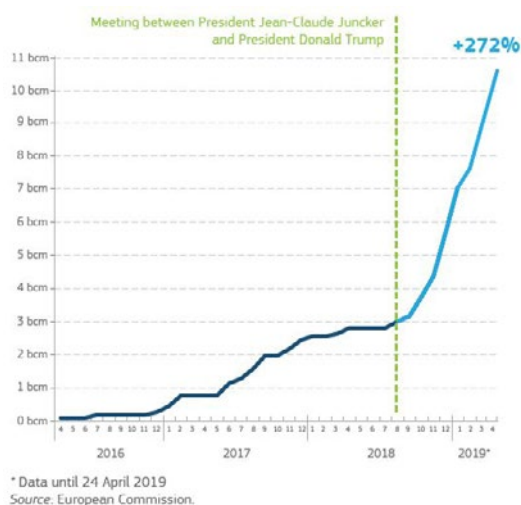


3. EU-US relations

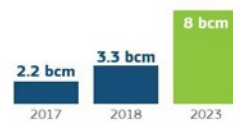
As a direct result of President Juncker's visit to Washington to meet President Trump in July 2018, and the Joint Statement agreed by both sides, the EU and the U.S. are now working towards the elimination of industrial tariffs between them and the further deepening of their trade relationship.

- Since July 2018, the EU and the U.S. have been working via the EU-U.S. **Executive Working Group** to implement the actions agreed in the Joint Statement.
- In April 2019, Member States adopted the Commission proposals allowing the EU to enter into formal trade negotiations with the U.S..
- With an import increase of 121% from July 2018 to April 2019 compared to the same period last year, the EU has already been delivering on its declaration of intent to increase **soybean imports from the US**. The U.S. is the main supplier of soybeans to Europe, accounting for 72% of EU soybean imports. On 29 January, the Commission concluded that U.S. soybeans also meet the technical requirements to be used in biofuels in the EU.

- Recent figures have also shown **an increase of 272% in shipments of liquefied natural gas (LNG)** from the U.S. since the meeting between President Juncker and President Trump.



32% of U.S. LNG exports went to the EU in January 2019



With the 2018 market share U.S. LNG exports to the EU could more than double by 2023



New long-term contracts with Polish and Spanish companies



Announcement of new LNG terminal in Brunsbüttel, Germany

DEFENDING EUROPEAN INTERESTS

There is no protection in protectionism. The EU stands for open, fair and rules-based trade, but we are not naïve. And within the boundaries of the multilateral rules, we will do whatever it takes to defend European producers and workers against unfair trading practices. Trade can only be open if it is fair.

A Europe that Protects



135

anti-dumping and anti-subsidy measures in place



defending a total of
334,000
direct jobs



including
216,000
jobs in the steel sector



An agreement was found to reform the EU's **trade defence rules**. It entered into force in May 2018 and included a new anti-dumping methodology and the modernisation of available instruments, allowing the imposition of higher duties in some cases, and reflecting social and environmental standards. Using the trade defence framework to its full extent, the EU currently has 135 anti-dumping and anti-subsidy measures in place and 3 safeguards.



The EU has now in place (since April 2019) its first ever framework to screen **foreign direct investment**. Delivering on President Juncker's commitment in his 2017 State of the Union address, this instrument will enable Europe to preserve its essential interests, while keeping the EU as one of the world's most open investment regimes.



A **Communication on steel** was presented in March 2016 outlining the EU's **swift a comprehensive response to the crisis in the sector**; it included a swathe of measures encompassing industrial, energy and, crucially, **trade policy**.



52 anti-dumping and anti-subsidy measures in place **concern steel products** that protect 141,000 direct jobs in the sector (increasing to 216,000 if we take into account the impact of the safeguards). The Commission's actions brought the first tangible signs of a recovery in the steel sector following the crises linked to the global overcapacity; EU production increased by over 4% (compared to 2016); following severe losses, in 2017 profitability ranged between 2%-8%.



Since November 2014, the EU has **won 9 disputes in the World Trade Organisation (WTO)**; this led to the removal of discriminatory taxes, illegal customs duties or export restrictions in key markets such as Russia, China, the United States, and South America. Together, these cases concerned an estimated value of EU exports of at least €10 billion per year.



The **EU successfully removed 88 barriers in several countries**, recovering export opportunities for European companies in sectors such as agro-food, automotive, aeronautics, ICT, electronics, pharmaceuticals and cosmetics. This created **additional export opportunities in the range of €4.8 billion each year**.

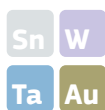


The Commission tabled a proposal for a European law to **increase reciprocity** in the access EU companies have to government contracts in other countries.

PROMOTING OUR VALUES IN OUR TRADE POLICY

Defending European standards and values

- All new EU trade agreements include a substantial chapter on sustainable development with social and environmental standards.
- The partnership concluded with Japan contains an explicit reference to the ratification and actual implementation of the Paris Climate Agreement.
- All trade negotiations covering investment protection now include the new Investment Court System, replacing the controversial and opaque Investor-State Dispute Settlement mechanism. An EU proposal to create a Multilateral Investment Court is under discussion with all interested international partners.
- The Juncker Commission has also started implementing new rules that promote the **responsible sourcing of minerals**. The new rules aim to prevent imports that are mined with the use of forced labour.



The Juncker Commission started implementing a proposal on '**conflict minerals**' to stop the financing of armed groups through trade in minerals.

A more inclusive and transparent trade policy

The Juncker Commission...



started publishing the proposals for new negotiating mandates.

published EU proposals, negotiating round reports and negotiating results of ongoing negotiations.



created an Advisory Group on trade agreements that will allow the Commission to engage with civil society and gather more easily different perspectives and insights from a wide and balanced group of stakeholders, ranging from trade unions, employers' organisations, consumer groups and other non-governmental organisations.