

THE EUROPEAN UNION AND WORLD TRADE



ECIS. 2



Europe
on the move



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THE EUROPEAN UNION
AND WORLD TRADE





International trade is nothing new. The practice goes back thousands of years. In its earliest form this commerce involved staple items like food, fabrics and metals. Gradually it expanded to include more adventurous goods — spices, dyes and high class linens — adding a certain luxury to daily existence.

The process continued as more and more products were transported by land, sea and, later, air from all corners of the earth. The complete range of items now produced in one country and sold in another is bewildering. To make matters more complicated, it is not only finished goods that are being shipped from one part of the world to another. More and more trade involves intermediate products or components as the production process, particularly for complex high-tech goods, is spread across several countries or continents. This is frequently the case for multinational companies with production plants located in more than one country. It is equally true for manufacturers who acquire the various components of today's sophisticated consumer goods and capital equipment from whichever source can best meet their requirements in terms of quality, price, delivery dates and technology.

We are also witnessing a new phenomenon. Modern technology means that many things we take for granted — package holiday bookings, international telephone calls and banking services — can be exported simply by dialling a number. To this can also be added the trade in ideas and inventions — dubbed intellectual property — like brand names and pop songs.





But despite the increasing complexity and sophistication, the basic foundation of international trade remains the same. It is one of comparative advantage where countries concentrate on what they can do best. People in one country are able to produce and offer for sale items, whether they be videos, cotton T-shirts or the latest electrical gadget, which people elsewhere, either for reasons of price or choice, are willing to buy. That process can be further encouraged by a stable and predictable environment and by the certainty that the rules of the game will not be changed by capricious government behaviour.

The trade-offs are enormous. Successful producers have larger markets and consumers have wider choice. The international contacts create better understanding between the many countries in the world. Most importantly, increased trade is a spur to economic growth, raising living standards and creating new jobs. The alternative, where firms hide behind import barriers, creates inefficiency for business and outdated products for consumers.

Promoting free trade has been one of the chief aims of the European Union (EU). With its 370 million inhabitants, it has created the world's most important market, boosting trade between its 15 members and is heavily dependent on international commerce — more so than the United States — for its economic livelihood. The EU has been a central member of the General Agreement on Tariffs and Trade (GATT) established in 1947 to supervise global trade rules and played a key role in the various negotiations that successively reduced trade barriers from the 1960s onwards.

The most ambitious of these was the Uruguay Round. It involved 117 countries, took over 2 500 days of negotiations and finally produced an agreement, which, with annexes, ran to over 20 000 pages. It is one of the largest treaties ever signed. It will substantially liberalize international trade and gave birth to a new, and stronger, supervisory body, the World Trade Organization (WTO). The far-reaching deal was endorsed by all the governments concerned in Marrakesh in April 1994. It is now in force and the business community is taking over where the negotiators left off.

This brochure considers the importance of international trade, the significance of the Uruguay Round and its impact on the European Union and its citizens.



The European Union : trade and jobs

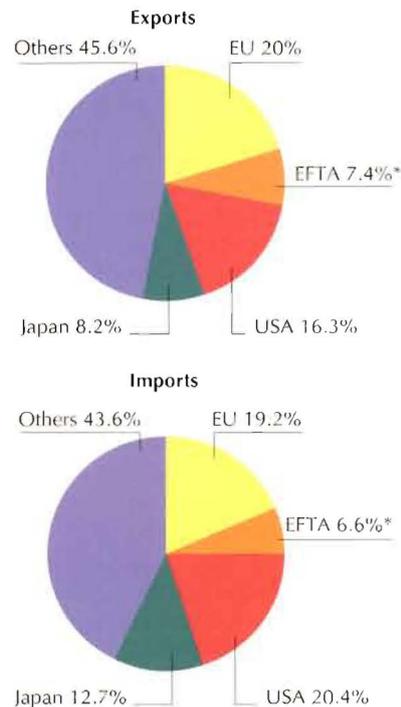
Trade is the lifeblood of the European economy. The European Commission estimates that between 10 and 12 million jobs — equivalent to one job in 10 — depend directly on exports. And these exports, which go to every country under the sun, provide 9% of the Union's wealth, as represented by its gross domestic product.

The European Union itself is also the world's largest trade grouping, accounting on its own for just over one fifth of total global trade in goods. More than either of its main competitors — the United States and Japan. But increasingly, trade is not confined to visible manufactured items like cars, clothing and computers. Among the fastest growing sectors are services like banking, insurance and telecommunications.

The EU has a long-standing commitment to promoting trade. Mutually advantageous commercial concessions form a cornerstone of the many bilateral agreements it has negotiated over the years with scores of countries either on an individual or regional basis. They are a central part of its links with 70 African, Caribbean and Pacific countries in the Lomé Convention and with its deepening relationship with the new democracies in Central and Eastern Europe. This philosophy,

Trade has always played a major role in Europe's history and commerce with the world is still the source of our wealth today. Even leaving trade between its member countries out of the equation, the European Union is the largest trading entity in the world (see chart). Trade is what drives growth and creates jobs in manufacturing, transport, research, banking, insurance and many other sectors. The creation of the single market has freed internal trade of most obstacles. The EU plays a leading role in negotiations within the GATT (General Agreement on Tariffs and Trade) and its recently created successor, the World Trade Organization.

Share of world trade, 1993



* In 1992 EFTA comprised Finland, Iceland, Liechtenstein, Austria, Norway, Sweden and Switzerland. At the beginning of 1995 Austria, Finland and Sweden became members of the EU.

Source: External trade. Monthly statistics. Eurostat



FotoStock

The EU has more than an altruistic reason for promoting international trade. The increase in demand in the main industrialized countries is unlikely to sustain long-term economic growth, so exporters must look to new horizons. Given that 80% of the world's population live outside the Organization for Economic Cooperation and Development (OECD) industrialized group of countries, it is not hard to see where the best opportunities lie. They are to be found in Central and Eastern Europe and in developing countries, particularly in Latin America and South-East Asia. There, average economic growth rates range from 5 to 9% — two to three times that achieved in Europe — and are set to continue. With these markets' appetite for imports, any moves to reduce trade barriers and ensure guaranteed access will be of major benefit to EU exporters.

Trade negotiations are conducted by the European Commission on behalf of the EU, and on the basis of a mandate agreed by the member governments. It is they who ultimately must approve the deal reached. The solidarity considerably strengthens the Union's negotiating hand, enabling it to deal as an equal with any partner in the world.

which is seen as the best guarantor of strengthening democracy and ensuring prosperity, the EU has consistently pursued in the wider international forum provided in the past by the GATT, and now in the future, by the WTO.

Behind the EU's promotion of trade lies the belief that producers and consumers alike can benefit. Producers enjoy the advantages of cheaper imports they may need for their own finished products, which in turn may be sold more easily on a wider range of markets if tariffs and other obstacles are reduced. The international rules reduce costly and time-consuming paperwork and provide the certainty that allows the business community and investors to plan ahead.

For consumers, there is the benefit of cheaper imports from around the world, stretching from clothing to food. This is good for choice and for personal finances.

Fears are sometimes raised that increased free trade will inevitably mean that some manufacturers will leave areas like the European Union, closing down factories and decamping to countries where labour costs are cheaper. In some cases that may be true, but often access to skilled labour and potentially higher transport costs are more important factors preventing such an upheaval.



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What is the Uruguay Round?

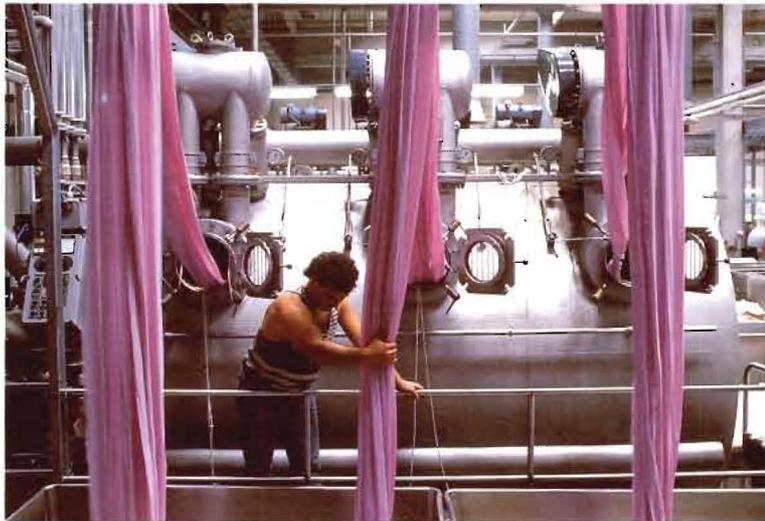
Launched in 1986, the Uruguay Round — each global GATT negotiation is known as a Round — was designed to update and extend the rules governing international trade. The fundamental political importance of the Round, over and above its many technical achievements, was the clear message that the global community intended to press ahead with liberalizing trade, ruling out any self-destructive return to the protectionist policies of the 1930s.

Many participants are convinced that if the Round had failed it would have been impossible even to maintain the status quo. Instead, there would have been increasing trade friction and the inevitable temptation for governments to take their own protectionist measures.

Negotiations on promoting free trade are based on certain central principles: banning discrimination between members so that none is given special concessions; ensuring imports and locally produced goods are treated equally on domestic markets; and progressively providing easier access to other markets.

Textiles and clothing

European consumers will enjoy a wider, and frequently cheaper, range of imported clothing and fabrics. EU exporters of silk, linen and wool will also benefit from the opening up of previously protected markets in the United States, Latin America and the Far East. The changes are being brought about by extending GATT rules to textiles and clothing.





The agenda involved not just trade in goods, but also the expanding services sector, which lay outside the ambit of the GATT, although it represented 20% of global trade. It sought to provide proper protection for intellectual property rights to prevent items such as computer software, songs, videos and various brandgoods like watches from being pirated and copied. It considerably improved the complex machinery used to arbitrate on international trade disputes and established a coherent framework between trade and other policies like economic growth and development so as to take on board the needs of developing countries.

The negotiations were not easy. With 117 participating countries and a host of competing interests the long-running talks were peppèred with crises and late-night meetings. Eventually, a complex matrix of agreements was reached in Geneva by the deadline

of mid-December 1993 with which everyone was satisfied. The package, known as the Final Act, contained 29 individual legal texts covering all aspects of the negotiations and a further 25 ministerial declarations.

The Union is already helping sectors like agriculture and textiles to operate in the new climate. Reforms to the common agricultural policy (CAP) have helped farmers prepare for change and finance is available to help the Portuguese textile industry adapt to the future. The lowering and dismantling of trade barriers mean that companies and industrial sectors that have traditionally sheltered behind them will be forced to face up to stiffer international competition. But if handled with care, the experience will lead to greater efficiency and a more viable long-term future.

Nor is the process all one way. The very same tariff reductions may also open up hitherto closed marketing opportunities elsewhere. While jobs may be squeezed in some areas, they will expand in others because of the new international rules.

The European Union itself emerged considerably strengthened from the lengthy negotiations. The Union and the United States were the two pivotal parties whose agreement on such contentious issues as subsidized farm exports was essential for a successful conclusion to the Uruguay Round.

Accurate estimates of the impact of the Uruguay Round on jobs and trade are hard to make.

Some, based on the likely effect of all the market access measures — tariff reductions, phase-out of earlier textile arrangements and cuts in agricultural production and export subsidies — have calculated the new liberalization will add an extra ECU 180 billion of global income per year by 2005.

History in brief

- | | |
|-----------------|---|
| 1948: | General Agreement on Tariffs and Trade (GATT) established. |
| 1973-79: | Tokyo Round negotiated, involving a first attempt at reforming the international trading system. |
| Sept. 1986: | Uruguay Round launched by 105 participating governments.
Initial four year deadline for agreement set. |
| Dec. 1990: | Brussels ministerial conference fails to meet the deadline. |
| Dec. 1993: | Uruguay Round negotiations completed in Geneva. |
| April 1994: | Marrakesh ministerial meeting officially signs results of Uruguay Round and creation of World Trade Organization. |
| Jan. 1 1995: | WTO established. |
| April/May 1995: | First permanent WTO Director-General installed. |

But there will be other benefits. The new rules open up to international tenders a global public procurement market worth ECU 346 billion. The innovation will bring more competitive bidding, greater efficiency and consequent savings in public expenditure. And, it is estimated, the overall level of world merchandise trade will be USD 755 billion higher in 2005 than it would have been without the Uruguay Round's commitment to opening up markets.

There will be winners and losers. Not all the effects will materialize immediately. Benefits might be slow to come, but the countries which have signed the agreement strongly believe in the ultimate gains.

From GATT to the WTO

Founded in 1948, the General Agreement on Tariffs and Trade (GATT) was one of three multilateral institutions — the others were the World Bank and the International Monetary Fund — devised to help regulate the international economy and prevent any drift back to the disastrous protectionist policies of the 1930s. The GATT was originally envisaged as part of an ambitious new United Nations specialized agency, the International Trade Organization (ITO). This would cover not just trade, but also employment, commodity arrangements, restrictive business practices, international investments and services. Ambition was not turned into reality and the idea of the ITO was finally shelved, so that the GATT was the sole multilateral instrument governing international trade until the WTO was established in January 1995.

Multilateral trade negotiations within the GATT take place through a succession of Rounds — dealing with a package of measures rather than single issues. The very first opened among the 23 founding members in 1946. Designed to eat into the many protectionist measures which remained in place from the 1930s, it led to 45 000 tariff concessions covering USD 10 billion — about one fifth — of world trade.

Successive Rounds became more complex, embracing more members and issues and took longer to complete. Tariff cuts helped to contribute to high rates of world growth averaging 8% a year during the 1950s and 1960s. But by the early 1980s the deterioration in the trade environment from a series of economic recessions; the increasing globalization of the world economy and loopholes which had appeared in the GATT system convinced its members of the need to strengthen and extend the multilateral system — a decision which led to the Uruguay Round. The concept of long, arduous Rounds is now likely to be replaced by a rolling programme of trade liberalization initiatives.



Impact of the Uruguay Round on the European Union

Efforts to encourage international trade traditionally focus on three issues that can deter exporters and protect domestic industries. The most visible are tariffs, taxes which imports have to pay before they may be sold. There are also non-tariff barriers, like certain technical standards which must be complied with, while the third area covers wider policy measures which can help or hinder trade. The Uruguay Round tackled all three.

The negotiators' initial target was to reduce tariff barriers by at least a third within five years. As it happened, all the world's major trading countries finally agreed to more substantial cuts. As a result, the final level of tariffs for industrialized countries will fall from an average of 5 to 3.5%. The EU will reduce customs duties from 6.8 to 4.1% and the United States from 6.6 to 3.4%. Before the first GATT negotiations in 1947, average tariffs stood at a far higher 40%.

But these figures are only averages. In some areas, the main industrialized countries have cut tariffs to zero, while developing countries have made substantial reductions for the same products. These sectors are

important creators of wealth and providers of employment: construction and agricultural machinery, steel, beer, medical equipment, pharmaceuticals, toys, paper, furniture and distilled spirits. These concessions will affect over ECU 10 billion of EU exports and over ECU 7 billion of EU imports. Overall, more than 40% of all EU imports are now duty free.

The Uruguay Round simplified non-tariff barriers by examining various rules and procedures that can lead to delays, extra costs and frustration in international trade. These cover such technical questions as customs valuation, pre-shipment inspection and procedures for securing import licences. The changes are aimed at making information on the various requirements more readily available, at keeping paperwork to a minimum and ensuring documents are processed speedily.

In addition, the negotiations examined health and safety regulations and quality standards to ensure these are not covert forms of protectionism. These must be better publicized and notified to the WTO where a more efficient procedure has been set up for handling complaints from aggrieved exporters.

Did European farmers lose out from the Round?

Agriculture provided some of the toughest negotiations, particularly between the EU and the United States, both of whom have traditionally had extensive policies to support and protect their farmers. Also at stake were the conflicting interests of food exporters and importers and the competing aims of countries looking to sell their produce on the world market.

The aim was to reduce the extent to which such policies restricted trade, while at the same time taking the interests of domestic farmers into account. The European Union had prepared for the necessary changes by agreeing to make some radical reforms — now being introduced — to its common agricultural policy (CAP).

Under the new international rules, the EU will still be able to give financial support to its farmers, but the aid will be cut by 20% over a six year period — a commitment which matches the figures already agreed in the CAP reform package. In addition, some specific schemes like set-aside, where farmers are encouraged to let land lie fallow rather than produce crops for which there is no market are exempt from GATT obligations. Similarly, previously rigid quotas and import restrictions have been replaced by more flexible mechanisms — making it easier to export farm produce.



van Puijs-Medda



van Puijs-Medda

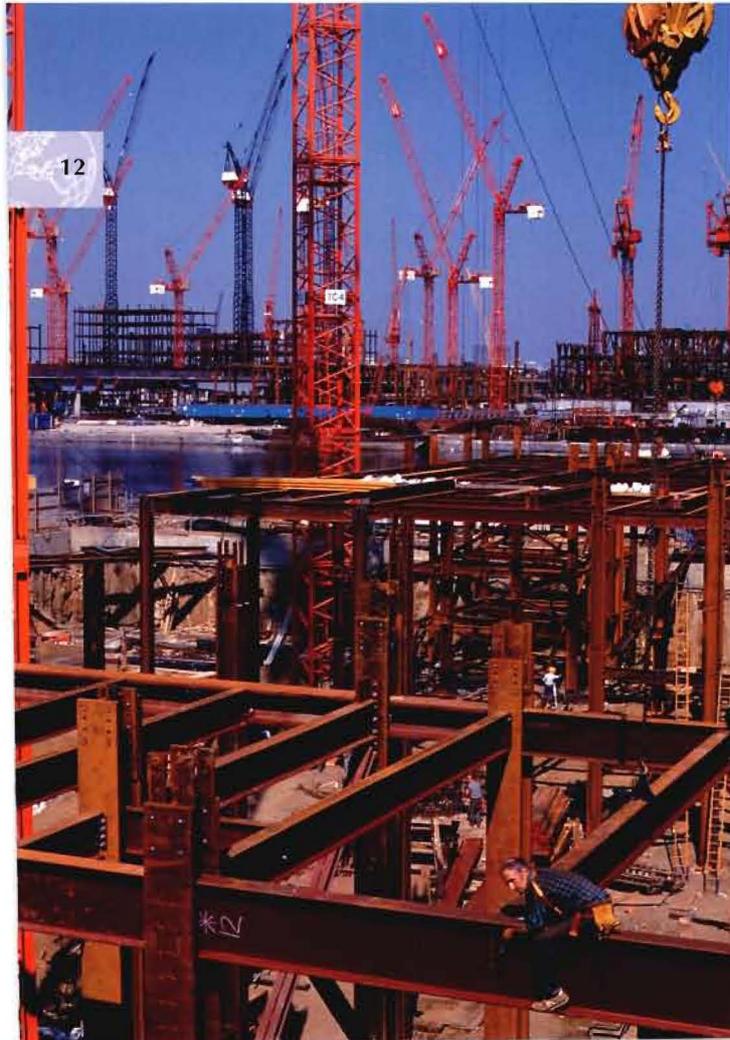
One of the most contentious arguments was over the future of subsidized food exports — a policy the EU has practised since its earliest days. The final outcome centred on an agreement by developed countries both to reduce the level of export subsidies by 36% and the actual volume of subsidized exports by 21% over six years. Again, the commitments, which will contribute to a more stable trading environment, are in line with the EU's own internal agricultural reforms.

For the European Union negotiations on the agricultural part of the Uruguay Round were a sensitive issue. The results are satisfactory for the Union. It ensured the common agriculture policy (CAP) is compatible with the multilateral trade rules. On market access the principle of EU preference for agricultural products has been upheld, on exports the commitments of the EU are compatible with the reformed CAP and a 'peace clause' protects the CAP from attacks by third countries for at least nine years to come. In general, a more stable world market for agricultural products has been achieved.

Public procurement

Work for central, regional or local government will benefit from the new international rules to be policed by the WTO. The agreement closely mirrors the EU's own public procurement rules. In future, public contracts above a certain value must be open for tender not just to national companies but to any whose governments are parties to public procurement agreements.

The new agreement applies not just to central governments, but also to regions and in certain cases large cities. It covers construction and services as well as products in five key utility sectors: water, ports, airports, electricity and urban transport. The previous public procurement agreement extended to some ECU 30 billion of public business. The scope of its successor is at least ECU 350 billion and is expected to bring major savings through economies of scale, greater efficiency and more competitive bidding. Purchasers will be obliged to publish tenders providing companies with easier access to contracts in the pipeline.





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The developing countries took an active part in the world trade negotiations. Free trade might not be a panacea for all their problems, but by signing up to the agreement the developing world has shown that it is serious about economic reform and that it will play an increasingly important role in the WTO. Trade is better than aid.

The importance of the agreement is that it established WTO recognition of the way the EU supports its farmers and ensured there will be no international challenges for at least nine years, and probably longer, against the common agricultural policy. The easier access to other markets will provide new export sales for food producers. Dairy farmers, for instance, will benefit from a 50% increase in opportunity to sell their cheese worldwide.

How will developing countries fare?

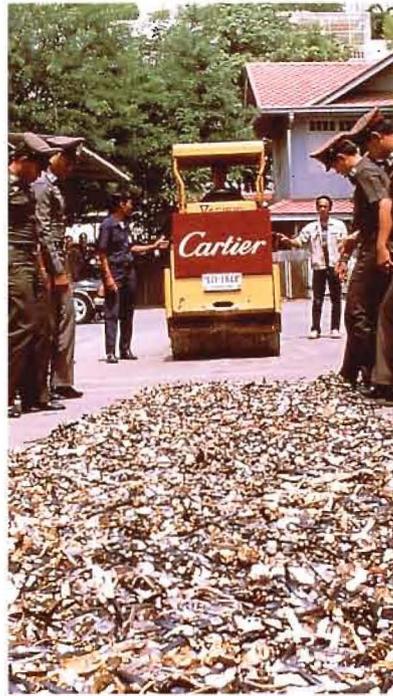
Over three quarters of WTO members are developing countries, almost all of whom took an active part in the Uruguay Round negotiations. The lowering of import barriers in major world markets should help them to expand and diversify their exports.

At the same time, by signing up to the Round, the developing world has sent a signal to the international business community that it is serious about economic reform — a signal that is likely to help attract more foreign investment.

Specific provisions also provide for increased technical assistance and aim to encourage key exports from the least-developed countries. With developing countries expected to play an increasingly important role in the WTO, more attention will be paid to their needs as training courses and technical assistance are organized to help them implement their new international commitments.

The EU's current ECU 8 billion of pharmaceutical sales annually would be considerably higher if they received more effective protection against imitators. It is also estimated that of the ECU 24 billion of books, records, software and entertainment the EU exports each year, 10% is lost because of piracy.

The Uruguay Round has gone a long way to bringing in new protection elsewhere. This covers literary and artistic works, trade-marks, industrial designs and patents. Computer programmers and singers may even prohibit the commercial rental of their work to the public — a right already enjoyed by filmmakers in a bid to clamp down on illegal copying.



Sipa Press

Boosting foreign investment

In addition, rules now exist for the first time on trade-related investment measures — of keen interest to the EU, which accounts for 36% of direct foreign investment round the world and receives 19% of global foreign investment. The European Commission is also pressing for a worldwide campaign, involving the WTO and the OECD, for further rules liberalizing direct foreign investment.



Leningrad OY

The picture shows the destruction of fake watches in Bangkok. Imitation of products, be it watches, videos, computer programmes, songs means losses for the producers of the originals. In some cases — like imitations of food, drinks or pharmaceuticals — it can be dangerous for the consumer. The WTO now makes it easier to clamp down on illegal copying.

How does the WTO settle disputes between countries?

One of the WTO's key roles will be to administer the new procedures for settling disputes between its members. These streamline and make more efficient an equivalent system used by the GATT. Now strict deadlines are set for each stage of the process; non-confidential evidence is made public for the first time; interested parties like consumer groups can give evidence; and no single member can block the decision of the new Disputes Settlement Board.

Turning to the WTO to adjudicate in a dispute is not the only remedy against unfair trading practices. It is also possible, in exceptional circumstances, to take two specific defensive measures. The first involves safeguard clauses to protect domestic industries from sudden, unexpected surges in imports.

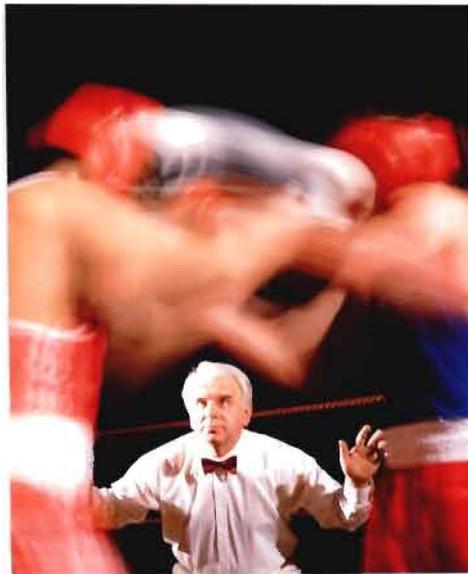
The second involves anti-dumping actions which have been used for years against imports believed to be sold below cost price, although the new agreement introduces a certain flexibility for new businesses by allowing them during their start up period to sell up to a fifth of their production at a loss.

The Uruguay Round introduced greater coherence into the criteria used to determine whether products are being dumped on a domestic market or not. The new rules closely follow those already applied by the European Union and requirements have been introduced

which should limit the use of anti-dumping practices.

The Uruguay Round does not prevent governments from giving subsidies and recognizes that these are a legitimate tool of economic and social policy. But it has clarified what will and will not be allowed and has established greater flexibility for less-developed and developing countries than for their industrialized competitors. It also differentiates between those that may have an impact on trade and those that do not. A new list of allowable aid has been established covering funds for regions, research and development and the environment — all areas where the EU's own stringent policies are fully compatible with the new international rules.

The arrival of the WTO does not mean that the GATT disappears. Those countries who were members of the GATT, but are unwilling to sign up to the complete Uruguay Round package continue to remain members of the earlier organization. The disadvantage is that they will not be able to take part in the new trade liberalization measures or the dispute settlement mechanisms.



'Remove the remaining obstacles to trade'

Interview with Sir Leon Brittan,
European Commissioner responsible for trade



Q. How do you think the European Union's relationships with its major commercial partners can now be best developed and how effective are the international rules against cheating?

Ans. What is important now is that we move on to developing our relations with various countries and move towards removing the remaining obstacles to trade. For instance, from China, we have not yet got a WTO commitment. In Japan, some obstacles are not covered by WTO rules which is why we actively encourage its deregulation programme and there is the United States where we are examining carefully what we can do bilaterally.

Criticism of the way the international trading system was regulated before the Uruguay Round may have been fair. The desire to do something about this was a major factor behind the Round and I believe that among its results, this is one of its major successes. We now have an enhanced disputes settlement procedure which is more binding on the parties involved.

Q. Certain areas were not covered by the Uruguay Round. Do you think it is now appropriate to prepare future rules that will lay down social and environmental standards?

Ans. On the environment, the WTO has already set up a committee to look at the relationship between trade and the environment. As far as social standards are concerned, our view is that this is something that will have to be discussed at the WTO. The best way we can ensure this is usefully discussed is by making it absolutely clear to developing countries that it is not our intention at all to use this as a way of raising new protectionist barriers. We have to explain this clearly and be more effective in saying so than in the past.

Q. What do you say to people who fear their jobs and livelihood are threatened by increased foreign competition as a result of the Uruguay Round?

Ans. As far as textiles are concerned, we negotiated very careful arrangements whereby existing barriers in the Multi-Fibre Arrangement will be phased out over a long period of time. During this period we are actively seeking to open up markets which are now closed. We have already had some success in India and Pakistan. The European Union has also made available some funds to help the industry to adjust.

In general, you cannot expect something like the Uruguay Round to have benefits to everyone in the same way at the same time. You have to think positively, not defensively, and look for the advantages it brings.

What is the World Trade Organization ?

Based in Geneva, the World Trade Organization (WTO) came into existence in January 1995. It enjoys equal status with the International Monetary Fund and the World Bank and has a potential membership larger than the 128 countries signed up to GATT. It also has a wider remit. The former supervised just trade in merchandise goods. The latter covers that and more, with responsibility over trade in goods, services and in ideas, or intellectual property. Unlike the GATT which was essentially a provisional organization, albeit for over 40 years, the WTO is a permanent institution and has an annual budget of just over USD 80 million.



What happens next ?

As the agreements in the Uruguay Round start to be implemented, their impact will be felt throughout the world. At the same time attention is likely to turn to certain specific issues which were identified, but not resolved during the lengthy talks.

Four areas have already been singled out: basic telecommunication services, maritime transport including use of port facilities, the temporary stay of people providing a service, but not looking for a permanent job, in another country and financial services. Attempts are also continuing to agree new multilateral rules on issues like subsidies, technical standards and licensing requirements.

One of the most politically sensitive questions to be resolved is the suggestion in certain quarters that multilateral trade rules should also include references to minimum labour standards round the world — the so-called

social clause. Supporters of the idea are not campaigning for a minimum global wage, but want international agreement on fundamental areas like basic rules on health and safety at work and a clampdown on abuses of child labour. Developing countries fear this may be used as a hidden form of protectionism, despite the EU's determination to reassure its trading partners that is not the case, but it is almost certain to feature on the WTO's future agenda.

What about the environment?

There are no specific provisions in the Uruguay Round Final Act on the relationship between trade and the environment, as many argued there should be. But WTO members want the close linkage between the two to be examined. On a general level, supporters of more trade liberalization argue that it is such a policy, rather than protectionism, which can best tackle environmental problems by allocating scarce resources more efficiently.

The need to consider the relationship between trade and the environment has also been fuelled by the increasing demand for environmentally-friendly goods and services — a demand which determines the behaviour of consumers and industry and the nature of government legislation. It is this which reinforces the need for international policy cooperation. The relationship between the two will be examined by a ministerial committee. This had initially been resisted by developing countries who feared it might be used to encourage hidden protectionism with developed countries erecting barriers against their exports on environmental grounds.

The Uruguay Round does, however, specifically state that measures designed to protect the environment are permissible, even if they might affect trade, provided they are justified and not excessive. It also allows environmental subsidies to be given.



Trade and the protection of the environment is a complex issue. One of its many aspects is the export of dangerous waste from

industrialized countries to the Third World. The European Union outlawed such exports in 1993.

The European Commission took the lead by proposing in 1995 to stop from 1998 onwards exports of waste for recycling in third countries on the grounds that the transport of dangerous waste is in itself a risk to the environment and that in many poorer countries recycling cannot be carried out properly.

This proposal will have to be negotiated with the partners of the Basle Convention, an international agreement on waste exports. The convention also has to define an internationally agreed list of waste substances concerned.

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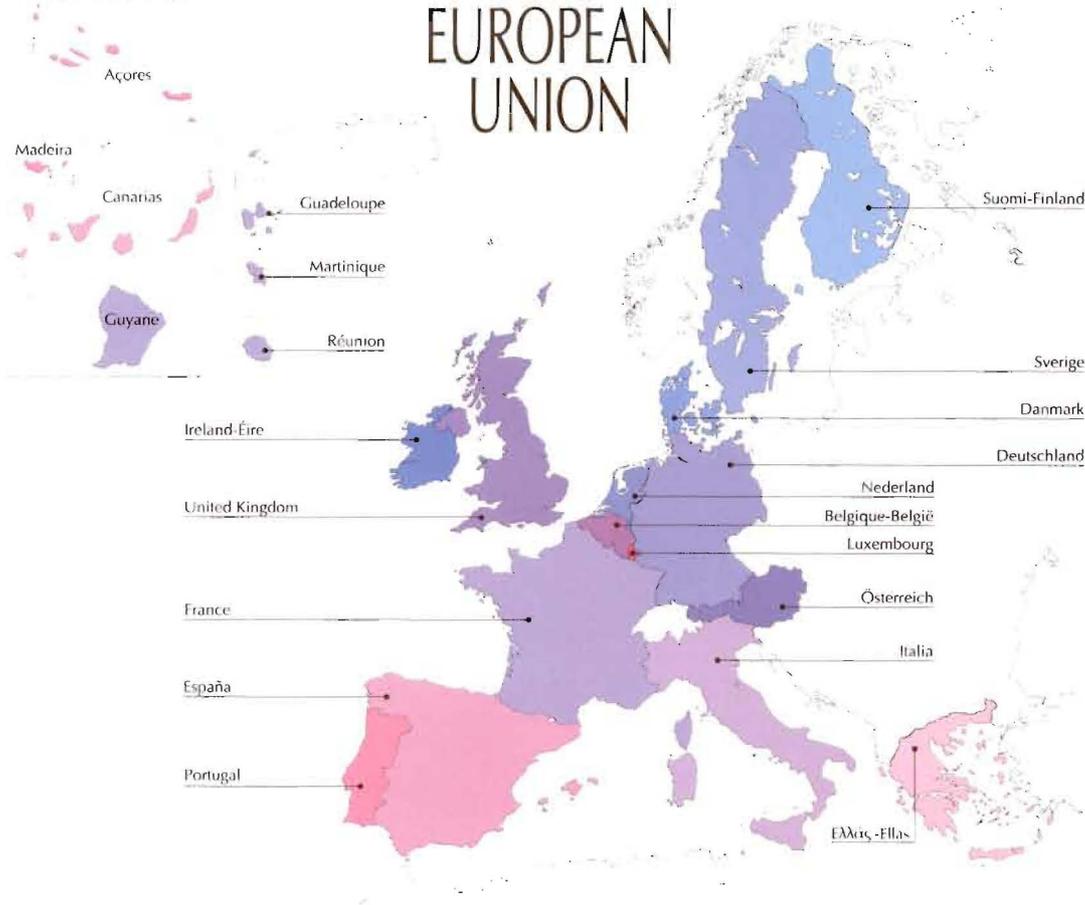


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THE EUROPEAN UNION

NON-CONTINENTAL AND OVERSEAS TERRITORIES OF MEMBER STATES



BASIC STATISTICS OF THE EUROPEAN UNION AND ITS FIFTEEN MEMBER STATES:
COMPARISON BETWEEN THE EUROPEAN UNION (EUR 15), THE UNITED STATES AND JAPAN

(1993 figures)

	B	DK	D	GR	E	F	IRL	I	L	NL	A	P	FIN	S	UK ⁽¹⁾	EUR 15	USA	Japan
Area '000 km ²	11	43	357	132	505	544	70	301	3	41	84	92	337	450	244	3 337	9 373	378
Population millions	10.1	5.2	81.2	10.4	39.1	57.6	3.6	57.1	0.4	15.1	7.9	9.9	5.1	8.7	58.0	368.7	258.1	124.7
Population density Inhabitants per km ²	330	120	226	78	78	106	51	189	153	370	94	107	15	19	237	89	27	329
Gross domestic product at market prices '000 million PPS ⁽²⁾	172.3	88.5	1357.1	81.7	475.9	1015.3	44.6	960.6	8.4	248.1	136.2	91.1	68.4	134.9	922.0	5 805.0	6 052.3	2 430.8
Per capita gross domestic product ⁽²⁾ PPS ⁽²⁾	17 110	17 060	16 710	7 890	12 180	17 610	12 530	16 840	21 260	16 220	17 190	9 740	13 520	15 440	15 890	15 733	23 430	19 500

* Estimate

(1) Including Northern Ireland.

(2) PPS = Purchasing power standard - a common unit representing an identical volume of goods and services for each country

Source: Services of the European Commission

1PPS = BFR 41.97 - DM 2.28 - DKR 9.66 - PTA 124.90 - FF 6.93 - UKL 0.68 - DRA 203.12 - LIT 1618.0 - IRL 0.72 - LFR 41 76 - HFL 2.29 - ESC 138.20 - ÖS 15.49 - SKR 10.76 - FMK 6.89 - USD 1.03 - YEN 193.79.

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Promoting free trade has been one of the chief aims of the European Union (EU). With its 370 million inhabitants, it has created the world's most important market, boosting trade between its 15 members and is heavily dependent on international commerce — more so than the United States — for its economic livelihood. The EU has been a central member of the General Agreement on Tariffs and Trade (GATT) established in 1947 to supervise global trade rules and has played a key role in the various negotiations that successively reduced trade barriers from the 1960s onwards. This brochure considers the importance of international trade, the significance of the Uruguay Round and its impact on the European Union and its citizens.

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