

Information Guide



Trade Policy

A guide to the European Union's Trade Policy, with hyperlinks to sources of information within European Sources Online and on external websites

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Introduction

The EU's trade policy aims to make the EU competitive in foreign markets. Being an open economy, the EU seeks to secure improved market access for its industries, services and investments, and to enforce the rules of free and fair trade. A coordinated trade policy takes on even greater importance in an era of globalisation, where economies and borders have opened up, leading to an increase in trade and capital movements, and the spread of information, knowledge and technology, often accompanied by deregulation. The economic impact of globalisation on the EU is felt through trade in goods and services, as well as through financial flows and the movement of persons linked to cross-border economic activity.

From: Eurostat Pocketbook [International trade and foreign direct investment](#), 2013 edition.

Overview

With its 28 Member States accounting for more than 20% of world trade, the European Union is the world's largest trading bloc. The Union's trade interests are governed by the [Common Commercial Policy](#), its membership of the [World Trade Organisation](#) (WTO), and by bilateral trade agreements with specific countries.

In October 2006, the Communication 'Global Europe: A Contribution to the EU's Growth and Jobs Strategy' ([COM\(2006\)567](#)) launched a new EU approach to trade. More recently, proposals for EU trade policy until 2015 were set out in the 9 November 2010 Communication 'Trade, Growth and World Affairs: Trade Policy as a core component of the EU's 2020 strategy' ([COM\(2010\)612](#)).

The Common Commercial Policy

By 1968 the European Community had become a fully-fledged Customs Union, which meant that while customs duties were abolished at internal borders, a common customs tariff (CCT) - or Common external tariff (CET) - was introduced on imports from third countries. The Common Commercial Policy is therefore the external complement to this Customs Union. It ensures that trade relations with countries and regions outside the European Union are pursued in a coherent way and that in international negotiations the EU speaks with one voice.

The Common Commercial Policy covers trade in goods, with the exception, however, of agricultural goods, which come under the Common Agricultural Policy. Other fields which are sensitive to Member States and therefore explicitly excluded are trade in arts, cultural goods and education.

Legal basis

In the context of the Union's relations with the wider world, Article 3(5) of the [Treaty on European Union](#) (TEU) commits the EU to contribute to free and fair trade.

Article 21(2) (e) requires the EU to pursue common policies in order to encourage the integration of all countries into the world economy, including through abolishing restrictions on international trade.

In the Preamble to the [Treaty on the Functioning of the European Union](#) (TFEU), the signatories recognise:

that the removal of existing obstacles calls for concerted action in order to guarantee steady expansion, balanced trade and fair competition

The Member States also desire:

to contribute, by means of a common commercial policy, to the progressive abolition of restrictions on international trade

In the context of the Customs Union, Article 32(a) of the TFEU requires the Commission to be guided by the need to promote trade between Member States and third countries.

The main provisions on external trade are contained in Articles 206-207, on the Common Commercial Policy.

Article 206 concerns the customs union, under which the EU:

shall contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and on foreign direct investment, and the lowering of customs and other barriers

Article 207 sets out details of the Common Commercial Policy itself, including - in Article 207(2)-207(6) - the relevant decision-making processes. Article 207(1) states:

1. The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services, and the commercial aspects of intellectual property, foreign direct investment, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action.

Measures defining the framework for implementing the CCP are adopted by the European Parliament and the Council, under the ordinary legislative procedure (previously known as the 'co-decision procedure'; this extension of Parliament's powers was introduced by the Treaty of Lisbon). The formal conclusion of an agreement - after the Commission has finished negotiations - lies with the Council, acting by a qualified majority.

Within the Commission, responsibility for trade issues lies with the [Directorate-General for Trade](#) (see DG Trade [mission statement](#)). The Commission has responsibility for managing day-to-day trade matters.

Negotiations with third countries are conducted by the Commission, in consultation with the Trade Policy Committee which comprises senior Council officials (and was previously known as the 'Article 133 Committee'). The Commission also keeps the European Parliament's [Committee on International Trade](#) (INTA) informed of developments (see also Centre for European Policy Studies' briefing [EU Trade and Investment Policymaking After the Lisbon Treaty](#)).

Instruments

The Community has a range of [instruments](#) at its disposal to pursue its trade policy beyond existing agreements. All actions, however, have to be in line with WTO regulations or be authorised by it.

The most important defensive measures are:

- [Anti-dumping measures](#) (see also [WTO page](#))
- [Anti-subsidy measures](#) (see also [WTO page](#))
- [Safeguard measures](#) (see also [WTO page](#))

In addition, individual businesses or Member States may lodge a complaint with the European Commission, under the [Trade Barriers Regulation](#) (TBR) about restrictions on the access to a third country market (see also [Summaries of EU legislation](#) [archived]).

The European Commission publishes a range of anti-dumping [Legislation, reports and texts](#) (for more details on the different trade policy instruments see the Summaries of EU legislation pages on: [Anti-dumping measures](#), [Anti-subsidy measures](#), [Protection against trade barriers](#) [archived], and [Protection against subsidies and unfair pricing practices which cause injury in the air transport sector](#)). The '30th Annual Report on the EU's Anti-Dumping, Anti-Subsidy and Safeguard activities (2011)' was adopted on 19 October 2012 as [COM\(2012\)599](#).

The Commission also publishes annual reports reviewing third country trade actions against the EU. (see the 6th Annual Report published as [COM\(2009\)356](#) on 10 July 2009, the 7th Annual Report as [COM\(2010\)334](#) on 25 June 2010, the 8th Annual Report on 4 July 2011 as [COM \(2011\) 399](#) and the 9th Annual Report on 28 June 2012 as [COM\(2012\) 344](#)).

The Commission's 'Tenth report on potentially trade-restrictive measures identified in the context of the financial and economic crisis' was published on 2 September 2013. The [report](#) covers potentially trade-disrupting measures implemented by the EU's main trading partners between 1 May 2012 and 31 May 2013 (see also Press Release [IP/13/807](#) and European Central Bank Monthly Bulletin July 2013 [Is there a risk of a creeping rise in trade protectionism?](#)).

[Council Regulation 1225/2009](#) (the 'basic Regulation') of 30 November 2009, repealing Regulation 384/96, provides for an anti-dumping duty to be applied:

to any dumped product whose release for free circulation in the Community causes injury.

And to this end, the Commission can adopt more detailed and specifically targeted Regulations such as [653/2012](#) of 17 July 2012 (in this particular case imposing a definitive anti-dumping duty on imports of polyethylene terephthalate originating, inter alia, in Taiwan).

A draft Regulation 'amending Council Regulation (EC) No 1225/2009 on protection against dumped imports from countries not members of the European Community and Council Regulation (EC) No 597/2009 on protection against subsidised imports from countries not members of the European Community' was adopted by the Commission on 10 April 2013 as [COM\(2013\)192](#) (see Press Releases [IP/13/315](#) and [MEMO/13/319](#); check progress via [PreLex dossier](#)).

On 18 December 2012, the Commission adopted a proposal for a Regulation 'concerning the exercise of the Union's rights for the application and enforcement of international trade rules' ([COM\(2012\)773](#); see also Press Release [IP/12/1390](#); track progress via [PreLex dossier](#)). The proposal aims to establish a framework to enable the Commission to take executive action when the trade interests of the EU are at stake.

Global Europe

In October 2006, the Commission launched a new approach to trade, with the publication of the Communication 'Global Europe: A Contribution to the EU's Growth and Jobs Strategy' ([COM\(2006\)567](#)), in which it set out 'the contribution of trade policy to stimulating growth and creating jobs in Europe', arguing for 'a more comprehensive, integrated and forward-looking external trade policy that makes a stronger contribution to Europe's competitiveness' (see also Press Release [IP/06/1303](#) and [Summaries of EU legislation](#) [archived]; 'Global Europe' is also available in an [illustrated version](#) accompanied by an [Executive summary](#)).

Global Europe is a key element in the Union's external pillar of the [Lisbon Strategy for growth and jobs](#) [archived].

The associated Green Paper 'Global Europe: Europe's trade defence instruments in a changing global economy' was published on 6 December 2006 ([COM \(2006\)763](#); see also Press Release [IP/06/1690](#)). The Green Paper sought comments on six main issues:

- the role of trade defence instruments in a changing global economy
- the weighting of different EU interests in trade defence investigations
- the launch and conduct of trade defence investigations
- the form, timing and duration of trade defence measures
- the transparency of trade defence investigations
- the institutional structure of trade defence investigations.

The Commission's analysis of the [responses](#) to the consultation showed that the trade defence system 'is both necessary and, for the most part, sound, durable and effective', but also that changes could be made in a number of areas (notably transparency, accessibility and effectiveness).

On 18 April 2007, the Commission adopted the Communication 'Global Europe: A Stronger Partnership to deliver Market Access for European exporters' ([COM\(2007\)183](#)), in which it identified weaknesses of the existing market access system and the extent to which EU policy must evolve in order to reflect a changing global economy. The main element of the proposed new approach is a 'decentralised partnership between the Commission, Member States and business on the ground in third countries where local expertise makes trade barriers easier to identify and tackle' (see also Press Releases [IP/07/510](#) and [MEMO/07/135](#)).

On 27 October 2008, the Commission report [EU performance in the global economy](#) (see also Press Release [IP/08/1585](#)) assessed 'Global Europe' and found that the case for it:

remains as strong as ever. Europe continues to draw huge benefits from the global economy - sourcing products from around the world for transformation by manufacturers here, and dominating many global export markets. Our strengths remain as Global Europe described them: exports in which expert knowledge and skilled production are key.

The report did, however, warn that:

the EU must focus on investment in its high-technology manufacturing and continue to improve its market share in the fast growing economies of Asia

In 1996 the Union launched a 'Market Access Strategy' intended to make its trade policy more pro-active and to reflect the needs of European exporters (the initiative included a [Market Access Database](#)). A key strand of the Global Europe approach is a renewed [Market Access Strategy](#). The first review of the Strategy was published on 16 December

2008 as the Communication 'Reporting on market access and setting the framework for more effective international regulatory cooperation' ([COM \(2008\)874](#); see also Press Release [IP/08/1989](#)). It identified the main non tariff barriers faced by EU exporters and proposed how they should be tackled. The report concluded that:

Response to trade barriers must be coherent and targeted. The EU has different instruments at its disposal to overcome trade barriers and promote regulatory convergence. It needs to use all its instruments strategically and to ensure that there is a more integrated external policy agenda, which allows for trade-offs and win-win solutions.

On 9 November 2010, the Commission's 'Report on progress achieved on the Global Europe strategy, 2006-2010' concluded:

Global Europe provided a clear vision for the role of trade policy in promoting the EU's global competitiveness. Numerous respondents to the public consultation on the EU's future trade policy indicated that they considered Global Europe to have set the right priorities and focus, and that it remained to a large extent valid today. Global Europe underlined the EU's commitment to multilateralism and the Doha Round and launched a number of new initiatives, including bilateral [Free Trade Agreement] negotiations, new platforms for dialogue with Europe's two largest trading partners, the United States and China, and cross-cutting initiatives on [intellectual property rights], public procurement, [trade defence instruments] and market access.

Also on 9 November 2010, the Commission published its proposals for EU trade policy until 2015 in the Communication 'Trade, Growth and World Affairs: Trade Policy as a core component of the EU's 2020 strategy' ([COM\(2010\)612](#); see also Press Release [IP/10/1484](#), [Citizens' summary](#) and [Summaries of EU legislation](#) [archived]). The Commission proposed:

1. to complete its ambitious negotiating agenda at the WTO and with major trading partners such as India and Mercosur. Completing this agenda would increase European GDP by more than one percent per year;
2. to deepen trade relations with other strategic partners, such as the US, China, Russia and Japan, where the main focus will be on tackling non-tariff barriers to trade;
3. to help European businesses access global markets by setting up a mechanism to redress the balance between open markets in the EU (for example in public procurement) and more closed markets with our trading partners;
4. to start negotiating comprehensive investment provisions with some of our key trading partners;
5. to make sure trade is fair, and our rights are properly enforced, translating promise on paper into concrete benefits;
6. to ensure trade remains inclusive so that the benefits go to the many, not the few. We will spell out how trade can continue to support development as we set up a new framework of rules for trade preferences for developing countries.

On 10 March 2011, the Commission adopted the Communication 'Trade and Investment Barriers Report 2011: Engaging our strategic economic partners on improved market access: Priorities for action on breaking down barriers to trade' ([COM \(2011\)114](#); see also Press Release [IP/11/276](#)). The first of its type, the report highlighted 21 barriers in

the markets of six strategic economic partners and proposes specific actions to remove them. In it, the Commission stated:

A key message of the new EU trade strategy is that in parallel to the negotiating agenda, our renewed trade policy must take a more assertive approach, not least to ensure that European companies are not deprived of legitimate market access opportunities and that our rights are properly enforced to ensure a level-playing field.

The report was presented to the European Council on 24-25 March 2011, with the [Conclusions](#) showing that EU leaders agreed the following statement on trade issues:

The external dimension of the Single Market is also important and the focus should be on promoting free, fair and open trade, with a focus on concluding the WTO Doha Round and Free Trade Agreements in 2011 in line with the conclusions of the 16 September 2010 European Council. Work should be rapidly taken forward, following the Commission report setting out priorities for dismantling barriers to trade in third countries.

Accompanying the 'Trade and Investment Barriers Report 2011' was 'Implementation of the Market Access Strategy: Annual Report 2010' ([SEC \(2011\)298](#)). This third Annual Report on the implementation of the renewed Market Access Strategy re-iterated the importance of the Strategy, as confirmed in 'Trade, Growth and World Affairs', stating:

In recent years, the Market Access Strategy has proven its added value in a period of economic crisis when the risk of protectionist tendencies made monitoring and removal of trade barriers a matter of priority for European trade policy.

The Second 'Trade and Investment Barriers Report' was presented by the Commission on 21 February 2012 ([COM\(2012\)70](#)). It looked at progress achieved on the 21 barriers identified in the first edition and identified a number of new barriers. The Commission's [Trade and Investment Barriers Report 2013](#) was published on 14 March 2013 (see Press Release [IP/13/226](#)).

Europe 2020

[Europe 2020](#) has no specific element devoted to trade issues. However, the 9 November 2010 Communication 'Trade, Growth and World Affairs: Trade Policy as a core component of the EU's 2020 strategy' ([COM \(2010\)612](#); see also [Summaries of EU legislation](#) [archived]) states:

The over-riding aim of European economic policy is faster growth. Only sustained economic growth can create more jobs and safeguard our welfare state. But lifting the growth potential of our economies will be a major challenge – a challenge taken up by the Europe 2020 triple objectives of smart, inclusive and sustainable growth. This Communication is a crucial element of the external dimension of the Europe 2020 strategy and sets out how trade and investment policy must contribute to this objective, and to our external policies as a whole.

The Communication was accompanied by the Commission Staff Working Documents 'Report on progress achieved on the Global Europe strategy, 2006-2010' and 'Trade as a driver of prosperity'.

In 'Trade as a driver of prosperity', the Commission demonstrates:

the potential contribution that EU trade policy can make to the achievement of the EU2020 policy objectives of smart, sustainable and inclusive growth and job creation. The multilateral and bilateral trade negotiations currently underway will boost trade mainly by means of further tariff reduction on goods, and to a lesser extent by means of reductions in non-tariff barriers. Attention now needs to be directed to reducing the trade costs of non-tariff barriers and regulatory measures in goods, services and investment, achieving better market access in public procurement and raw materials, and protecting IPR.

The 28 October 2010 Communication 'An Integrated Industrial Policy for the Globalisation Era: Putting Competitiveness and Sustainability at Centre Stage' ([COM\(2010\)614](#)) addressed a range of issues associated with industrial policy, the Single Market and the Europe 2020 strategy. In Section 6.1. 'Trade and international regulation', the Commission argued that:

Successful trade liberalisation through, inter alia, multi- and bilateral agreements and falling transport and communication costs [has] helped create a vibrant global marketplace and rapid growth in new markets for EU exports.

The EU and the WTO

The European Union is a strong supporter and member of the [World Trade Organisation](#) (WTO), since its establishment on 1 January 1995 as successor to the General Agreement on Tariffs and Trade (GATT). During eight series of negotiations (or 'rounds'), GATT - originally established in 1948 as the International Trade Organisation - was instrumental in reducing tariffs and other trade barriers. The final series of GATT negotiations, known as the Uruguay Round, was concluded in 1994. It was during the Uruguay Round that the contracting parties to GATT agreed to establish the World Trade Organisation.

Membership of the WTO is constantly growing: as of March 2013 there were 159 [members](#), the most recent being Tajikistan (2 March 2013) (see [ongoing accession procedures](#)). The WTO is based in Geneva, Switzerland.

(See also WTO page [The European Union and the WTO](#))

WTO agreements

WTO members must meet a number of criteria, including: the existence of a liberal trade and investment regime with market access commitments, liberalisation of the services sector, protection of intellectual property rights, harmonisation of standards and certification systems, and efficient customs procedures at national borders. Members of the organisation are bound by a number of agreements, including:

- The [General Agreement on Trade in Services](#) (GATS), which covers such things as computer and information activities, travel and tourism, hotels and restaurants, finance and insurance, construction, transport, telecommunications and distribution. Trade in services accounts for some 25% of the EU's total exports and for more than 60% of employment and is one of the main contributors to the EU economy.
- The [Agreement on Technical Barriers to Trade](#) (TBT), which allows countries to adopt the technical standards they consider most appropriate, but encourages them where possible to follow international norms. TBT is intended to ensure that testing and certification procedures do not create unnecessary obstacles to trade.

- The [Agreement on Trade Related Aspects of Intellectual Property Rights](#) (TRIPS), which ensures a worldwide recognition of minimum standards of protection of intellectual property rights.

The Doha Round of WTO talks

With world trade and associated issues constantly evolving, the European Union started lobbying for a new trade agreement in 1997. An agenda for a series of negotiations, known as the 'Millennium Round', was discussed at the WTO's [Third Ministerial Conference](#), held in Seattle from 30 November to 3 December 1999. The EU wanted to establish 'a comprehensive, three year Round', based around sustainable development, and including the following elements:

- further real trade liberalisation, bringing benefits to all WTO partners and taking full account of the specific needs of developing countries
- strengthening of the WTO multilateral system, through agreed disciplines in new areas, such as investment and competition
- strengthening the development role and capacity of the WTO, through specific actions in favour of capacity building for least developed countries (LDCs), amongst others
- ensuring that the WTO continues to address - and is seen to address - issues of concern to the broader public, such as health, environment, [and] social concerns as well as cultural identity.

However, participants held differing positions and the 135 countries represented failed to agree on an agenda for the Millennium Round. Further talks took place at the [Fourth Ministerial Conference](#) in Doha, Qatar, in November 2001, at which the then 140 WTO members agreed the contents of a new Work Programme.

The Work Programme agreed at Doha (the [Doha Development Agenda](#)) covered 21 topics, on which - with two exceptions - negotiations were originally hoped to be completed by January 2005. Details were given in a [Ministerial Declaration](#).

The WTO's [Fifth Ministerial Conference](#), held in September 2003 at Cancún, Mexico, was meant to review progress on the Doha Development Agenda. It is widely held that the conference was as a failure. Ministers could not even agree on a common final Declaration.

Agriculture has proved to be a particularly contentious for the WTO. In spite of recent reforms, the EU's Common Agricultural Policy (CAP) - with its regime of high subsidies to EU farmers and high tariffs on imports from third countries - has been widely criticised (for further information, see the WTO [Agriculture website](#), the Commission's DG Trade's [Agriculture](#) page, and European Parliament Fact Sheets on [WTO agreement on agriculture](#)).

After the deadlock which resulted from the failure at Cancún, it took almost a year until, after intensive talks in Geneva, the Doha Round negotiations were put back on track with the so-called [July 2004 package](#), adopted by the WTO General Council on 1 August 2004.

However, despite WTO Ministerial meetings in Hong Kong ([2005](#)) and Geneva ([2006](#), [2008](#)), the negotiations stalled. Speaking on 29 July 2008, in the aftermath of the failure, EU Trade Commissioner Peter Mandelson [said](#):

We had to meet two objectives in these negotiations:

- As well as reforming agricultural subsidies, we aimed to give genuine protection to farming communities where this was needed because of poverty or a lack of competitiveness;
- We aimed to do this in a way that did not result in a significant proportion of trade facing higher tariffs rather than lower.

I believe we could have done the first without risking the second. But compromise was needed to do so, and this eluded us.

A statement by the European Commission's DG Trade (see [Trade website](#)) said:

At the Geneva Ministerial in 2008 the Doha Round came very close a framework agreement on tariff cuts for industrial goods and agricultural exports and a comprehensive package of farm reform in developed countries.

This package would have gone further than any previous multilateral trade agreement. It would have removed almost all remaining tariffs between developed countries for industrial goods and would have included a proportionate contribution from large emerging economies such as Brazil, China and India.

Unfortunately, the meeting broke down over a disagreement between exporters of agricultural bulk commodities and countries with large numbers of subsistence farmers on the precise terms of a 'special safeguard measure' to protect farmers from surges in imports. At this time, the future of the Doha Round is uncertain.

On 24 July 2009, a [Statement by Pascal Lamy](#), WTO Director-General, reviewed progress with the Doha Agenda, noting there was:

a genuine and strong renewal of political commitment to re-engage in the Doha negotiations to conclude it in 2010.

The 2010 target was missed and on 12 November 2010 a Financial Times article stated:

A chorus of national leaders, business executives and heads of international organisations have warned of a slide towards protectionism if nothing is done to kick new life into the stalled Doha trade negotiations.

The sticking points in the trade talks remain as deep as ever but the Group of 20 is, nevertheless, set to agree ... a new deadline of 2011 for completion of the talks, arguing there is a window of opportunity before the US presidential election campaign start[s] in earnest in 2012.

On 13 May 2011, the Foreign Affairs / Trade Council discussed prospects for the Doha talks (see Press Release [10023/11](#)), calling on the Union's WTO partners:

to use the opportunities provided by the forthcoming high-level meetings in APEC, OECD and G8 to inject new momentum into the negotiations.

However, on 13 June 2011, the Financial Times article [WTO scrambles to salvage Doha talks](#) sounded a pessimistic note:

An increasing number of officials in Geneva are finally conceding that the Doha round will never be completed in anything like its current form.

The situation remains, even though Pascal Lamy in his [May 2012 report](#) to the WTO General Council declared optimistically that:

my conversations over the past few weeks with Ministers and delegations have provided me with a sense that Members wish to continue to explore any opportunities to gain the necessary traction and make tangible progress soon.

(For further information, see DG Trade [The Doha Round](#); the WTO also provides a [brief summary](#) of the negotiations; you can find more information in ESO on the Doha Round by clicking [here](#)).

Given the lack of progress in the Doha Round, some 20 countries have started negotiating a new international agreement on trade in services. On 15 February 2013, the Commission asked the Council to approve EU involvement in those negotiations, which cover all services sectors, including information and communication technology (ICT) services, logistics and transport, financial services and services for businesses. The broader aim is to develop new rules on trade in services, such as those applying to government procurement of services, licensing procedures or access to communication networks (see Press Release [IP/13/118](#) and also European Parliament Library Briefing [Trade in services: towards a plurilateral agreement](#)).

Aid for Trade

Aid for Trade (AfT) offers financial assistance to help developing countries improve their capacity to trade by funding new infrastructure, improving ports or customs facilities, and helping factories meet EU health and safety standards for imports. AfT was established at the December 2005 WTO Ministerial Conference in Hong Kong.

On 29 October 2007, the Council adopted an 'EU Strategy on Aid for Trade: Enhancing EU support for trade-related needs in developing countries' (Press Release [14470/07](#); see also [Aid for Trade](#) page and the Summaries of EU legislation pages [Towards an EU Aid for Trade strategy](#) [archived] and [Aid for Trade in developing countries](#)).

On 19 July 2011, the WTO's Third Global Review of Aid for Trade enabled donors and developing countries to review the achievements of AfT since its launch in 2005 (see Press Release [MEMO/11/519](#) and WTO [Review](#) page). The Fourth Global Review of Aid for Trade was held on 8-10 July 2013 (see Press Release [MEMO/13/649](#)).

Accession of new WTO Members

As the world's largest trading bloc, the EU plays a significant role in WTO membership negotiations. In 2000 the European Commission successfully concluded bilateral negotiations on [China's](#) accession to the WTO. The bilateral negotiations allowed the Commission to ensure that the Union would benefit from China's accession. Agreement had already been reached between China and the United States.

Similarly, the European Union supported the accessions to the WTO of other important trading partners such as [Ukraine](#), (2008), [Russia](#) (2012) and [Algeria](#) (pending).

Russia joined the WTO in August 2012. On 9 July 2013, the EU filed its first case against Russia at the WTO, challenging a Russian tax on imported vehicles (see Press Release [IP/13/665](#); see also European Parliament report [The economic significance of Russia's accession to the WTO](#)).

WTO dispute settlement

In addition to its function as a forum to negotiate common trade rules and measures of trade liberalisation, the WTO acts as an arbiter in trade disputes between its Members. According to the 2012 [General Overview of Active WTO Dispute Settlement Cases and Active TBR cases](#):

At present, the EU is actively involved in 43 WTO disputes: in 19 of these cases the EU is the complaining party while in the remaining 24 cases the EU is on the defending side.

These cases relate to the EU's relations with 15 of its trading partners (Argentina, Brazil, Canada, China, Colombia, Ecuador, Honduras, India, Japan, Nicaragua, Norway, Panama, Philippines, Chinese Taipei, Thailand and the US).

Dispute settlement activities against the US continue to represent the majority of EU's active disputes. The EU is the complaining party in 6 of the disputes and, being the defendant in 6 cases (GMOs, hormones, bananas, poultry, aircraft and Information Technology Agreement). Regarding the substance of EU's offensive cases with the US, a major part concerns the misuse of trade defence instruments.

Our cases with China concern services, anti-dumping measures and raw materials on the offensive side and our anti-dumping measures on the defensive side.

(Further details on WTO dispute settlement and cases involving the EU can be found via the Commission's [Dispute settlement](#) pages, [WTO Dispute Settlement Gateway](#) and the DG Trade [WTO Dispute settlement](#) page). The WTO also undertakes a series of Trade Policy Reviews; the latest for the [EU](#) took place on 6 and 8 July 2011).

Preferential trade arrangements

The EU also negotiates [bilateral agreements](#), outside the WTO's framework, but always notified under the WTO agreements. These agreements involve groups of countries, individual countries and regional trade blocs.

Generalised System of Preferences

The [Generalised Scheme of Preferences](#) (GSP) was established as an exception to the principle of most-favoured nation (MFN) under the General Agreement on Tariffs and Trade (GATT). According to the principle, preferences given to one nation must be granted to all other WTO members as well so to avoid trade distortion. However, an enabling clause was introduced to the agreement in 1971 in order to allow for preferential treatment to be given to developing countries.

In practice, this covers the so called G77 countries - a group set up in 1964 now comprising more than 130 developing countries. Ex-communist countries - 'economies in transition' - also qualify to most aspects of the scheme, as well as China. Under the GSP all qualifying countries must obtain the same conditions - with the exception of the Least Developed Countries (LDCs) which enjoy special arrangements.

Under the so-called [Everything But Arms](#) (EBA) initiative, imports from these countries - the 50 poorest countries of the world - enjoy duty-free access to EU markets, excluding arms and munitions.

On 23 June 2005 the European Commission reached an agreement with Member States on the reform of its GSP system (see Press Release [IP/05/772](#)).

In June 2005, [Council Regulation \(EC\) 980/2005](#) set out provisions under the GSP for the period 2006-2008.

On 22 July 2008, Member States adopted [Council Regulation 732/2008](#) 'applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011', allowing the EU to maintain preferential access to its market for 176 developing countries (see also [IP/08/1192](#), [Generalised System of Preferences](#) page, and Summaries of EU legislation [Generalised System of Preferences 2006 - 2008](#) [archived], [A scheme of generalised tariff preferences 2009-2011](#) and [Scheme of preferences from 2006 to 2015 - Guidelines](#) [archived]).

On 16 March 2010, Trade Commissioner Karel De Gucht set out his views on EU Trade Policy Towards Developing Countries and announced the launch of a public consultation as part of the Commission's review of the GSP scheme (see Press Releases [SPEECH/10/96](#) and [IP/10/280](#)).

On 18 November 2010, the Commission adopted [Regulation \(EU\) 1063/2010](#), revising rules of origin for products imported under the GSP (see also Press Releases [IP/10/1526](#) and [MEMO/10/588](#)).

On 10 May 2011, the Commission announced that it intended to amend the GSP, to concentrate on the countries most in need. Details were set out in the proposal for a Regulation 'applying a scheme of generalised tariff preferences' ([COM\(2011\)241](#); see also Press Release [IP/11/553](#) and [MEMO/11/284](#)).

For more details on trade and development see [Summaries of EU legislation](#) and DG Trade page on [Development](#).

Bilateral agreements with countries

Trade relations between the EU and many of its trading partners are subject to bilateral [agreements](#), which can take different forms. The [United States](#), [China](#) and [Switzerland](#) are major trading partners for the EU.

Negotiations on a Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada were launched in May 2009. An update on progress was issued on 17 June 2013 as Press Release [MEMO/13/573](#).

On 14 June 2013, the Council agreed that the European Commission should start trade and investment negotiations with the United States on the proposed Transatlantic Trade and Investment Partnership (see Press Release [IP/13/548](#)). Negotiations were formally open at the G8 Summit in Belfast on 17-18 June 2013. On 12 March 2013, the European Commission agreed the draft mandate for the Transatlantic Trade and Investment Partnership Agreement. The draft was sent to the Council for approval (see Press Release [IP/13/224](#)).

Details of progress towards a Free Trade Agreement (FTA) between the EU and Japan were given in Press Release [MEMO/13/572](#), 17 June 2013.

See also Press Release [MEMO/13/576](#) 18 June 2013: 'The EU's free trade agreements – where are we?'

Bilateral agreements with regions

Bilateral agreements also exist between the EU and other entities of regional integration, trade blocs or less integrated groupings of countries.

Trade agreements with the EU's candidate countries are a special case since they are meant to knit closer ties between the EU and the acceding country in a preparatory stage on the way to complete accession. In a similar light, the EU offers special trade relations

to the countries of the [Western Balkans](#) to stabilise and develop the region in its immediate neighbourhood.

Other trading blocs the EU co-operates with include the [Association of South East Asian Nations](#) (ASEAN), the [Gulf Cooperation Council](#) (GCC), the [Andean Community](#) and [Mercosur](#) (Argentina, Brazil, Paraguay, Uruguay).

The co-operation with the 79 [African, Caribbean and Pacific Group of States](#) (ACP) under the ACP-EC Partnership Agreement (Cotonou Agreement) forms an important part of the EU's development policy.

Information sources in the ESO database

Find updated and further information sources in the ESO database:

[18.4 External Trade \[all categories\]](#)

- [Key source](#)
- [Legislation](#)
- [Policy-making](#)
- [Report](#)
- [Statistics](#)
- [News source](#)
- [Periodical article](#)
- [Textbook, monograph or reference](#)
- [Background](#)

[18.4.a Common Commercial Policy](#)

[18.4.b World Trade Organisation](#)

[18.4.c Trade and investment](#)

[18.4.d Trade and environment](#)

[18.4.e Other issues](#)

Further information sources on the internet

- European Commission: DG Trade
 - [Homepage](#)
 - [Trade website](#)
 - [Introduction to trade](#)
 - [News and events](#)
 - [Analysis](#)
 - [Statistics](#)
 - [Trade, growth and jobs](#)
 - [Creating opportunities](#)
 - [Trade defence](#)
 - [Public consultations](#)
 - [Publications](#)
- European Commission: DG Eurostat
 - [Homepage](#)
 - [External Trade](#)
 - Statistics explained: [External trade](#)
- European Commission: DG Communication
 - [RAPID](#) press releases database - [Trade](#) (pre-set search)

- Europa
 - Policy areas: [Trade](#)
 - Summaries of EU legislation
 - [External trade](#) (includes factsheets under the broad headings: Strategy for a competitive Europe, Common trade policy regime, External trade and globalisation)
- Legislative and policy making information
 - [Treaty on the functioning of the European Union](#): Article 32(a), 206-207
 - EUR-Lex: Legislation: [Trade](#)
 - EUR-Lex: Preparatory legislation: [Trade](#)
 - EUR-Lex: Consolidated legislation: [Trade](#)
 - EUR-Lex: Case Law: [Trade](#)
 - EUR-Lex: Summaries of EU Legislation: [Trade](#)
 - European Commission: DG [Trade](#)
- Court of Justice of the European Union: Opinions and judgments since June 1997 (on the [search form](#), in 'Field' select 'Commercial policy' or use appropriate keywords to find relevant cases)
- European Parliament: OEIL [Homepage](#). Search by words in title or subject- choose 'External relations of the Union' - 'Common commercial policy in general' - then select appropriate sub-heading
- Council of the European Union
 - [Foreign Affairs](#)
- European Parliament
 - [International Trade](#) (INTA)
- European Parliament: Fact Sheets
 - The section on [Common Policies](#) includes a chapter on Common Agricultural Policy, which includes Fact Sheets on [WTO agreement on agriculture](#) and [The Doha Round and agriculture](#)
 - Section on [The EU's external relations](#) includes Fact Sheets on [The European Union and its trade partners](#), [The European Union and the World Trade Organisation \(WTO\)](#) and [The Western Balkans](#)
- European Economic and Social Committee
 - [External Relations Section](#) (REX)
- Committee of the Regions
 - [Commission for Economic and Social Policy](#)(ECOS)
- European External Action Service (EEAS)
 - [Homepage](#)
 - [Permanent Mission of the European Union to the World Trade Organisation](#)
- World Trade Organisation (WTO)
 - [Homepage](#)
 - [Ninth Ministerial Conference](#) (Bali, December 2013)
 - [Eighth Ministerial Conference](#) (Geneva)
 - [Seventh Ministerial Conference](#) (Geneva)
 - [Sixth Ministerial Conference](#) (Hong Kong)
 - [Fifth WTO Ministerial Conference](#) (Cancún)
 - [Fourth WTO Ministerial Conference](#) (Doha)

- Organisation for Economic Co-operation and Development
 - [Homepage](#)
 - [Trade](#)
- European Free Trade Association (EFTA)
 - [Homepage](#)
- General Secretariat of the African, Caribbean and Pacific Group of States
 - [Homepage](#)
- United Nations Conference on Trade and Development (UNCTAD)
 - [Homepage](#)
- World Customs Organization (WCO)
 - [Homepage](#)
- Centre for European Policy Studies (CEPS)
 - [Homepage](#)
 - [EU Trade and Investment Policymaking After the Lisbon Treaty](#)

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