

BUSINESSEUROPE



Trading and Investing in a changing environment

Trade Barriers around the World

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Main developments in world trade

- Emerging and fast growing markets
- Globalisation of supply chains
- Increasing bilateral/plurilateral trade agreements
- Increased political role of Trade
- Rising protectionist trends in some markets



Emerging and fast growing markets

- The EU is the world's largest trading block- Exports and Imports(around 16% of the World's Imports and Exports). One out of 10 jobs in Europe depend of exports.
- The EU ranks first in both inbound and outbound international investments.

However

- 90% of world economic growth by 2015 is expected to be created outside Europe- 1/3 in China
- Developing and emerging countries are likely to stand for nearly 60 % of the world GDP by 2030(< than 50% today)
- Europe's share of worldwide FDI flows fell to 24% in 2012 compared to 40% in 2000

EU Trade with the BRICS

2003- 13,8% Exports and 24,2% Imports

2013- 21,2% Exports and 34,0% Imports



Globalisation of Supply Chains

- Production is organised to an increasing extent by international or global value chains. Goods and services are not produced in a single location, but are the result of a combination of tasks executed in different countries.
- However about 87% of value added in EU Exports is created domestically. This percentage is of course higher for Services

EU-China supply chain linkage:

In 2009, over 1.1 million jobs in the EU were related to China's export activity while 5.5 million Chinese jobs were dependant on EU exports¹

1-Study on China-EU global value chains



Bilateral-Plurilateral Trade Agreements

- Multilateral is still the preferred option to obtain better worldwide market access; but there is not much progress in the DDA in recent years
- Major trade partners have started important bilateral/regional negotiations- e.g. TPP, TTIP, China/Japan/Korea
- Several Plurilaterals cover specific sectors – TISA (Services), Environmental Goods, ITA (expansion)

Challenges:

- How to support the role of WTO as the main international body setting and implementing trade rules
- How to ensure consistency in world trade rules
- How the EU will engage with major trade partners that are not included in the trade agreements under negotiation



Increased political role of Trade

- Trade has always been an instrument to foster economic development and growth, leading to improved social cohesion and political stability.
- Recently Trade is being used more and more as a foreign policy tool. This is constructive when leading to economic and political stability in sensitive and unstable areas but it also brings an element of uncertainty as Trade is increasingly dependent on geopolitical constraints.
- Even more worrisome is the growing trend of dissociating Trade from the economic reality, using it only to pursue political objectives- e.g. recent public debate on TTIP and ISDS

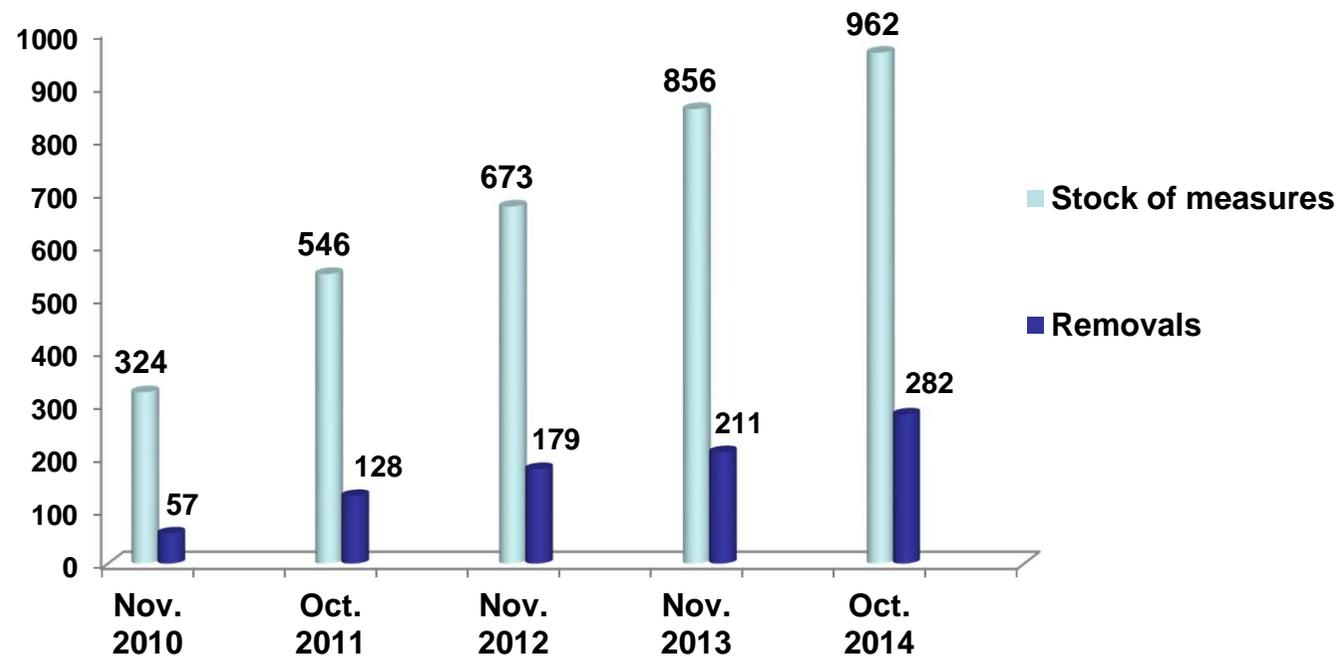
This changing reality puts additional pressure on economic operators but also on the European Commission, the Member States and the European Parliament



Rising protectionist trends in key markets

- Increasing number of barriers both in Developing as well as Developed countries in particular after the 2008-2009 crisis

WTO REPORT ON G-20 TRADE MEASURES
(MID-MAY 2014 TO MID-OCTOBER 2014)



Rising protectionist trends in key markets

- G20 engagements have not made a substantial difference

WTO Report (November 2014)

Of the 1,244 restrictive measures recorded by this exercise since the onset of the crisis in 2008, only 282 have been removed. The total number of restrictive measures still in place now stands at 962 – up by 12% from the end of the reporting period in November 2013.

G-20 economies applied 93 new trade-restrictive measures during the period between mid-May and mid-October (2014). This equates to over 18 new measures per month, which is unchanged compared to the previous period.



Rising protectionist trends in key markets

Some trends:

- Move from traditional protectionist measures to more subtle ways e.g. regulations on the area of safety and consumer protection
- Move from traditional to more innovative sectors e.g digital
- Services and Investment are becoming an increasing target

Among the most popular measures:

- Local content requirements
- Forced technology/IP transfers
- Discrimination in public tenders
- Export restrictions/export duties
- New Standards/Regulations
- Discriminatory taxation
- Unwarranted use of TDIs, including Safeguards



Rising protectionist trends in key markets

How can the EU react:

- Address the issues in the context of the bilateral trade negotiations e.g. Japan and US
- Use coordinated foreign policy actions (with Member States) to address the issues bilaterally e.g. Market Access Strategy
- WTO action- recent cases against Russia and Brazil.

Brazil- applies high taxes in several sectors, such as automobiles, information technologies, and machines used by industry and professionals. Brazilian products, unlike imported ones, can however benefit from selective exemptions or reductions in some cases in the condition they use local components. As a result, goods manufactured in the EU and sold in Brazil face higher taxes than Brazilian products.

Russia- In July 2013 the EU challenged Russia's "recycling fee" for vehicles, which discriminated against vehicles that are imported in Russia. In April 2014, the EU launched a challenge against the Russian ban (since January 2014) on imports of pigs, fresh pork and certain pig products from the EU. In May 2014 the EU requested consultations with Russia concerning anti-dumping duties on light commercial vehicles (LCVs) from Germany and Italy. In October 2014 the EU requested consultations with Russia in respect of import duties for paper products, refrigerators and palm oil.



Rising protectionist trends in key markets

Main challenges:

- Lack of a coordinated approach between major trading partners
- Standstill in the liberalisation process in WTO
- Unstable political and/or economic situation in major economies
- Trade increasingly used as a political tool
- Rules and disciplines need to be adjusted to a new trade reality



BUSINESSEUROPE- trade roadmap

- We have recently adopted the Trade Roadmap for the new European Commission with European Businesses' main priorities
- Advancing the EU's Trade Agenda is critical to promote growth and jobs in Europe
- We are strongly supporting the bilateral trade agenda and the on-going trade and investment negotiations
- We also need to address increasing barriers and worldwide protectionist measures, even in countries we are not negotiating with



Thank you
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