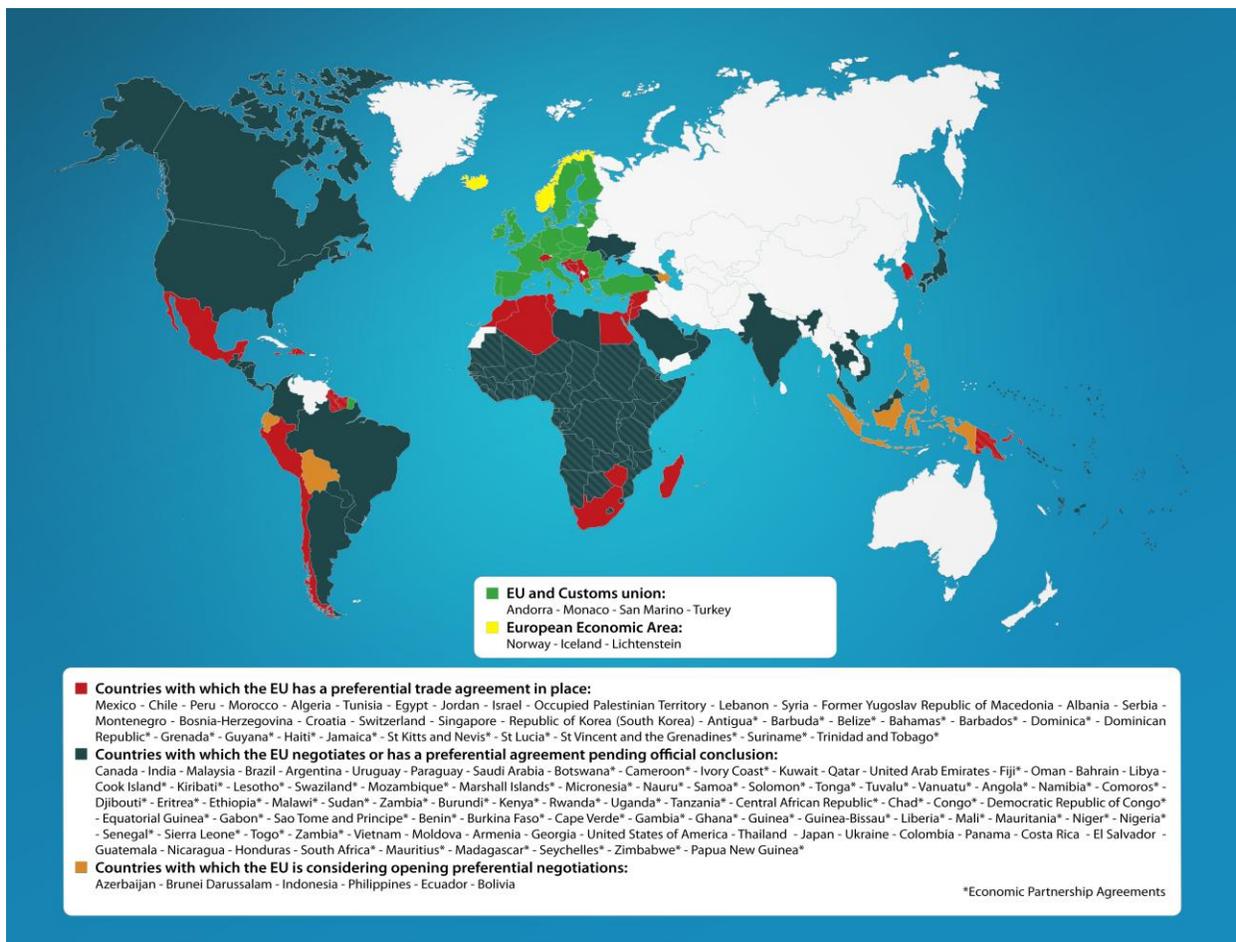


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RE: EU's Free Trade Agreements/State of play

The EU's free trade agreements – where are we?

Source: EU Commission/DG TRADE



Over the next two years, 90% of world demand will be generated outside the EU. That is why it is a key priority for the EU to open up more market opportunities for European business by negotiating new Free Trade Agreements with key countries. If we were to complete all our current free trade talks tomorrow, we would add 2.2% to the EU's GDP or €275 billion. This is equivalent to adding a country as big as Austria or Denmark to the EU economy. In terms of employment, these agreements could generate 2.2 million new jobs or additional 1% of the EU total workforce. You will find below an overview of the most important forthcoming and on-going free trade negotiations.

1° Forthcoming negotiations

1.1 Japan – The EU and Japan officially launched negotiations for a free trade agreement on 25th March 2013 ([MEMO/13/283](#)). The EU Member States gave the Commission a mandate to open negotiations in November 2012 and the first round of talks is scheduled to take place mid-April in Brussels.

Japan is the EU's second biggest trading partner in Asia, after China. An FTA could increase the EU's GDP by 0.6% and boost EU exports to Japan by a third. 400,000 additional jobs are expected in the EU alone as a result of this deal.

The Commission is aware of concerns in some Member States, particularly as regards non-tariff barriers in Japan. This is exactly why the Commission agreed with Japan – even before potential negotiations started – that Europe can 'pull the plug' on negotiations after one year if Japan does not demonstrate that it is removing certain non-tariff barriers.

United States of America - On 12th March, the European Commission agreed the draft mandate for what is hoped to be a relatively quick negotiation. The document has now been sent to the Council for the Member States to approve it before negotiations can start ([IP/13/224](#)). This was the Commission's response to the agreement between the EU and US a month earlier to start internal procedures to launch negotiations on a Transatlantic Trade and Investment Partnership. This decision was based on recommendations of the High Level Working Group on Jobs and Growth that had steered the reflection on the future EU-US relations since late 2011.

According to an independent study by the Centre for Economic Policy Research, London, an ambitious and comprehensive trans-Atlantic trade and investment partnership could bring the EU economic gains of €119 billion a year once the agreement is fully implemented. This translates on average to an extra €545 in disposable income each year for a family of four in the EU ([MEMO/13/211](#)).

1.2 Association of Southeast Asian Nations (ASEAN) – On 6th March 2013, the EU launched negotiations for a Free Trade Agreement with **Thailand** ([IP/13/179](#)) – the fourth ASEAN country to negotiate bilaterally with the EU and the EU's third largest trading partner in the region, just after Malaysia. The EU remains open to start negotiations with other ASEAN partners and hopes one day to integrate these deals into a global region-to-region trade agreement.

Southern Mediterranean – On 1st March 2013, President Barroso and Moroccan Head of Government, Abdelilah Benkirane announced the launch of EU-**Morocco** negotiations for a Deep and Comprehensive Free Trade Agreement (DCFTA). The deal should strengthen EU-Morocco trade relations and will build upon existing agreements, including the Association Agreement of 2000 and the agreement on agricultural, processed agricultural and fisheries products of 2012. The first round of talks will take place in the coming weeks.

Morocco is the first Mediterranean country to negotiate a comprehensive trade agreement with the EU and could be followed relatively soon by Egypt, Jordan and Tunisia as, in December 2012, the Commission received a mandate to "upgrade" current trade agreements with all these Mediterranean countries.

2° On-going negotiations

2.1 Canada – Negotiations for an [EU-Canada Comprehensive Economic and Trade Agreement \(CETA\)](#) started in May 2009 and are now in their final stretch. EU Trade Commissioner Karel De Gucht and Canadian Trade Minister Ed Fast met in Ottawa in February 2013. Progress was made, but there are still some important gaps to be bridged before an agreement is reached. Canada is the EU's eleventh most important trading partner, whereas the EU is Canada's second-largest trading partner, after the United States. In 2011, the value of bilateral trade in goods between the EU and Canada was €52.5 billion. An economic study jointly released by the EU and Canada in 2008 showed a comprehensive trade agreement could increase their bilateral trade by another €25.7 billion.

2.2 India – Talks started in 2007. Substantive progress has been achieved and there is renewed momentum with the contours of a deal emerging. Now both sides need to go the final mile to put the package together. India combines a sizable and growing market of more than 1 billion people and is an important trade partner for the EU, as well as an emerging global economic power.

In the [ASEAN region](#), the EU is currently negotiating Free Trade Agreements with **Malaysia** (launched in May 2010) and **Vietnam** (launched in June 2012 - [IP/12/689](#)). Negotiations with Thailand are about to start (see above). ASEAN as a whole represents the EU's third largest trading partner outside Europe (after the US and China) with trade in goods and services topping €206 billion in 2011.

2.3 Mercosur – After more than two years of technical work, the EU estimates that it is now time to move on to the exchange of market access offers if we want to give the negotiations a renewed impetus. The objective is for a balanced and ambitious trade agreement.

2.4 Eastern Neighbourhood – The EU is currently negotiating a Deep and Comprehensive Free Trade Area as part of Association Agreements with Georgia, Armenia and Moldova.

2.5 Gulf Cooperation Council – Negotiations for a free trade agreement were suspended by the Gulf Cooperation Council in 2008. Informal contacts between negotiators continue to take place.

2.6 African, Caribbean and Pacific countries (ACP) – Economic Partnership Agreements (EPAs) are trade and development partnerships between the EU and African, Caribbean and Pacific countries (ACP), based on the Cotonou Agreement (2000). EPA negotiations started in 2002 and have now been concluded with three regions, which have initialled (and then signed and ratified) an agreement: the Caribbean (CARIFORUM), the Pacific (only country currently involved: Papua New Guinea), and Eastern and Southern Africa (ESA - Zimbabwe, Mauritius, Madagascar, Seychelles). Negotiations are in a decisive phase in the SADC EPA Group. Progress is uneven in the rest of Sub-Saharan Africa.

The EU, therefore, has nine trade negotiations under way and several more trade and development negotiations (EPAs) on-going.

3° Free Trade Agreements finished, but not yet entered into force

3.1 Singapore – The negotiations for a Free Trade Agreement (FTA) between the European Union and Singapore were concluded on 16th December 2012 ([IP/12/1380](#)). This agreement is the EU's second ambitious agreement with a key Asian trading partner, after the EU-Korea FTA, and the first with a member of the 10-nation Association of Southeast Asian Nations (ASEAN). Once fully implemented, the deal will open up markets on both sides in a number of sectors, including banking, insurance and other financial services industries. Both the EU and Singapore will now seek endorsement from their respective political authorities and envisage initialling the draft agreement in spring 2013. Singapore is the EU's largest trading partner in South-East Asia. EU-Singapore trade in goods and services each grew by roughly 40% between 2009 and 2011 ([MEMO/12/993](#)).

3.2 Colombia – Colombia, together with Peru, concluded an ambitious and comprehensive trade agreement with the EU in June 2012. Colombia is expected to be in a position to apply the agreement provisionally in the coming months. The EU is the second largest trading partner of the Andean region after the US. It is expected that, once fully implemented, the deal will result in total tariff saving of more than €500 million per year.

3.4 Central America (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) – The Association Agreement between the European Union and Central America was approved by the European Parliament on 11th December 2012 ([IP/12/1353](#)). Once ratified by our partners, this agreement will open up markets on both sides and help establish a stable business and investment environment. The agreement is also meant to reinforce regional economic integration in Central America. In 2011, bilateral trade in goods between Central America and the European Union was worth €52.8 billion.

3.5 Ukraine – The EU and Ukraine concluded the negotiations for a deep and comprehensive Free Trade Agreement (DCFTA) in December 2011. The next step will be the signature of the Agreement by the Council, once the political conditions are met.

There are also five Economic Partnership Agreements with **African, Caribbean and Pacific States** that have been negotiated, but they have not yet entered into force. These are Cote d'Ivoire, Cameroon, Southern African Development Community, Ghana and Eastern African Community.

The EU has finished negotiating 9 trade agreements that have yet to enter into force.

4° Free Trade Agreements already in force

4.1 Peru, in force since 1st March 2013 – The FTA with Peru (a three-way FTA also including Colombia) has been provisionally in force since 1st March 2013 ([IP/13/173](#)). EU-Peru trade has grown significantly in recent years and its volume reached €9.2 billion in 2011, corresponding to 16% of Peru's trade volume. The trade agreement represents, among others, an important opportunity for Peruvian agricultural and fisheries exports, which already represent almost a third of all the country's exports to the EU.

4.2 South Korea, in force since 1st July 2011 – This agreement is the first of a new generation of free trade agreements that went further than ever before at lifting trade barriers and making it easier for European and Korean companies to do business together. As the FTA has lowered import tariffs for European products at the Korean border, it is estimated that, in the first nine months, EU firms have already made cash savings of €350 – from boost in sales of European wine to high-quality fashion products ([IP/12/708](#)).

4.3 Mexico – Since the entry into force in October 2000 of this comprehensive Free Trade Agreement, total bilateral trade has doubled, passing from €21.7 billion in 2000 to €40.1 billion in 2011. On his recent visit to Mexico in November 2012, EU Trade Commissioner Karel De Gucht called for an upgrade of the current FTA ([SPEECH/12/825](#)).

4.4 South Africa – South Africa is the EU's largest trading partner in Africa. The Trade, Development and Co-operation Agreement, in force since 2000, established a free trade area that covers 90% of bilateral trade between the EU and South Africa. The liberalisation schedules were completed by 2012.

4.5 Chile – The EU and Chile concluded an Association Agreement in 2002, which included a comprehensive Free Trade Agreement that entered into force in February 2003. The EU-Chile Free Trade Agreement is broad and comprehensive and covers all the areas of the EU-Chile trade relations. EU is Chile's second largest source of imports, after the USA. The EU is also Chile's third largest export market, after the recent rise of China as an important export market for the EU.

On top of these "classic" free trade deals, Free Trade Agreements are a core component of many Association Agreements, as well as Customs Unions (Andorra, San Marino, Turkey). Hence, the EU also has free trade deals in force with a number of countries in Europe (Faroe Islands, Norway, Iceland, Switzerland, the former Yugoslav Republic of Macedonia, Croatia, Albania, Montenegro, Bosnia and Herzegovina, Serbia) and the Southern Mediterranean (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria, Tunisia) and three with African, Caribbean and Pacific countries (Caribbean, Pacific and Eastern and Southern Africa).

The EU has, therefore, 28 trade agreements already in force. This does not include Syria, as the trade provisions are not applied.