



**TRADE PRIORITIES FOR
THE 2024-2029
EU TERM**

EUROCHAMBRES

The logo for Eurochambres, featuring a stylized yellow and blue circle with a white swoosh, and a semi-circle of yellow stars above it.

Eurochambres Trade Priorities for the 2024-2029 EU term

Global markets are an extremely important source of growth and innovation for European companies and our SMEs in particular. Therefore, helping our companies access third markets and increasing the internationalization of SMEs is essential for Europe's long term inclusive growth. In fact, safeguarding our global competitiveness has never been more important to the Chamber network in view of the unprecedented geopolitical shifts, making an active and ambitious EU trade and foreign economic policy critical for the new EC/EP term.

1. Summary

For the next legislative period 2024-2029, Eurochambres urges EU policymakers to:

- ❖ Greater focus on the openness pillar of EU trade policy by pursuing new and renewed trade agreements and improving market access for European companies.
- ❖ Having a dedicated trade commissioner to oversee the EU's trade and investment partnerships with the world.
- ❖ Continue strengthening the position of SMEs in EU and global trade, including through a more coherent implementation agenda.
- ❖ Pursue global partnerships in a pragmatic fashion and ensure new and existing legislation strengthens the positions of our internationally active companies.
- ❖ Strengthen the WTO by ensuring a more effective multilateralism that caters to business needs.

2. State of Play

The importance of a globally competitive Europe

Europe is more exposed to global trade than many of our main competitors, and as such our interconnectedness with the world is of utmost importance to our businesses and our economic fabric. In fact, more than 38 million jobs in the European Union depend on our exports alone, that is roughly 1 in 5 jobs in the EU that is dependent on our exports to the world. Additionally, in the coming years, 90% of global economic growth expected to be generated outside Europe. Therefore, it is absolutely essential for Europe's global competitiveness, to improve our trade and investment environment with stable, transparent, and fair trade rules that work for businesses of all sizes, and ensures market access for European products and services to the world's top growth centres. At the same time, Europe must continue to decisively counter unfair competition from abroad.

This is especially important in the current volatile international context, where protectionism and geoeconomic fragmentation, -rivalry and -shocks are rising, making it more important than ever to seize every opportunity to improve trade opportunities and assist companies in remaining internationally competitive. For Chambers, it remains critical therefore, that we harness the full potential of the EU's trade policy as a key tool for our companies to maintain

a competitive level playing field globally, enabling them to grow, diversify, and become more resilient. This goes especially for our internationally active SMEs, as diversification for both sourcing options and exports is in our view the best way of increasing our collective resilience, especially in times of strained public budgets.

It is important therefore that in the new EC and EP the focus on strategic autonomy better balanced with the need for ensuring open trade that is able to enhance the competitive standing of European companies abroad.

3. Recommendations:

a) Ambitious, pragmatic, result oriented objectives for a globally competitive Europe

In line with the above, the EU's foreign economic policy should deliver an active and ambitious trade agenda that will swiftly open international markets for European goods, services, including digital services, investment and public procurement, protecting our heritage through geographical indications, reducing and eliminating unjustified trade barriers, and improving global trade rules under the framework of the WTO. The EU market access strategy, i.e. the dismantling of trade barriers with trading partners, must therefore be given a greater priority.

Equally, enhanced coordination both among relevant Commission departments and between the EU and the MS is critical to efficiently leveraging the strength of the single market abroad.

To that end, Eurochambres sees the need to foresee a dedicated trade Commissioner in the new Commission, to oversee Europe's trade and investment relations with the world.

At the same time, more collective efforts are needed to make sure the benefits of trade reach better our SMEs. In line with the *think small first principle*, all our trade agreements need dedicated and up to date SME chapters in line with business needs, tailored and easily applicable and coherent rules, paired with expanded online support tools. A more coherent and efficient implementation agenda across the Union also remains vital in this respect.

Currently, the EU has 42 preferential trade agreements that establish long-term partnerships with 74 countries and regions worldwide. Yet more uptake from our companies, especially SMEs must be achieved to further harness their economic potential. The role of business and the expertise of Chambers in particular, will thus continue to be crucial to facilitate these opportunities. In addition to using the network of trusted service providers such as Chambers of Commerce, policy makers together with the business community, should also accompany new and major existing trade agreements with trade implementation actions plans to get more SMEs to utilize the agreements that have been negotiated for them.

Moreover, given the diverse set of global partners with differing levels of development, Europe can ill afford to offer a one size fits all approach to its partners. We must strengthen our international partnerships around the world pragmatically and tailor our approach to the needs and development level of our partners without losing sight of our core interest. Our engagement should therefore take different forms: deep and comprehensive trade agreements, but also investment facilitation and protection agreements, raw material

partnerships, sectoral or mutual recognition agreements in important areas of the economy, as well as through new strategic investments.

In particular the important Global Gateway initiative, should be made more targeted and accessible to companies, including SMEs and focus on business needs.

Eurochambres also supports efforts for the reform of the Unions Customs Code to make processes more efficient and coherent for companies across the Union. However, we fail to see the needed burden reduction and simplification that our companies, especially SMEs urgently need. This needs to be undertaken in the short terms as a matter of priority and not left to the times by which the Customs reform is set to kick in.

Improving our global competitiveness must now be a prime objective that guides EU actions in the new terms. This also implies, ensuring that new and existing EU legislation, strengthens the position of Europe's internationally active enterprises, and does not hinder but rather complements the EU's foreign economic policy. The announced 25% burden reduction during the previous term needs be reflected in the day to day business of our companies as a matter of priority for them to stay competitive internationally.

Similarly, Europe must continue to invest in global and plurilateral partnerships and approaches to solve the pressing global problems of our time. Europe cannot address global problems unilaterally, nor can regulation itself guarantee competitiveness. Efforts needs to be flanked by business opportunities and rules and standards promoted through global and plurilateral partnerships.

Lastly, the Commission efforts to identify and actively reduce European economic dependencies and to decisively counter economic coercion from third countries will remain highly important for the new term. However, any targeted new steps at enhancing European Economic Security should not lend itself as a pretext to the EU becoming protectionist nor inward looking.

b) Strengthening the European economic footprint abroad

In terms of geographical areas of action, the EU and Latin America and the Caribbean (LAC) are natural partners, linked by strong political, economic and cultural ties, which especially in the current geopolitical context must be further deepened. To that end, building on the ratification of the trade agreement with Chile during the last term, the EU must now conclude and finalize the EU-Mercosur agreement that is already more than 20 years in the making.

We must seize the opportunity to conclude and ratify an agreement between two key strategic partners which would cover one-fifth of the global economy and contribute to economic growth and job creation - benefiting about 750 million people in Europe and the Mercosur. Equally, finalizing the update of EU-Mexico Global Agreement is crucial and which unfortunately, could not be finalized during the previous term. Its conclusion should be political priority for the EUs contacts with the new incoming government in Mexico.

Moreover, opening more doors in the Asia-Pacific region, as one of the key growth engines for the global economy remains a top priority for EU business. While the failure to conclude negotiations with Australia is regrettable, we do welcome the recent entry into force of the agreement with New Zealand. This however can only be a step towards a more ambitious EU agenda in the region. The ASEAN countries in particular are ever important partners for

our businesses, therefore concluding and ratifying the trade negotiations with Thailand, the Philippines and Indonesia during the upcoming term would deliver major benefits to our companies investing and trading in the region. The EU will also need to build on our growing and diversified relations with Japan and South Korea, including in the ever important digital domain and in promoting business to business contacts and alliances to foster mutual supply chain resilience and synergies.

Additionally, the importance of India, as the fastest growing emerging market of 1.3 billion consumers, and a key puzzle in the diversification strategies of many companies is only growing from year to year. Therefore, EU efforts geared at finding suitable landing zones for both sides in the on-going negotiations should be a crucial next step to be able to finalize the negotiations.

In the new term, the Commission must also continue to work towards a more balanced trading relationship with China given the ever growing unbalance over the past years, using all available channels to guarantee fair competition and better market access for our companies.

In relation to Africa, Eurochambres believes the EU needs to continue to invest resources in the region to enable a more business friendly environment for European investments. In this sense, the private sector on both sides needs to be further strengthened in delivering sustainable long term growth on the continent, including through by using the upcoming EU-Africa Business Fora. Through more dynamic private sector activities, including in partnership with the public sector, Chambers would welcome further measures to reduce risks for investments, including in the area of critical raw materials, remove barriers, through the adoption and expansion of the EU's EPA's, share knowledge and skills such on vocational education, and stimulate the development of sustainable energy, and the digital economy to better integrate our supply chains and societies.

In the new term Eurochambres believes the EU must also continue its engagement and deliver more concrete outcomes from the Trade and Technology Councils (TTC's) with the United States and India, especially aligning approaches on emerging technology and barrier reduction.

With regards to the United States in particular and in the face of multiple and growing crises, strengthened transatlantic economic cooperation with our most important ally, will remain vital for EU business, especially in terms of rule setting. At the same time, the EU and the US must permanently settle the unresolved transatlantic disputes and avoid new ones for surfacing. The EU must also be ready and duly prepared to engage with a new US Administration on day one.

Furthermore, continued close coordination with the private sector must also be upheld for the effective monitoring and full implementation of the Trade and Cooperation Agreement (TCA) with the UK, especially in view of its review in 2026. Additional facilitations and arrangements, such as on professional qualification or mobility should also be sought with the new UK government to facilitate life for business on both sides of the Channel. Facilitations should also be envisaged with the UK via an SPS agreement that fully preserves the integrity of the single market and is able to avoid onerous and sometime excessive checks at the border for agri-food producers.

Lastly, in our efforts to bring the EU neighbourhood closer to the single market, it remains imperative to improve our unique economic partnership with Switzerland. In this respect, we attach utmost importance to concluding the EU-Swiss negotiations by the end of the year, based on the common understanding reached by both parties in December 2023 and the respective negotiation mandates. Deepening and future proofing our bilateral economic relations with Switzerland is a necessary step in guaranteeing its long term success.

In this sense, it is particularly important in the sensitive negotiation chapter 'Free movement of persons' that comprehensive and preferably unrestricted access for EU citizens in Switzerland is guaranteed. This includes the demand that Switzerland cannot disproportionately restrict access to the Swiss market for service providers through accompanying or other measures in line with the common understanding between both Parties.

c) Effective multilateralism as a guarantor of economic stability for European business

Lastly, multilateral and plurilateral cooperation needs to remain a cornerstone of EU activities to ensure a predictable, fair and transparent international business environment. The importance of global economic cooperation has been consistently highlighted in our Eurochambres Global Economic Surveys conducted annually with our peers around the world and should be achieved via the WTO, UN processes, such as the COP or its technical bodies including in the important field of standardization, the G20, G7, or plurilateral initiatives such as climate clubs, to advance the needed decarbonization of our economies.

In particular with regard to the multilateral world trading system, it remains clear to us, that European prosperity depends to a great extent on the ability to maintain open markets, and the predictability of global market conditions as enshrined through the multilateral rules based trading system. In fact, over half of European trade is based on WTO rules and view of a worrying increase in geopolitical frictions and protectionism, Eurochambres believes that strengthening the WTO and the multilateral trading system will continue to be the best way to meet the challenges of increasingly fragmented world trade.

The EU must therefore continue to prioritize strengthening the WTO rules, update and reinvigorate them as part of its needed reform agenda, and make them fit for purpose in light of current business practices and challenges. This goes primarily for restoring dispute settlement, relevant global rules for the digital and green transition, MSMEs inclusion, as well as observing existing and stricter future rules against unfair industrial subsidies, , theft of intellectual property, transparency, and more disciplined notification practices, as well as preventing one-sided blockades. The 2024 WTO Ministerial Conference should make progress in all of these areas and, in particular in restoring the functionality of the Appellate Body, facilitate trade in services and e-commerce and continue the ban on customs duties on electronic transmissions.



Eurochambres - the association of European chambers of commerce and industry - represents more than 20 million businesses through its members and a network of 1700 regional and local chambers across Europe. Eurochambres is the leading voice for the broad business community at EU level, building on chambers' strong connections with the grass roots economy and their hands-on support to entrepreneurs. Chambers' member businesses - over 93% of which are SMEs - employ over 120 million people.

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