



EUROPEAN COMMISSION

MEMO

Brussels, 1 August 2013

The EU's bilateral trade and investment agreements – where are we?

Over the next 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 of 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. Below is an overview of the most important on-going and forthcoming free trade negotiations.

On-going negotiations

United States of America – The first round of the Transatlantic Trade and Investment Partnership (TTIP) talks took place in Washington, D.C. between 8 and 12 July 2013. Negotiating groups have set out respective approaches and ambitions in twenty various areas that the TTIP is set to cover, including those related to custom duties and technical standards for goods produced on both sides of Atlantic. The talks have been based on a thorough review of the stakeholders views expressed to date and have followed the negotiating guidelines the Member States gave to the European Commission beforehand ([IP/13/548](#)). Negotiators identified certain areas of convergence across various components of the negotiation and - in areas of divergence – begun to explore possibilities to bridge the gaps. The second round of negotiations will take place in October 2013, in Brussels.

The initiative of a transatlantic agreement is based on the recommendations of the EU-US High Level Working Group on Jobs and Growth that steered the deliberations 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 would translate on average to an extra €545 in disposable income each year for a family of four in the EU ([MEMO/13/211](#)).

Japan – The EU and Japan launched negotiations for a free trade agreement in April 2013 ([MEMO/13/348](#)) and have held so far two rounds of talks. The second round of negotiations took place during the last week of June. Fourteen working groups focused on various parts of the negotiated text including trade in goods, services, investment, competition, government procurement and sustainable development. A further round will take place in Brussels on 21-25 October 2013.

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

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

Association of Southeast Asian Nations (ASEAN) – The EU negotiates currently with four countries of the [ASEAN region](#). The negotiations for a Free Trade Agreement with **Singapore**, launched in 2010, concluded successfully in December last year ([IP/12/1380](#)) but the talks on investment protection that started only after the Lisbon Treaty entered into force giving the EU new competencies in this area are still on-going. The negotiations for a Free Trade Agreement continue also with **Malaysia** and **Vietnam**. **Thailand** started bilateral negotiations with the EU only in March this year ([press release](#)) and the second round of talks is now planned in Bangkok for September 2013.

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. As a whole, ASEAN represents the EU's 5th largest trading partner with €212.8 billion of trade in goods and services. The EU is by far the largest investor in ASEAN countries accounting for an average of 17.1% foreign direct investment share during the period 2009-2011.

Southern Mediterranean – The EU has completed so far two rounds of negotiations for a Deep and Comprehensive Free Trade Agreement (DCFTA) with **Morocco**. 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. Morocco is the first Mediterranean country to negotiate a comprehensive trade agreement with the EU. The Commission has also a mandate to start a similar process with Tunisia, Egypt and Jordan.

Canada – Negotiations for an [EU-Canada Comprehensive Economic and Trade Agreement \(CETA\)](#) started in May 2009 and are now in their final leg. 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 2012, the value of bilateral trade in goods between the EU and Canada was €61.7 billion. An economic study jointly released by the EU and Canada before the negotiations were started showed that a comprehensive trade agreement could increase their bilateral trade by another €25.7 billion.

India – Substantive progress has been achieved since the beginning of the negotiations in 2007. 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 trading partner for the EU as well as an emerging global economic power.

Mercosur – At the EU-Mercosur trade ministerial meeting held in Santiago on 26 January 2013, the EU and Mercosur agreed to exchange offers on customs duties and quotas not later than in the last quarter of 2013. So far, nine negotiating rounds held between the EU and Mercosur focused on trade rules other than direct market access issues.

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.

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). The aim is to

consolidate free access to the EU market for products from our ACP partners, foster trade-related cooperation and promote investment.

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 (the only country currently involved is Papua New Guinea), and Eastern and Southern Africa (ESA - Zimbabwe, Mauritius, Madagascar, the Seychelles). Negotiations are in a decisive phase in the Eastern African Community (EAC) and the Southern African Development Community (SADC) EPA Group. Progress is uneven in the rest of Sub-Saharan Africa.

From 15 to 19 July 2013, EU Trade Commissioner Karel De Gucht traveled to four African countries: Kenya (part of the EAC) and Namibia, Botswana and South Africa (members of the SADC). Commissioner De Gucht used this opportunity to discuss ways to strengthen trade and investment relations with the African regions, in particular through comprehensive trade and development partnerships.

The EU has eleven trade negotiations under way and several more trade and development negotiations (EPAs) ongoing.

Free Trade Agreements finished but not yet applied

Eastern Neighbourhood – The EU has recently concluded negotiations for a Deep and Comprehensive Free Trade Area (DCFTA) with [Moldova](#), [Armenia](#) and [Georgia](#). The DCFTAs are part of the Association Agreements with these three countries. The official initialing of the Association Agreements is planned for the Eastern Partnership Summit on 29 November 2013 in Vilnius.

The EU is the main trading partner for each the three countries. In 2011 trade with the EU represented more than 50% of total trade flows for Moldova, 32% of overall trade for Armenia and 26% for Georgia. The DCFTAs will provide for a significantly improved mutual access for goods and services between the EU and its eastern neighbours. Furthermore, they will ensure an open, stable and predictable legal environment for the benefit of businesses and consumers in Moldova, Armenia, Georgia and the EU.

Ukraine – The EU and Ukraine concluded the negotiations for a deep and comprehensive Free Trade Agreement (DCFTA) in December 2011. On 15 May 2013, the Commission adopted the proposals for Council decisions on the signing and provisional application of the EU-Ukraine Association Agreement, including its trade part ([IP/13/436](#)). The next step will be the signature of the Agreement by the Council, once the political conditions are met.

Singapore – The negotiations for a Free Trade Agreement (FTA) between the European Union and Singapore were concluded on 16 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-country 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 summer 2013. The procedures allowing the agreement to become effective are expected to be completed by the fall 2014. 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](#)).

Central America (Costa Rica, El Salvador and Guatemala) - The Association Agreement between the European Union and Central America was approved by the European Parliament on 11 December 2012 ([IP/12/1353](#)) and will apply to EU relations with Honduras, Nicaragua and Panama as of 1 August 2013. The internal procedures necessary for the application of the agreement in other three countries of the region - Costa Rica, El Salvador and Guatemala - are in progress and are expected to be finalised in the near future.

Once the internal procedures are accomplished, this agreement will open up markets on both sides, helping to establish a stable business and investment environment and foster integration between the EU and the whole of the Central America. The agreement is also meant to reinforce economic integration between the members of the Central American region.

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, the Southern African Development Community, Ghana and the Eastern African Community.

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

Forthcoming negotiations

Agreement on investment protection with China - On 23 May, the European Commission asked the Member States to authorise the opening of negotiations with China in the area of investment protection ([IP/13/458](#)). Both sides already expressed their interest in engaging in such negotiations when they met at the 14th EU-China Summit in February 2012. The draft negotiating directives for the EU-China investment negotiations are now being considered by the Council, whose green light is needed for the Commission to start the talks.

This is the first ever proposal for a stand-alone investment agreement since foreign direct investment became the exclusive competence of the EU under the Lisbon Treaty (December 2009). An EU-China investment agreement would streamline the existing bilateral investment protection agreements between China and most EU Member States into a single, coherent text.

Free Trade Agreements already in place

Colombia and Peru – The FTA with members of the Andean region, Colombia and Peru, has been provisionally applied with Peru since 1 March 2013 ([IP/13/173](#)) and with Colombia since 1 August 2013 ([IP/13/749](#)).

The EU is the second largest trading partner of the Andean region after the US. It is expected that, once fully implemented, the deal with both Andean partners will result in total tariff saving for European and Andean companies of more than €500 million per year. The improved, more stable conditions for trade and investment are expected to boost trade and investment between the two regions. The aim of the agreement between the EU, Colombia and Peru is also to foster regional integration. Therefore, the door is still open for the other Andean countries – Ecuador and Bolivia – to enter into the partnership.

Central America (Honduras, Nicaragua and Panama) - The trade provisions of the Association Agreement between the European Union and Central America take effect as of 1 August 2013 ([IP/13/758](#)) as regards Honduras, Nicaragua and Panama. This is an

important stepping stone in our relations with those three countries that also paves the way to a closer integration between the European Union and the whole of Central America.

The EU is Central America's second biggest trading partner. In 2012, the total trade flows in goods amounted to €14 billion, including almost €1.4 billion worth of trade with Honduras, €1.2 billion with Panama and €0.4 billion with Nicaragua. Benefits of the agreement will be particularly tangible for the Central America's economy that is expected to grow by over two and a half billion euros annually once the agreement applies to the entire region.

South Korea - This agreement has been 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 boosts in sales of European wine to high-quality fashion products ([IP/12/708](#)).

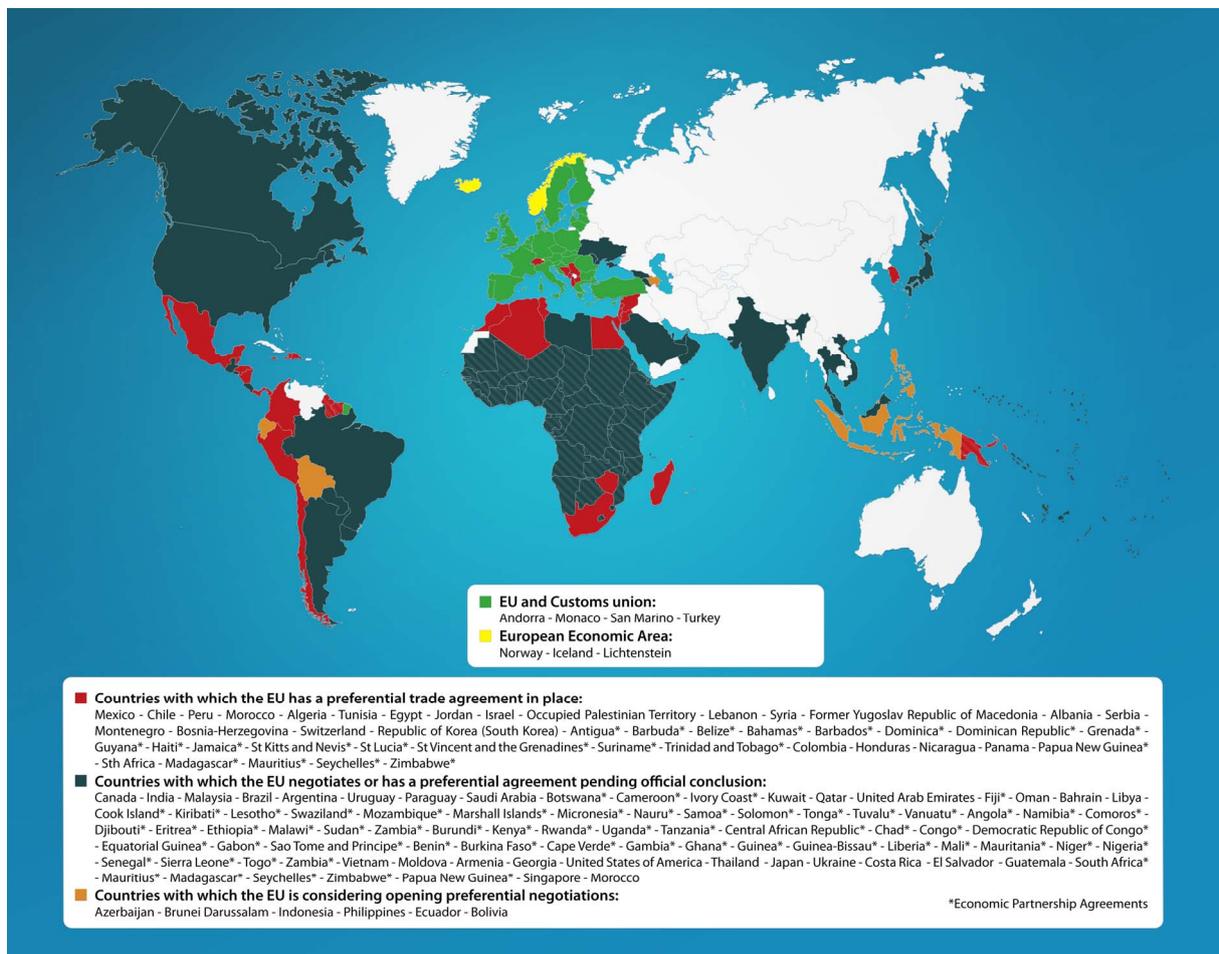
Mexico - Since the entry into force in October 2000 of this comprehensive Free Trade Agreement, total bilateral trade has doubled, passing from €21.7 billion in 2000 to €47.1 billion in 2012. On his recent visit to Mexico in November 2012, EU Trade Commissioner Karel De Gucht called for the current FTA to be upgraded ([SPEECH/12/825](#)).

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. South Africa is now involved in further negotiations with the EU as part of the South African Development Community (SADC).

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 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 and territories in Europe (Faroe Islands, Norway, Iceland, Switzerland, the former Yugoslav Republic of Macedonia, 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 therefore has 29 trade agreements already in place. This does not include Syria as the trade provisions are not applied.



For further information

[EU's bilateral free trade agreements](#)

[How do Free Trade Agreements work? Trade negotiations step by step \(factsheet\)](#)

[Transparency in EU trade negotiations](#)