



# Introduction to EU International Trade

## Briefing note

In 2019, the total EU-27 trade in goods with the rest of the world was valued at EUR 4 067 billion, which accounts for around 15% of the entire world exchanges. This is without the volumes of goods exchanged within the EU internal market.

The European Commission has full competence to negotiate international trade agreements. The European Council agrees on mandating the European Commission to negotiate the trade agreement with selected third countries and once negotiations are finalised both the Council and the European Parliament approve the deal. The European Parliament has the right to veto a finalised deal.

### There are three main types of agreement:

- **Customs Unions Agreements**, which eliminate customs duties in bilateral trade and establish a joint customs tariff for foreign importers. For instance, the EU has such an agreement with Turkey.
- **Association Agreements, Stabilisation Agreements, (Deep and comprehensive) Free Trade Agreements and Economic Partnership Agreements** which remove or reduce customs tariffs in bilateral trade. This is the most common types of agreements. The EU has agreements with a large number of third parties around the world, from Switzerland to Canada, from South Korea to Israel.
- **Partnership and Cooperation Agreements** provide a general framework for bilateral economic relation but does not change the customs tariffs. This is the case for instance of the agreement with Azerbaijan.

Each agreement has its own features, raking from reduced import duties, import quotas, specific phytosanitary rules or product specifications/standards. In some cases, also services are included. The objective however remains always the same, to facilitate trade, to boost imports/ exports and to stimulate the economy.

The Commission regularly reports on the status of the ratification of the agreements which have been negotiated but are not in place yet as well as on the progress of the negotiations on new or revised agreements. Some agreements are on hold, due to either political reasons or irresolvable divergences during the negotiations.

Finally, a few agreements are currently subject to negotiations, namely the Australia Agreement, the EU-China investment agreement, the EU /Indonesia Free Trade Agreement, the EU/ Myanmar Investment protection agreement, the EU/New Zealand Agreement and the EU/ Philippines Free Trade Agreement. Latest update (August 2020) is available at:

[https://trade.ec.europa.eu/doclib/docs/2006/december/tradoc\\_118238.pdf](https://trade.ec.europa.eu/doclib/docs/2006/december/tradoc_118238.pdf)

Sources: Eurostat / <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>