

# WTO General Council: European Union

Ferdinand Baune

\* E-mail: [content@ethmun.org](mailto:content@ethmun.org)

## 1 Introduction and Executive Summary

As the second biggest market, representing three of the G7 members, the EU's voice carries quite some weight. Together with the United States and China, the EU delegation will therefore be considered one of the major players in the debate.

Issues to focus on for EU delegates are

- the protection of intellectual property,
- updating WTO structures to today's requirements,
- reducing and abolishing tariffs for European Companies.

This brief dossier may provide EU delegates with some preparatory insights and is a good place to start with the research for the upcoming debates and negotiations in the WTO General Council.

## 2 Economic Structure

Following China as the second largest economy in the world, the EU represents about a fifth of the global GDP. Despite consisting of 28 independent member states, the European Union is a single market, with full freedom of goods, services, capital and labour.

The EU heavily depends on its services sector, which steadily accounts for about two thirds of its GDP. While the manufacturing industry makes up about 22%, agriculture is of almost no relevance, making up less than 1.5%. [1] Through the free movement of capital in the European Single Market, financial services can reach almost frictionless across borders.

While agriculture is of less importance to the EU's overall GDP, the agricultural industry still received € 45 bln of the EU's total budget of € 137 bln in 2017 in subsidies. This circumstance is often viewed as a form of protectionism, that is not only acting as a trade-inhibitor, but also affecting developing nations, that heavily rely on their agricultural sector. Frequent criticism of this is voiced from outside and within the EU.

## 3 Trade Partners

The EU's largest trade partners are the US and China. Compared to size, however, Switzerland, Russia and Turkey, as well as Japan and Norway follow closely. While negotiations with the US on the Transatlantic Trade and Investment Partnership (TTIP) have been suspended, the EU is in the process of negotiating with other key partners. Possible new trade partners could be the founding members of Mercosur to reach greater access to the South American market. The EU has also opened FTA negotiations with Indonesia, and is committed to opening further negotiations with Australia. Negotiations with Malaysia, Thailand and India will be resumed if possible.

**Table 1** Major trade partners of the EU. The Data is from 2017 and excludes intra-EU trade. [3]

N°	Country	Total Trade (€ mln)	Balance (€ mln)
1	USA	632,589	119,063
2	China	573,087	-177,198
3	Switzerland	260,842	39,990
4	Russia	231,166	- 58,841
5	Turkey	154,267	14,717
6	Japan	129,568	- 8,225
7	Norway	128,162	- 26,761
8	South Korea	99,536	- 514
9	India	85,937	- 2,493
10	Canada	69,213	6,266

## 4 Trade Balance

In total, the EU has an even trade balance, with a slight surplus of roughly € 19 mln or 0.5% respectively. The individual trade statistics with its most important trade partners, however, looks much different: While the US accounts for the EU's largest surplus, China is right at the other end of the list. (see 1)

## 5 Trade Interests

The EU has always reaffirmed its commitment to fair, rule-based and predictable trade. It wishes to expand its free trade relationship with countries from all over the world and to further open the WTO and its decision-making process.

The Commission put forward a content proposal for a general modernisation of the World Trade Organisation (see [2]). The proposal aims to overhaul WTO rules and guidelines to today's global economy, to strengthen the monitoring role of the WTO and to reform the WTO dispute settlement system, to overcome deadlocked disputes.

The EU has been critical of the imposed tariffs by the US and opposes the Trump Administration's protectionist agenda on trade. Simultaneously, the EU has been critical of China's lax patent regulations, calling for stronger protection of intellectual property in China. As the negotiations about the US-European Transatlantic Trade and Investment Partnership TTIP have ceased, the EU is very much willing to negotiate with other key partners in South America, Asia and the rest of the world.

## 6 Recent Developments

On 1 June 2018 the European Union filed a complaint with the WTO concerning the transfer of foreign technology into China [4] [5].

The EU recently signed an agreement with Japan, creating a Japan-EU free trade area. The signature on 17 July 2018 finalized

negotiations that started in 2013, but still requires confirmation by the European Parliament in December 2018.

## 7 References

- 1 Statista: 'Shares of Economic Sectors of the GDP until 2017'  
<https://de.statista.com/statistik/daten/studie/249078/umfrage/anteile-der-wirtschaftssektoren-am-bruttoinlandsprodukt-bip-der-eu/>
- 2 European Commission: 'WTO modernisation - Introduction to future EU proposals',  
[http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc\\_157331.pdf](http://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157331.pdf)
- 3 European Commission, Directorate of Trade: 'Client and Supplier Countries of the EU28 in Merchandise Trade',
- 4 Bloomberg (J. Stearns): 'EU Takes China to the WTO Over Technology-Transfer Practices', 01.06.2018,  
<https://www.bloomberg.com/news/articles/2018-06-01/europe-takes-china-to-the-wto-over-technology-transfer-practices>
- 5 WTO: 'DS549: China – Certain Measures on the Transfer of Technology'  
[https://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds549\\_e.htm](https://www.wto.org/english/tratop_e/dispu_e/cases_e/ds549_e.htm)
- 6 European Commission: 'EU-Japan Economic Partnership Agreement',  
<http://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/>