

The EU'S Trade Policy and It's Reflections to The Türkiye

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Abstract.

The European Union (EU) has an power through trade and this situation increasing gradually. EU uses marketaccess as a bargaining chip to obtain changes in the domestic arena of its trading partners, from labor standardsto development policies. Indeed, one of the central objectives of EU trade policy has been to “harnessglobalization” and spread, through the negotiation of trade agreements, the European model of society to therest of the world. The EU has been a staunch promoter of regionalism and multilateralism. Regional integrationand interregionalism are consistently mentioned as instruments and objectives in EU policy documents andthey constitute a standard practice in EU foreign policy.

This paper aims to show how the EU use trade policy as a foreign policy tool. Main characters of EU's foreigntrade policy, and some documents that giving EU's policy directions and priorities have been evaluated. EU'strade policy dimensions has been searched.

At the accession process with the EU, Turkey's adoption and harmonisation to this policy area is veryimportant and contain some difficulties. In the light of this research and evaluation, it has been seen that theEU strongly and intently uses trade policy as a foreign policy tool. EU's trade policy is not only trade policy.Turkey and similar countries at the accession process have been forced this multifaced policy and they havebeen faced difficulties. For this end, they need following and organise their policies.

Keywords: EU, Trade Policy, Forein Policy, Türkiye.

Introduction

Economic globalisation refers to growing interdependence and increasing integration of trade, finance, and investment among states and firms on a global scale. It points to the increasing openness of markets for goods, services, capital, and, to a lesser extent, labour. Among others, it pays close attention to the activities of MNGs, the reduction of protectionist trade barriers among developed and developing countries, and a rapidly growing level of capital flows and financial market integration (Kim & Caporaso, 2016: 17).

The EU conducts its foreign policy through bilateralism, (inter-) regionalism and multilateralism simultaneously. The aim of this paper is showing that the EU use trade policy as a foreign policy tool. Main characters and directions of EU's foreign trade policy have been evaluated to understand EU's approaches to the candidate countries like Türkiye.

According to Article 21 of the Treaty on EU, the Union shall “encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade”. Since its creation, the European Union has actively participated in multilateral liberalisation efforts (OECD, 2000: 8). It uses market access as a bargaining chip to obtain changes in the domestic arena of its trading partners, from labor standards to development policies.

EU Trade Policy

One of the central objectives of EU trade policy has been to “harness globalization” and spread, through the negotiation of trade agreements, the European model of society to the rest of the world. Single market is a building block for multilateralism. Partly by necessity, partly by design, the EU's trade policy has been “walking on two legs” since its early days: multilateral liberalisation and regional integration (OECD, 2000: 7). The EU has been a staunch promoter of regionalism and multilateralism.

Regional integration and interregionalism are consistently mentioned as instruments and objectives in EU policy documents and they constitute a standard practice in EU foreign policy. The EU concluded strategic partnerships with some regions (Africa and Latin America). It is an active participant and a major funder of many multilateral organizations, particularly those of the UN system, NATO and WTO.

Multilateral organisations – in particular the United Nations – sit at the heart of this framework of international norms. They are providers of global governance as well as for the peaceful resolution of disputes and jointly tackling global challenges. The Union regards the respect for and promotion of international law - including the principles of the UN Charter – to be crucial for preserving peace, human rights, sustainable development and lasting access to the global commons. To strengthen the rules-based multilateral system, the European Union is committed to reform, transform, and further expand the existing system.

The European Union leads by example with the implementation of new and reinvigoration of existing multilateral projects like the Paris Agreement, the Sustainable Development Goals, as well as the global effort on nuclear non-proliferation and disarmament.

The EU is the world's largest trading power, accounting for 16.7 percent of the global trade in goods and services. External trade in goods and services accounts for 35% of the EU's GDP (EC, 2018). One in seven jobs in the EU depends on exports (Arto et al, 2015: 26). Imports provide EU firms with access to inputs that help them to compete in the marketplace by improving productivity and reducing overall production costs and they give EU consumers the ability to buy a wide variety of goods and services that satisfy their preferences.

The Common Commercial Policy (CCP) allows the EU to speak with one voice on matters of trade policy and to leverage the single market to improve access to foreign markets for EU companies through the negotiation of trade and investment agreements. The World Trade Organization (WTO) is the most important of such agreements (Hoekman & Puccio, 2019: 1).

The EU is choosing from a broad range of instruments in its foreign policy toolbox. When the multilateral or the inter-regional approaches are not proving fruitful, the EU will easily switch to the bilateral level, particularly when there are pressing (economic) concerns or immediate gains to be pursued with this shift, as in the case of trade. Depending on the issue at stake, different forms of 'lateralisms' may appear more effective vis-a-vis different partners (Renard, 2015: 10).

EU trade policy works along four main axes: Multilateral cooperation, bilateral and regional partnerships, sustainable trade, protecting EU companies and citizens from unfair trade and investment. The EU's Global Strategy and Strategic Plan (2020-2024) are the main documents establishing EU's foreign policy directions and priorities.

EU Global Strategy (EUGS)

In 2016, EU Foreign ministers decided on the most important strategic priorities for implementing the EU Global Strategy (Council Conclusions in October 2016).¹ These priorities are security and defence, building state and societal resilience, taking an integrated approach to conflicts and crises, strengthening cooperative regional orders and a rules-based global governance.

The EUGS intends Union more effective in confronting energy security, migration, climate change, violent extremism, and hybrid warfare. None of countries can tackle these challenges alone. EU is committed to a rules-based multilateral international order. The EUGS pinpointed multilateral global governance as a strategic priority to be pursued. Over the last years, the EU has become the point of reference for all those in the world that want to preserve, promote and strengthen multilateralism.

¹ <https://data.consilium.europa.eu/doc/document/ST-13202-2016-INIT/en/pdf>

EU's priorities: Reforming multilateralism, investing in multilateralism, implementing multilateralism, deepening multilateralism and creating multilateralism.

In the context of reforming multilateralism, EU has strongly supported UN Secretary General Antonio Guterres' reform agenda across the management, peace and security, and development pillars.

The EU has stepped up its funding support for the UN system at a time when others have reduced or cancelled their contributions. The EU's support to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) stands out as one example of many (Investing in multilateralism).

The EU has invested significant political capital in the pursuit, achievement and defence of multilateral rules-based solutions like the nuclear deal with Iran. Having played a key role in brokering an ambitious agreement on climate change in Paris, the EU has been at the forefront of its implementation, including in the Katowice follow-up in 2018. The same can be said of the 2030 Agenda and its Sustainable Development Goals, whose implementation has become a key priority (Implementing multilateralism).

The EU has demonstrated its ongoing commitment to the deepening of multilateralism by reaching ambitious political and trade agreements such as with Canada and Japan, as well as pursuing negotiations with Mercosur, Mexico, Chile, Australia and New Zealand, which will contribute to setting standards well beyond the bilateral partnerships they underpin.

Multilateralism and cooperative regional orders are increasingly seen as two sides of the same coin. Pursuantly, in trade policy serving Europe 2020 long term strategy for smart, sustainable and inclusive growth special emphasis was given to concluding ambitious Free Trade Agreements (FTAs), securing greater market access, and deepening regulatory cooperation with major trade partners.

2020-2024 Strategic Plan

The EU's trade and investment policy establishes and develops mutually beneficial trade relationships with partners outside Europe. It creates opportunities and access for EU businesses of all sizes to sell their goods and services, and to invest around the world, while diversifying and promoting resilient supply chains and increasing choices for consumers. It creates sustainable growth, jobs, investment and innovation in the EU and contributes to prosperity beyond it. It also helps the Union to protect the EU market from unfair practices and to promote EU values and standards. Trade and investment policy also helps to achieve broader EU objectives on supporting sustainable development, combatting climate change, and strengthening security as well as the EU's position in the world. It does this by acting autonomously, bilaterally and multilaterally and stands ready to act swiftly against anti-competitive and trade distorting behaviours through assertive enforcement actions.

Trade has never been more important for the EU economy and will play a central role in helping the EU's economy recover after the Covid-19 pandemic. Over 2020-2024, trade policy will be both a motor for the recovery and the development of the macroeconomic, structural and social policies that will maintain EU competitiveness, and successful EU participation in and creation of open markets (EC, 2020: 7).

According to 2020-2024 Strategic Plan, the EU's trade policy will pursue the EU's interests by making more progress towards strengthening international cooperation and coordination in favour of rules based trade, more diversification through the gradual and reciprocal opening of markets, effective implementation of trade and investment agreements and enforcing EU rights, strengthening and extending rules for trade and investment which support open markets and reflect EU values, the promotion and acceptance worldwide of the importance of sustainable – and equitable – development, establishing a level playing field and protecting EU companies and citizens from unfair trade (EC, 2020: 9).

DG Trade has identified five specific objectives as its mainstream goals: Lead the reform of the World Trade Organization to preserve rules-based trade; creating opportunities for European businesses through new trade and investment agreements and an additional effort to monitor and improve the implementation and

compliance of existing trade and investment agreements; protecting EU companies and citizens from unfair trade and investment by making full use of existing Trade Defence Instruments, developing new tools and focusing on enforcement of existing commitments at an EU or international level; ensuring trade policy is sustainable by effectively contributing to a wider set of EU policy goals, such as the Green Deal, adherence 19 to international commitments on labour and the environment, gender and sustainable supply chains; improve the acceptance and understanding of EU trade policy, in particular, by ensuring that it is pursued in an open, inclusive and transparent manner.

In the years 2020-2024, trade policy will be significantly affected by the unprecedented Covid-19 crisis. Trade declined sharply in 2020. It will take time to return to the pre-crisis situation. In the light of this, DG Trade will stress the importance of ensuring open and fair trade as part of the recovery strategy, both at global and at EU level (EC, 2020: 24).

EU Trade Agreements

The EU has become one of the most important advocates of a deep trade agenda at the multilateral and regional levels. The EU's inability to advance a deep trade agenda at the multilateral level in the early 2000s, as a result of the failed Doha Round at the WTO, resulted in a shift in its trade strategy in favour of bilateral agreements with key partners (Leblond & Miljusevic, 2019: 1840).

The EU applied 44 trade agreements with 76 partners; trade with these partners amounted to €1.345 billion, representing 33% of EU external trade (34% of total exports and 33% of total imports). Trade agreements strongly facilitate and increase mutual trade and investment flows. In 2019, EU trade in goods with the 65 preferential partners grew by 3.4%, compared to 2.5% growth with the rest of the world. EU trade agreements contributed €113 billion to the EU's overall trade surplus of €197 billion (2019).²

There are three main types of agreement: Customs Union; Association Agreements, Stabilisation Agreements, Free Trade Agreements and Economic Partnership Agreements; Partnership and Cooperation Agreements. Customs Unions eliminate customs duties in bilateral trade, establish a joint customs tariff for foreign importers. Association Agreements, Stabilisation Agreements, (Deep and Comprehensive) Free Trade Agreements and Economic Partnership Agreements remove or reduce customs tariffs in bilateral trade. Partnership and Cooperation Agreements provide a general framework for bilateral economic relations, leave customs tariffs as they are.³

EU's foreign trade policy has gone through an evolution. Number of areas regulated in new agreements increased substantially. First generation of FTAs contained only basic content necessary to partially liberalize trade in goods. As the time passed by agreements were getting more and more ambitious, and included further liberalization in trade in services, capital and workers movement, as well as various advanced and not strictly to trade related areas: environment, intellectual property rights, government procurement, etc. The EU customizes and offers different FTAs to different countries depending on their development level and EU's economic and political goals (Katunar et al, 2014: 142). The second generation of the FTAs has a broad range of general provisions on: economic, technical and financial cooperation; cooperation in social and cultural matters, environment, tourism, money laundering; energy; cooperation on audiovisual matters, information and communication; regional cooperation, etc (Katunar et al, 2014: 131). In the latest stage of the evolution of the EU's foreign trade policy there are FTAs with Chile, CARIFORUM States, Colombia and Peru (together), Central America and South Korea. These FTAs are the most comprehensive free trade agreements ever negotiated by the EU.

EU Trade agreements help: eliminate tariffs for goods and open services markets, assist smaller companies to understand and access trade benefits, establish an institutional framework with partner countries, enabling to monitor implementation jointly and prevent and address trade obstacles, provide tools for the EU and its partners to exchange information and provide updates on each other's legislation, including in the areas of

² [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2020\)705&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2020)705&lang=en)

³ <https://ec.europa.eu/trade/policy/countries-and-regions/negotiations-and-agreements/>

Intellectual Property Rights (IPR) and public procurement, to ensure the respect of the commitments taken under these trade agreements, help promote standards and rules for goods and services coherent with international ones, thus facilitating trade, play a role in contributing to sustainability goals, improving labour conditions and protecting the environment in partner countries and provide valuable platforms for exchanging information and cooperation, building trust and shared objectives. Many EU trade agreements provide legal mechanisms to ensure that commitments are respected, including, if necessary, through dispute settlement.⁴

The EU strives to ensure trade policy helps promote sustainable development through: EU trade agreements, special incentives for developing countries, and trade and development policy. The EU promotes sustainable development by addressing specific issues in EU trade policy.

Modern EU trade agreements contain rules on trade and sustainable development. The EU and its trade partners must: follow international labour and environment standards and agreements, effectively enforce their environmental and labour laws, not deviate from environmental or labour laws to encourage trade or investment, sustainably trade natural resources, combat illegal trade in threatened and endangered species of fauna and flora, encourage trade that supports tackling climate change and promote practices such as corporate social responsibility. The EU also uses its trade agreements to promote sustainable public procurement, remove barriers to trade and investment in renewable energy.⁵

Bilateral agreements with countries

Trade relations between the EU and many of its trading partners are subject to bilateral agreements, which can take different forms. The United States, China and Switzerland are major trading partners for the EU.

Negotiations on a Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada were launched in May 2009. An update on progress was issued on 17 June 2013 as Press Release MEMO/13/573.

On 14 June 2013, the Council agreed that the European Commission should start trade and investment negotiations with the United States on the proposed Transatlantic Trade and Investment Partnership (see Press Release IP/13/548). Negotiations were formally open at the G8 Summit in Belfast on 17-18 June 2013. On 12 March 2013, the European Commission agreed the draft mandate for the Transatlantic Trade and Investment Partnership Agreement. The draft was sent to the Council for approval (see Press Release IP/13/224). After Trump being a President, process paused.

Details of progress towards a Free Trade Agreement (FTA) between the EU and Japan were given in Press Release MEMO/13/572, 17 June 2013 (ESO, 2013: 13).

Bilateral agreements with regions

Bilateral agreements also exist between the EU and other entities of regional integration, trade blocs or less integrated groupings of countries.

Trade agreements with the EU's candidate countries are a special case since they are meant to knit closer ties between the EU and the acceding country in a preparatory stage on the way to complete accession. In a similar light, the EU offers special trade relations to the countries of the Western Balkans to stabilise and develop the region in its immediate neighbourhood.

Other trading blocs the EU co-operates with include the Association of South East Asian Nations (ASEAN), the Gulf Cooperation Council (GCC), the Andean Community and Mercosur (Argentina, Brazil, Paraguay, Uruguay).

⁴ https://trade.ec.europa.eu/doclib/docs/2020/november/tradoc_159039.pdf

⁵ <https://ec.europa.eu/trade/policy/policy-making/sustainable-development/>

The co-operation with the 79 African, Caribbean and Pacific Group of States (ACP) under the ACP-EC Partnership Agreement (Cotonou Agreement) forms an important part of the EU's development policy (ESO, 2013: 14).

EU's Main Trade Regions

EU's main trading regions are Asia, The Americas, neighbouring countries and, Africa, Caribbean and Pacific countries.

Asia

In 2019, the EU applied preferential trade agreements with three Asian economies: South Korea, Japan and Singapore. They are new generation FTAs.

The EU- South Korea FTA is the most ambitious trade agreement ever negotiated by the EU; it is also the EU's first trade deal with an Asian country. The agreement is expected not only to boost bilateral trade and economic growth in both the EU and South Korea, but also to have a wider impact in Asia and elsewhere by signalling the EU's openness to doing business with third countries and its commitment to free trade.

EU-Japan Economic Partnership Agreement is another important agreement in Asia. Japan is the EU's seventh largest trading partner. EU firms already export nearly €70bn in goods and €28bn in services to Japan every year. The trade agreement with Japan: removes tariffs and other trade barriers and creates a platform to cooperate in order to prevent obstacles to trade, helps to shape global trade rules in line with high standards and shared values.⁶

Singapore is also important at the region and Singapore is a member of the Association of South East Asian Nations (ASEAN). The EU-Singapore trade and investment protection agreements were signed on 19 October 2018. It entered into force on 21 November 2019. The agreements aim to remove nearly all customs duties and get rid of overlapping bureaucracy, improve trade for goods like electronics, food products and pharmaceuticals, stimulate green growth, remove trade obstacles for green technology and create opportunities for environmental services, and encourage EU companies to invest more in Singapore, and Singaporean companies to invest more in the EU.⁷

The EU and China concluded in principle the negotiations on the Comprehensive Agreement on Investment (CAI) on 30 December 2020. The agreement grants EU investors a greater level of access to China's market. In the agreement, China has committed to ensure fairer treatment for EU companies, allowing them to compete on a more level playing field in China. These commitments cover state-owned enterprises, transparency of subsidies, and rules against forced technology transfer. China also agreed to provisions on sustainable development, including commitments on climate and forced labour. Both sides agreed to continue the negotiations on investment protection and investment dispute settlement, to be completed within two years of the signature of the agreement.⁸

Asia-Europe relations need to be thought of globally. Constructive thinking is needed when the global order is under stress, and internationalism is under threat from terrorists, anti-globalisation movements and unilateralist behaviour. New imperatives exist for Asia and Europe to work together, purposefully in a global setting, but also for each other regionally. No one questions this need for Asia and Europe to come together to support global governance and to work for the mutual benefit of the peoples of Asia and Europe. What Europe can offer Asia is essentially considered as 'soft power' or civilian power. Asia-Europe cooperation should therefore focus on soft issues and economic interests. (Hwee, 2006: 151, 154).

China's Belt and Road Initiative (BRI) launched in 2013. It presents an important opportunity to enhance connectivity and reduce trade costs. Europe is at the end of the silkroad to China.

⁶ <https://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/>

⁷ <https://ec.europa.eu/trade/policy/in-focus/eu-singapore-agreement/>

⁸ <https://ec.europa.eu/trade/policy/in-focus/eu-china-agreement/>

The Americas

EU has agreements in the Americas with Canada and Latin American Countries. The EU-Canada Comprehensive Economic and Trade Agreement (CETA) has been provisionally applied since 21 September 2017, with the exception of a few provisions, notably those relating to the investment court system. In 2019, an important step forward was made on the future implementation of the Investment Court System (ICS): in October, the European Commission adopted four proposals that will help to ensure the ethics and integrity standards of the adjudicators and the system's effective appeal function. This will be the first such appeal function to become operational in international investment agreements.

CETA features some of the strongest commitments ever included in an EU trade agreement, including on promoting labour rights, on protecting the environment, and on sustainable development. CETA integrates EU and Canadian commitments to apply international rules on workers' rights, environmental protection and climate action. These obligations are binding.

The EU has four trade agreements with 11 countries in Latin America: Mexico, Chile, the Andean partners Colombia, Ecuador and Peru, and the 6 Central American partners (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama). Once the Mercosur agreement is in place, the EU will have preferential trade relationships with virtually all Latin American countries, except for Bolivia and Venezuela – more than any other region, and on a par with EFTA.

The EU's role in Latin America remains strong. The EU is the largest source of development cooperation and of Foreign Direct Investment in Latin America and is the third largest trading partner after the US and China. While the US has maintained its long-standing position as Latin America's largest trading partner, China has overtaken the EU as the second largest partner in recent years.

EU trade agreements have, over time, helped to solidify the position of the EU as an investor and trading partner in the region. Trade between the EU and its current EU Latin American trading partners plus Mercosur amounted to €192 billion, with the EU having a surplus of €22 billion (EC, 2020: 17).

EU Neighbouring Countries

The EU is currently surrounded by four major types of economies: wealthy advanced economies, dynamic upper middle income economies, economies dependent on hydrocarbon exports, and a handful of lower middle income economies;

- The wealthiest major economies around the EU are Iceland, Norway, Switzerland and Liechtenstein. They are wealthier than the EU average and the biggest Euro zone economies. Among this group of countries the EU's deepest economic ties are with Switzerland. Switzerland is a major destination of EU manufacturing exports.
- The majority of countries surrounding the EU are upper middle income economies which had dynamic economic growth rates in the first decade of this millennium. Ukraine and Turkey are particularly noteworthy. After Russia, Turkey and Ukraine have been, in recent years, the EU's most dynamic destinations for manufacturing exports in the low-to-middle-income neighbourhood.
- The third set of EU partner economies in the neighbourhood are hydrocarbon producers and exporters. In the last ten years, trade between the EU and these economies has risen substantially. As hydrocarbon exporters like Russia and Algeria have seen their incomes rise, EU manufacturing exports to those countries have risen substantially. Russia had become the biggest export destination in the neighbourhood before Ukraine war. This situation changing gradually.

Moldova, Georgia, Armenia, Egypt and Morocco, are the EU's five poorest neighbours. They have income levels less than half that of the EU's poorest member state, Bulgaria. Moldova, Georgia and Armenia are very small countries with limited commercial potential for the EU (Dreyer, 2012: 3-15).

In 2021, Russia was the EU's fifth largest trade partner, representing 5.8% of the EU's total trade in goods with the world. In 2020, the EU was Russia's first trade partner, accounting for 37.3% of the country's total trade in goods with the world. 36.5% of Russia's imports came from the EU and 37.9% of its exports went to the EU.

Since 2014, the illegal annexation of Crimea by Russia and its destabilising role in eastern Ukraine have seriously affected EU-Russia relations. As a result, some of the policy dialogues and mechanisms of cooperation, including in the area of trade, have been suspended.

Following further Russian invasion of Ukraine on 24 February 2022, the European Union has adopted unprecedented measures that aim to significantly weaken Russia's economic base, depriving it of critical technologies and markets, and thereby significantly curtailing its ability to wage war. This situation has changed trade numbers.

Mediterranean and Middle Eastern partners. The Free Trade Areas concluded under the broader Association Agreements with the Southern Mediterranean and Middle Eastern countries (the 'trade agreements') entered into force in early 2000. The EU and the eight Southern Mediterranean and Middle Eastern countries Algeria, Egypt, Jordan, Lebanon, Israel, Palestine, Morocco and Tunisia are traditionally very close partners linked by historical and cultural ties and geographical proximity.

The EU is the number one trading partner for all countries except for Jordan and Palestine, and for the region as a whole. Under the European Neighbourhood Policy, the EU offers these countries a privileged relationship, building on a mutual commitment to common values – democracy and human rights, the rule of law, good governance, market economy principles and sustainable development (EC, 2020: 19).

Georgia, Moldova, Ukraine. The Deep and Comprehensive Free Trade Areas (DCFTAs) applied between the EU and Georgia and Moldova since 2016 and the Ukraine since 2017 form part of the wider Eastern Partnership framework, a joint policy initiative that began in 2009 to deepen and strengthen relations between the EU and its Member States and their six Eastern neighbours. DCFTAs are essential tools not only for mutual market access, but also to pursue a values agenda, to further democracy and transparent and independent institutional structures, and to help partner countries transform their economies and engage more in international trade. The DCFTAs have two key elements: trade liberalisation and regulatory approximation (EC, 2020: 22).

The Association Agreement is the main tool for bringing Ukraine and the EU closer together: it promotes deeper political ties, stronger economic links and the respect for common values. The EU is Ukraine's largest trading partner, accounting for 39.5% of its trade in 2021. Ukraine is the EU's 15th biggest trading partner, accounting for around 1.2% of the EU's total trade. Total trade between the EU and Ukraine reached almost €52.4 billion in 2021, almost doubling since the entry into force of the DCFTA in 2016.

On 28 February 2022, Ukraine, after than Moldova and Georgia sent their applications for EU membership. On 17 June 2022, the European Commission presented its Opinions on the application for EU membership. Based on the Commission's opinion on the country's application for EU membership, Ukraine and Moldova was given a European perspective and granted candidate status on 23 June 2022, by unanimous agreement between the leaders of all 27 EU Member States. Also Georgia was given a European perspective, but Candidate status will be granted once Georgia addresses some key priorities.

Western Balkans. The EU has concluded Stabilisation and Association Agreements (SAAs) with all six of the Western Balkans: Albania, Bosnia-Herzegovina, North Macedonia, Montenegro, Serbia and Kosovo. All of the Western Balkans have a clear European perspective, most recently reaffirmed at the Western Balkans Summit of 6 May 2020.⁹ The EU and the Western Balkans partners share the objective of a peaceful, strong, stable and united Europe, underpinned by our historical, cultural and geographical ties and by our mutual

⁹ <https://europeanwesternbalkans.com/2020/05/06/zagreb-declaration-6-may-2020/>

political, security and economic interests. The EU is determined to further intensify its engagement at all levels to support the region's political, economic and social transformation and welcomes the pledge of the Western Balkans partners to uphold European values and principles and to carry out necessary reforms thoroughly and vigorously. Increased EU assistance will be linked to tangible progress in the rule of law and in socio-economic reforms, as well as on the Western Balkans partners' adherence to EU values, rules and standards.

This is reflected in the content and scope of SAAs, which have elements going beyond other preferential trade agreements as they foresee alignment of legislation with the EU acquis. SAAs are a new kind of mixed agreements. Provisions that are new: regional cooperation, approximation of laws and law enforcement, justice and home affairs (freedom and security). The SAAs also provide for removal of all quantitative restrictions. However, they do not contain certain other elements found in the EU's more recent preferential trade agreements, such as provisions on trade and sustainable development.

Access to the European single market will result in mutually beneficial trade relations between the EU27 and accession countries. In 2021, the EU27's annual trade surplus with the six Western Balkan countries was €8.7billion (Eurostat, 2022), which is approximatively equal to the EU Investment Plan for the Western Balkans. In 2021, the EU27 trade surplus was highest with Serbia (€4.5billion), followed by Albania (€1.6 billion), Kosovo (€1.3 billion), Bosnia and Herzegovina (€1.0 billion) and Montenegro (€0.8billion).¹⁰

Switzerland. In 2019, total bilateral trade in goods with Switzerland reached over €257 billion, making Switzerland the EU's fourth biggest trading partner overall, and the EU's top trading partner country under preferential trade agreements. Given the very high level of integration between the EU and Switzerland, the latter is also a very important partner in terms of investment. Switzerland gets about 12% of total EU27 Foreign Direct Investment (FDI) (EC, 2020: 24).

The EU's Free Trade Agreement with Switzerland is its longest standing one and has limited scope, shallower disciplines and lacks an effective dispute settlement mechanism when compared to the EU's modern trade agreements, some of which were concluded with more distant partners of lesser economic relevance.

Norway. Trade relations between the EU and Norway are conducted both under the European Economic Area (EEA) and the bilateral Free Trade Agreement of 1973. Although still in force, the bilateral trade agreement has in practice been superseded in many respects by the Agreement on the EEA, which allows for the free movement of goods, services, capital and people.

Norway is the EU's eighth-largest trading partner country for services. Of the €40 billion of trade between them in 2018, Norway's exports were €14 billion and the EU's €26 billion, giving the EU a surplus, a position that has remained stable over the last five years (EC, 2020: 25).

Türkiye. Türkiye is the EU's oldest and second-largest preferential trading partner country and its sixth largest trading partner overall. Trade relations between the EU and Türkiye are governed by the Customs Union of 1995 for industrial goods and certain processed agricultural products, plus two bilateral preferential trade agreements covering agricultural and, coal and steel products, respectively. 82% of EU trade with Türkiye is in industrial goods. Due in large part to these trade agreements and in particular the Customs Union, bilateral trade has increased more than fourfold since the mid-nineties (EC, 2020: 25).

According to Article 16 of the 1/95 Association Council Decision: "With a view to harmonizing its commercial policy with that of the Community, Türkiye shall align itself progressively with the preferential customs regime of the Community within five years as from the date of entry into force of this Decision. This alignment will concern both the autonomous regimes and preferential agreements with third countries. To this end, Türkiye will take the necessary measures and negotiate agreements on mutually advantageous basis with the countries concerned. The Association Council shall periodically review the progress made."¹¹ But there is

¹⁰ [https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/739343/EPRS_ATA\(2023\)739343_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/ATAG/2023/739343/EPRS_ATA(2023)739343_EN.pdf)

¹¹ https://www.avrupa.info.tr/sites/default/files/2016-09/Custom_Union_des_ENG_0.pdf

a problem on this issue. EU doesn't call Türkiye to the negotiations and doesn't give information. After everything finished, Türkiye must be obey the rules. Otherwise, 3rd country goods come to the Turkish market through the EU without any restrictions because of the traffic diversion. This isn't fair and Türkiye can't catch the EU's speed on making and acting agreements.

To extend the scope of bilateral preferential trade and modernise the Customs Union, on 21 December 2016 the European Commission adopted a Recommendation for a Council Decision authorising the opening of negotiations with Turkey (CU update). It will be designed to be able to cope with the futures and paths for the updates of the Customs Union, and will be grown in both bilateral and economic growth. In this update process, harmonization with the EU will also accelerate the harmonization of norms and standards and will develop more suitable environment for economic and political reforms.

Although it does not replace the membership areas, it is the most accurate and first of all a park where the flare-ups can move forward with an unstoppable enthusiasm. In addition, the wide-ranging visualization agendas that will be on the agenda of the broader EU will also be reflected. Turkey can be targeted, which can be made ready for membership with the EU.

United Kingdom. The United Kingdom left the European Union on 31 January 2020, after which it became a third country to the EU. The EU and the UK reached an agreement on their future relationship on 24 December 2020. They formally signed the EU-UK Trade and Cooperation Agreement on 30 December 2020. The agreement entered into force on 1 May 2021 after approval of the European Parliament and adoption by the Council.

The EU-UK Trade and Cooperation Agreement concluded between the EU and the UK sets out preferential arrangements in areas such as trade in goods and in services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.

Free Trade Agreement is a new economic and social partnership with the United Kingdom. The agreement covers not just trade in goods and services, but also a broad range of other areas in the EU's interest, such as investment, competition, State aid, tax transparency, air and road transport, energy and sustainability, fisheries, data protection, and social security coordination. It provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin. Both parties have committed to ensuring a robust level playing field by maintaining high levels of protection in areas such as environmental protection, the fight against climate change and carbon pricing, social and labour rights, tax transparency and State aid, with effective, domestic enforcement, a binding dispute settlement mechanism and the possibility for both parties to take remedial measures.

The EU and the UK agreed on a new framework for the joint management of fish stocks in EU and UK waters. The UK will be able to further develop British fishing activities, while the activities and livelihoods of European fishing communities will be safeguarded, and natural resources preserved. On transport, the agreement provides for continued and sustainable air, road, rail and maritime connectivity, though market access falls below what the Single Market offers. It includes provisions to ensure that competition between EU and UK operators takes place on a level playing field, so that passenger rights, workers' rights and transport safety are not undermined. On energy, the agreement provides a new model for trading and interconnectivity, with guarantees for open and fair competition, including on safety standards for offshore, and production of renewable energy.¹²

Africa, Caribbean and Pacific Countries

For more than a decade, African, Caribbean and Pacific (ACP) countries have been among the fastest growing economies in the world. Trade between the EU and Sub-Saharan Africa, in particular, has doubled over the

¹² https://ec.europa.eu/info/strategy/relations-non-eu-countries/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

past decade and European companies' investments in Africa stand at €200 billion with enormous potential for expansion (EC, 2020: 26).

The EU remains the biggest trading and investment partner for most ACP countries, especially for those implementing an Economic Partnership Agreement (EPA) with the EU. In 2019, 31 ACP countries were implementing EPAs with the EU: 14 in Sub-Saharan Africa, 14 in the Caribbean and three in the Pacific.

EPAs are development-oriented trade agreements. EU trade agreements support diversification of European supply chains, facilitate digital trade and offer platforms for deeper engagement with EU trading partners on multilateralism and wider sustainability issues. Trade and investment policy also helps to achieve broader EU objectives on supporting sustainable development, combatting climate change, and strengthening security as well as the EU's position in the world. It does this by acting autonomously, bilaterally and multilaterally and stands ready to act swiftly against anti-competitive and trade distorting behaviours through assertive enforcement actions.

EU trade agreements support diversification of European supply chains, facilitate digital trade and offer platforms for deeper engagement with EU trading partners on multilateralism and wider sustainability issues (EC, 2020: 49).

WTO and EU

WTO members are obliged to notify the RTAs in which they participate. All of the WTO's members have notified participation in one or more RTAs. The number of preferential trade agreements (PTAs) has proliferated in recent years, with an annual average of 20 notifications to the World Trade Organization (WTO), whereas that number was less than three during the four-and-a-half decades of the General Agreement on Tariffs and Trade (GATT).

WTO members agreed in 2006 to implement a provisional mechanism to enhance the transparency of RTAs and understand their effects on the multilateral system. Under this process, members notify the WTO about their RTAs and these are discussed by the wider WTO membership on the basis of a factual presentation prepared by the WTO Secretariat. As of 29 October 2021, 350 RTAs were in force. These correspond to 568 notifications from WTO members, counting goods, services and accessions separately.¹³

The rules-based multilateral trading system is under intense pressure. The United States is seeking trade concessions from its trading partners, including the EU, through a strategy of aggressive unilateralism that violates the spirit if not the letter of WTO rules. Large emerging economies are implementing more trade-distorting measures that adversely affect the ability of EU companies to export to their markets and reduce domestic support for maintaining the liberal EU trade regime. Many of the instruments involved are only partially subject to WTO rules, which indicates a need to both update and strengthen the multilateral rulebook. The EU is one of the main actors at the WTO negotiations. Both EU member countries and EU itself are members of the WTO.

EU trade policy therefore faces major challenges, both internal and external. To successfully address them will be critical, both because of the importance of trade for growth and jobs in the EU and because of the role trade can play in raising real incomes and stimulating sustainable development in neighbouring countries, Europe's partners in Africa and other developing regions. The most urgent matter is to avoid a full-scale trade war, which would be very costly (Hoekman & Puccio, 2019: 1).

Concerning the multilateral agenda, the European Union played a major role in the recently negotiated agreements on information technology, basic telecommunications and financial services liberalisation. However, it is not in favour of a sectoral liberalisation approach but prefers a global approach, which should make it easier for all participants in trade negotiations to share in the mutual benefits from comprehensive and broad liberalisation. After the failure to launch a new round of trade liberalisation in Seattle, the European Union is pushing for the rapid preparation of another round. The European Union also supports an early start

¹³ <http://rtais.wto.org/UI/publicsummarytable.aspx>

to negotiations in the WTO on multilateral rules for international investment and competition policy which have become increasingly important in underpinning effective market access in an increasingly integrated world. Environmental and labour issues have come to the fore. On environmental issues, the European Union had ambitious goals for the work of the WTO's Committee on Trade and Environment, but its wide-ranging agenda ran into considerable opposition by other countries. However, the European Union is still convinced that trade and the environment are central aspects of the wider goal of sustainable development on a global basis (OECD, 2000: 16).

The EU's objectives at the WTO are to: keep the world's trading system fair, predictable and based on common rules, modernise the world's trade markets so European goods, services and investment can benefit, follow the common WTO rules, and make sure others also play by the rules, make the WTO more open by interacting with both non-members and other international organisations, bring developing countries into the WTO, its decision-making, and the global economy, reinforce the WTO's support for sustainable trade policies worldwide, WTO modernization, introduction to future EU proposals.¹⁴

The European Council of 28-29 June 2018 gave the Commission a mandate to pursue WTO modernisation in pursuit of the objectives of making the WTO more relevant and adaptive to a changing world, and strengthening the WTO's effectiveness.¹⁵ The EU supporter of the multilateral trading system and believes that the WTO is indispensable in ensuring free and fair trade.

EC's mission is largely dependent on close working relations with its partners as well as with international organisations, such as the World Trade Organization (WTO), The Organization for Economic Co-operation and Development (OECD), the United Nations, including the International Labour Organization and Multilateral Environmental Agreements, civil society and social partners (EC, 2020: 5).

Conclusion

The EU conducts its foreign policy through bilateralism, regionalism and multilateralism simultaneously. One of the central objectives of EU trade policy has been to spread, through the negotiation of trade agreements, the European model of society to the rest of the world. The EU is the world's largest trading power, accounting for 16.7 percent of the global trade in goods and services. The Common Commercial Policy allows the EU to speak with one voice on matters of trade policy and to leverage the single market to improve access to foreign markets for EU companies through the negotiation of trade and investment agreements.

EU trade policy works along four main axes: Multilateral cooperation, bilateral and regional partnerships, sustainable trade, protecting EU companies and citizens from unfair trade and investment.

The EU applied many trade agreements nearly all the World. There are three main types of agreement: Customs Union; Association Agreements, Stabilisation Agreements, Free Trade Agreements and Economic Partnership Agreements; Partnership and Cooperation Agreements. EU's foreign trade policy has gone through an evolution. Number of areas regulated in new agreements increased substantially. Modern EU trade agreements contain rules on trade and sustainable development. Trade relations between the EU and many of its trading partners are subject to bilateral agreements, which can take different forms. Bilateral agreements also exist between the EU and other entities of regional integration, trade blocs or less integrated groupings of countries. EU's Main Trade Regions: Asia, The Americas, EU Neighbouring Countries and ACP countries.

The EU is one of the main actors at the WTO negotiations. The EU's objectives at the WTO are to: keep the world's trading system fair, predictable and based on common rules, modernise the world's trade markets. The EU supporter of the multilateral trading system and believes that the WTO is indispensable in ensuring free and fair trade. The EU has long been a major proponent of the WTO and has a strong interest in an effective rules based multilateral trade regime.

¹⁴ <https://ec.europa.eu/trade/policy/eu-and-wto/>

¹⁵ https://trade.ec.europa.eu/doclib/docs/2018/september/tradoc_157331.pdf

The EU's trade and investment policy establishes and develops mutually beneficial trade relationships with partners outside Europe. Trade and investment policy helps to achieve broader EU objectives on supporting sustainable development, combatting climate change, and strengthening security as well as the EU's position in the world. It does this by acting autonomously, bilaterally and multilaterally. The EU has always claimed that its single market is a building block for multilateralism and often posits itself as champion of international law, including in the field of global economic governance.

As the time passed by agreements were getting more and more ambitious, and included further liberalization in trade in services, capital and workers movement, as well as various advanced and not strictly to trade related areas: environment, intellectual property rights, government procurement, etc. The EU customizes and offers different FTAs to different countries depending on their development level and EU's economic and political goals. Trade agreements are now much more than just economics of import and export; they have become a major political weapon with great social, environmental and cultural consequences.

China's Belt and Road Initiative presents an important opportunity to enhance connectivity and reduce trade costs. The growing political and economic relationship between the European Union and China is a positive development not only for their mutual foreign policies but also for the development of inter-regionalism in today's globalising world.

In the light of this research and evaluation, it has been seen that the EU strongly and intensely uses trade policy as a foreign policy tool. EU's trade policy is not only trade policy. At the accession process with the EU, Türkiye's adoption and harmonisation to this policy area is very important and necessary, but includes some difficulties. Türkiye and other accession countries must try to follow similar policies like in the EU. Türkiye-EU Customs Union update will serve to this difficult task for Türkiye and show the way for the others.

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