

Beat: Politics

Trade as a powerful engine for growth and jobs in Europe

European Commission

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USPA NEWS - Trade as a powerful engine for growth and jobs in Europe - In the European Union 31 million jobs "" over 14% of total employment "" depend on exports to third countries and each additional €1bn of exports supports 14,000 additional jobs across the EU.

The importance of trade agreements in supporting and strengthening the economic performance of the EU was highlighted in a report by the European Commission that served as the basis of Member States' discussions at the Informal Meeting of Trade Ministers in Riga this week. The Annual Report on the implementation of the EU-South Korea Free Trade Agreement (FTA), presented today, provides further evidence on the contribution of trade to the economy. EU exports of goods to Korea increased by 35% since 2011, during the first three years of the agreement, the report shows.

Exports of fully liberalised goods "" such as machinery, electrical appliances, clothing, and most chemicals "" have increased by 46% overall, and exports for partially liberalised goods by 37%, making a total of €4.7bn additional exports from the EU each year. EU exports have increased in all sectors "" in particular cars, where they have nearly doubled (up by 90%) as well as in transport equipment (up by 56%).

'The EU-South Korea agreement is a great example of why we need free trade: it's given a boost to trade and created new business opportunities in the fast-growing East Asian market,' said EU Trade Commissioner Cecilia Malmström, 'This confirms that European companies and consumers are very well placed to benefit from increased international trade, since the EU is the world's largest exporter and importer'.

Third annual report on the implementation of the EU-South Korea FTA The EU-South Korea Free Trade Agreement, in force since July 2011, is the most ambitious FTA implemented by the EU so far. It is the first of a new generation of free trade agreements, more far-reaching than previous deals, and the first FTA that the EU has concluded with an Asian country.

Data shows that in the first three years of the agreement, EU exports of goods to Korea increased by 35%, from €30.6 billion in the year before the entry into force of the FTA to €41.5 billion. Had the FTA not been in force, the current level of EU exports to Korea would have led to duty payments for European companies of €1.6 billion only in the past year.

EU exports to Korea of fully liberalised goods increased by 46%, i.e. more than the 35% increase in the overall exports. Also imports from Korea of goods fully liberalised by the FTA showed a double-digit increase of 21%.

Among the sectors that benefited the most are machinery and appliances, accounting for almost 34% of total EU exports to Korea and increasing by more than 23%. Exports of transport equipment increased by over 56% after the FTA entered into force. Exports of motor vehicles to Korea increased by 90%, from €2 billion in the year before the FTA entered into force to €3.8 billion during the third year of the FTA.

In 2013 EU Foreign Direct Investment (FDI) stocks in Korea amounted to €32.6 billion, whereas Korean FDI stocks in the EU totalled €18.9 billion. EU imports from Korea remained broadly stable over the same period, although they saw an increase of 6% in the third year of the FTA compared to the previous year. While trade is prospering, continued attention will need to be paid to full implementation of the FTA to make sure that exporters can reap the benefits they expect from it.

The EU has proposed further improvements to the FTA to allow our exporters to use their traditional hubs in third countries, such as Singapore and Hong Kong, when exporting to Korea under the FTA, rather than be forced to ship directly to the Korean market in order to benefit from the agreement. Another example for further improving the FTA aims at ensuring that goods re-entering Korea after repair in the EU are exempted from customs duties.

How trade policy and regional trade agreements support and strengthen EU economic performance This discussion paper, presented at this week's ministerial Council, reviews the contribution that trade agreements between the EU and its trading partners can make to

boost jobs and growth in Europe. The EU has an ambitious bilateral agenda which can complement the multilateral trading system centred on the WTO. The paper calculates that, if concluded successfully, ongoing bilateral negotiations could boost EU's GDP by more than 2%, or 250 billion euros.

In the EU, 31 million jobs “ over 14% of total employment “ depend on our exports to third countries. Each additional €1bn of exports supports roughly 14.000 additional jobs across the EU, the paper adds. These are in general more qualified and better paid than in the rest of the economy. The millions of trade-related jobs include retail, wholesale, port handling, logistics and transportation.

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