

Confederation of Finnish Industries EK Position Paper

The EU's trade policy capabilities should be reinforced

Europe in the world

The importance of trade policy has grown rapidly over the past years. Digitalisation brings markets and customers closer together and reduces market entry barriers. At the same time, rising protectionism creates new barriers to trade and challenges global supply chains. Protectionism poses a threat for Finnish companies deeply interlinked with global markets.

With the US withdrawing, it is crucial that the European Union takes a leading role in defending rules-based free trade. The EU's bilateral free trade agreements (FTAs) cover nearly 70 markets all over the world. FTA with Japan entered into force in February 2019 marking the creation of the world's biggest free trade area. Together the EU and Japan account for almost one-third of the world's economy. Trade agreements negotiated with Singapore and Vietnam are also expected to enter into force this year.

The United States continues to be an important market for European and Finnish companies. Transatlantic relations must be brought back on the right track by focusing on common interests, such as reducing regulatory barriers to trade. The spiral of reciprocal tariffs and the escalation of trade conflict must be stopped.

China's importance to Finnish companies is increasing. At the same time, challenges in Chinese business environment are becoming more extensive. The EU must find common solutions to tackle China's market distorting measures and defend level playing field.



The Confederation of Finnish Industries EK believes that

1. In the face of rising protectionism, the EU must take responsibility for defending rules-based free trade. Trade policy should be a key priority for the next EU Commission.
 2. The EU needs to ensure enough resources allocated to trade negotiations and trade agreement enforcement. Trade agreements should not be over-burdened with other policy objectives.
 3. There is a need to find constructive ways to rebuild trade relations and remove barriers to trade with the US. Negotiations on a limited trade agreement should be launched if the US is ready for a mutually beneficial agreement.
 4. EU-China investment agreement should remain priority and be finalized in 2020.
 5. EU-level solutions to China's trade-distorting measures must be sought in ways that do not contradict the EU Single Market rules or industrial and competition policies.
 6. WTO and Appellate Body reforms need to be put forward to preserve their ability to function. The EU must actively promote the WTO negotiations for e-commerce rules.
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