



EUROPEAN COMMERCE AND THE BENEFITS OF EUROPEAN TRADE POLICIES

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Abstract *The common commercial policy is an essential aspect of the external relations of the European Union, based on a set of uniform rules governing commercial relations of the Member States with outside countries. The objective of the trade protection instruments is mainly to protect European companies against trade, taking into consideration that the European Union has evolved in the context of globalization aiming a harmonious development of world trade and the promote of equitable and sustainable profile.*

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Introduction

All members of the European Union strongly believe that trade is really important for Europe, fact that made formulating and implementing the trade policies in the best way possible.

The European Union has focused on the principal areas and created proper policies, that are in the interest of the whole Europe, rather than being supportive for only some particular European regions. The laws for trade, the laws for business and commercial policies have been formulated by experts from the European Union official institutions. (European Union Trade Policies, Business Europe)

European policies

All policies implemented in the European region take into account the needs of all the ones involved in business or trade in the area, developing a defensive mechanism for unethical business practices, having an open trade policy with equal chances for all the factors involved.

Also, the European Union does have certain reservations regarding the policies of import and export, mainly to ensure action against imports that are dumped and imports of subsidized products. (European Union Trade Policies, Business Europe)

European Union has a trade policy that is mainly focused on:

- employment generation,
- business productivity
- growth and investment opportunities in Europe.

The European trade and commerce interests are represented and defended by the European Commission and it expects all the other participants in the trade and business to respect the policies and measures formulated by its official institutions and allied partners. (European Union Trade Policies, Business Europe)

European trade and commerce

The European Union stands in front when talking about trade global positions, because of its openness and because of all the policies adopted, being an attractive market for business because of these reasons:

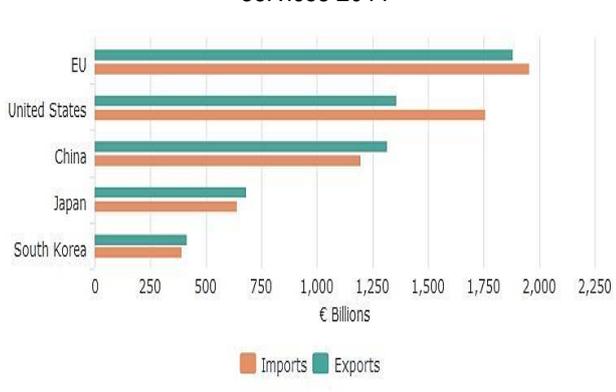
- 500 million consumers looking for quality goods
- It is the world's largest single market with transparent rules and regulations
- it has a secure legal investment framework that is amongst the most open in the world
- it is the most open market to developing countries in the world (EU position in world trade, ([www. http://ec.europa.eu](http://ec.europa.eu)))

The EU has easily integrated on the market because of its modern transport and communications ways and because of all the adopted policies that

sustain and increase the potential to trade outside Europe and give all these results:

- daily European Union exports hundred of millions of euros worth of goods and imports of hundreds of millions more.
- Europe is the world's largest exporter of manufactured goods and services, and the biggest export market for 80 countries, as shown in Fig. 1
- All the European Union's members measure 19% of world imports and exports. (EU position in world trade, European Commission)

Figure 1: Trade in european goods and commercial services 2011



Source : <http://ec.europa.eu/trade/policy/eu-position-in-world-trade/>

The main facts on the EU's position in global markets are the following:

- The European economy is the largest economy in the world for its 500 million consumers.
- The EU is the world's biggest actor of manufactured goods and services.
- The EU is opened to developing countries, the main benefit being committed to free trade.
- The average applied tariff for goods imported into the EU is very lower even at zero
- The EU's markets have the most open investment system in the world. (EU position in world trade, European Commission)

The main 10 benefits of trade in the European region are the following, as shown in Table no. 1:

Table no. 1: The main 10 benefits of European Trade

Economic growth	Once current plans are completed, trade policy can add around €150bn to our economy
Jobs	More than 36 million jobs in Europe depend on our ability to trade with the rest of the world.
Variety of goods	Gains for the average consumer are in the range of €600 per year.
Reduced poverty	All conditions being equal, for countries with open economies growth will be faster
Better products and services for its citizens	less public money spent on purchased products and services
New ideas and innovation	Leading to improvements in the products and services
Economic connections between countries	Contributes to political stability
Increased competition	Allows EU businesses to access inputs at the lowest prices, allowing them to compete within Europe and abroad
Better and easier conditions for business	Reduces the costs of doing business and promotes international trade.
Exchange of innovation and high technologies	Allows the transfer of technology to other countries.

Source: Author's adaption from „Trade – growth and jobs” ec.europa.eu/trade

Open economies tend to grow faster than closed economies. Trade raises EU growth, it boosts foreign demand for our goods and services. Open trade also gives EU consumers access to a wider variety of goods at lower prices.

The development of an open trade policy, such as the one of the European Union, should contribute to the development of the following aspects:

- Spread and development of innovation generating an intelligent growth and stronger trade relations;
- Social policies regarding jobs, combating poverty, defending human rights;
- Green European development, providing an efficient and rational use of natural resources and the protection of the environment by reducing pollution and population awareness.

Table 2 below shows the corresponding estimated changes in the EU's total external trade (extra-EU).

Table no. 2: Changes in EU trade by sector (in per cent), 2027 benchmark, limited agreement, 20 per cent directspill-overs

	Total exports						Total imports					
	Tariffs only		Services only		Procurement only		Tariffs only		Services only		Procurement only	
	Per cent	Mln euros	Per cent	Mln euros	Per cent	Mln euros	Per cent	Mln euros	Per cent	Mln euros	Per cent	Mln euros
Agr forestry fisheries	0.58	1,303	0.00	3	-0.05	-102	2.64	1,342	0.10	52	0.17	85
Other primary sectors	-0.27	-363	0.03	35	0.01	11	0.52	3,643	0.01	98	0.01	47
Processed foods	1.33	2,360	0.03	45	0.27	481	2.66	2,282	0.07	64	0.12	100
Chemicals	1.23	4,707	-0.01	-47	0.65	2,478	2.46	7,972	0.08	268	0.13	419
Electrical machinery	-0.03	-26	-0.02	-15	-0.31	-292	0.39	1,357	0.01	23	0.01	24
Motor vehicles	3.70	8,399	-0.02	-43	1.47	3,340	9.21	16,799	0.11	193	0.22	404
Other transport equipment	0.56	914	-0.02	-38	0.27	442	2.54	2,345	0.06	55	0.16	151
Other machinery	1.73	10,359	-0.08	-487	-0.10	-611	0.82	3,969	0.14	685	0.03	126
Metals and metal products	2.70	3,720	-0.01	-18	1.15	1,589	1.18	4,156	0.06	214	1.45	5,111
Wood and paper products	0.16	222	-0.01	-17	-0.05	-72	0.67	438	0.11	74	0.29	189
Other manufactures	5.50	11,957	0.02	34	-0.02	-36	-0.03	-250	0.05	523	0.04	412
Water transport	0.10	47	0.22	100	0.03	14	-0.02	-8	0.31	118	0.05	21
Air transport	0.14	110	0.21	162	0.01	9	-0.09	-84	0.21	203	0.05	51
Finance	0.09	87	2.00	1,864	0.00	2	0.09	63	1.02	695	0.32	221
Insurance	0.09	86	2.03	1,849	-0.03	-27	0.12	20	0.94	160	0.07	12
Business services	0.04	183	0.36	1,500	0.02	77	-0.08	-144	0.62	1,127	0.06	103
Communications	0.00	0	0.47	127	0.02	6	0.09	35	1.15	420	0.08	29
Construction	-0.02	-13	0.27	176	0.00	-1	0.09	20	0.47	110	0.22	52
Personal services	-0.13	-138	0.50	552	-0.11	-117	0.15	41	1.84	487	0.21	55
Other services	-0.06	-173	0.00	-4	-0.02	-53	0.12	341	0.06	173	0.10	267
Total	1.18	43,740	0.16	5,777	0.19	7,136	1.00	44,338	0.13	5,742	0.18	7,881

Source: http://trade.ec.europa.eu/doclib/docs/2013/march/tradoc_150737.pdf, based on CGE calculation

Conclusions

Europe must size the triple benefit from more open trade and investment: more growth and jobs and lower consumer prices. (Trade, Growth and World Affairs TRADE POLICY AS A CORE COMPONENT OF THE EU'S 2020 STRATEGY)

These facts can be met by improving trade relations between the EU members and its strategic partners, especially by taking into account the protection of innovation, public procurement, competition rules and consumer protection.

Also proper measures are adopted with regard to create a positive climate for enterprises, facilitate business access to foreign markets, including public procurement, and defend the EU's rights to fair and secure trade. (Trade policy serving the Europe 2020 strategy).

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