

## **THE EXTERNAL POLICY OF THE EU AND ITS IMPACT UPON THE INTERNATIONAL TRADE SYSTEM**

**Dițescu Daniela Ph. D Student  
University of Craiova  
Faculty of Economics and Business Administration  
Craiova, Romania**

**Abstract:** Along its existence, the EU has increasingly become an international factor with a significant economic and political influence. The role and power of EU's external policy have increased with every enlargement of the Union, thereby strengthening its position on the international stage. Thus, the 27 EU Member States provide the Union with the capacity of taking strong action in various regions of the world, by promoting prosperity and supporting stability and welfare for all EU citizens. One should not forget that the European Union is the biggest world trade partner and the largest assistance provider for developing countries. The common commercial policy of the European Union is a key component of its relations to the other international actors. EU has undertaken a proactive external security policy, supporting crisis management and peace maintenance missions, both in Europe and worldwide. Within the current multilateral international context, the EU has created new tools, in addition to the traditional tools of external policy. To this purpose, we mention the initiative for solving issues such as global warming and climate changes, as global issues need global solutions.

**JEL classification: F15, F50.**

**Key words: external policy, external cooperation, common security.**

### **1. INTRODUCTION**

As it is already known, globalization is a complex process, which has been developed and experimented by the time passing. Therefore, to promote globalization and avoiding its unwanted consequences, has to get dressed in an adequate economical policy clothes. From this point of view, it is imposed to mention that, eventhough the accent is put on the regional and global policies, also the national policies did not loose their value for good. The statement has to be ammended specifying that in globalization era, the national ecomical policies can not be identified anymore with the same ones from the past. They can be effient only as long as they take into account the new context.

Curently, EU external policy has to be managed well, for facing successfully the global market strong competition. This process influences the commercial relations and the activities within the community. Moreover, a common external commercial policy that is well managed leads to intensifying the external exchanges, stimulating the economical growth and maintaining goods competitiveness.

Similarly we mention the fact that from the point of view of the international negotiations related to trade, the 27 EU member states are represented by the European Comission. **EU has a Common Commercial Policy.** Whenever a commercial problem is

discussed, including matters related to World Trade Organization WTO, EU acts as an unique entity, European Union negotiating agreements and European Commission representing the member states interests.

## 2. LEGAL FRAME OF THE COMMON EXTERNAL POLICY

The legal frame of the EU commercial policy is *Article 133* pertaining of the *Treat related to European Community*. Based on this, **European Community negotiates on behalf of the member states by consulting with a special Committee** „ *Article 133 Committee*” (“C133”). C133 is composed of representatives of the 27 member states and of the European Commission. Its main target is to coordinate the EU commercial policy. In its frame it is analyzed the entire problematics related to commercial policy that affects the Community, from strategical problems related to WTO negotiation rounds up to specific problems related to exporting individual goods. Within this Committee, the Commission presents and ensures itself the support from all the member states, for all the commercial policy matters. All the formal major decisions (such as: agreements for launching or finalizing the negotiations) are confirmed again by the Ministers Council.

Reference to the European Community Treat, this is providing a limited role to the European Parliament in terms of commercial policy: according to the current treat, the European Parliament „acceptance” can be requested for major treat ratifications, whenever refers to subjects that exceed the commercial sphere. However, the Commission wants more involvement of the Parliament in the commercial policy, more often consultations and an as systematical as possible information. The Commission sustains an expansion of the Parliament powers on the commercial policy. An example in this regard is DDA negotiation round in the domain of the commercial policy. The Commission shapes and leads to accomplishment the EU priorities as they are specified in the directory guidelines established by the Ministers Council. The officials from the EU General Directorate of Trade are responsible with the current negotiations and represent EU, as an entity. The coordination with the member states is ensured thru 133 Committee, since the Commission informs regularly the Parliament. By the end of the negotiation round, The Council has to approve the results.

The documents by means of which the EU commercial policy is applied can be: regulations with general application, compulsory and directly applicable within the member states, direction regulations that have to be transposed in the national legislation and the legal praxis of the member states, compulsory decisions for the mentioned parts, decisions with general application, recommendation and opinions that are not compulsory. The decisions related to the common commercial policy are based on European Commission proposals, which shall be followed by the approval from “The Article 133 Committee”, committee composed by the political in-charge representatives from the member states, of which activity consist especially of examining the Commission proposals or of some international commercial negotiations, reports related to negotiations, commercial disputes or special commercial problems that the EU member states are confronting. The final decision is adopted by the Council and/or the European Parliament and can imply both the Accounts Court as well as EU consultative and financial bodies (depending on the type of the document and the related problem).

## 3. ANALYSIS OF THE EUROPEAN UNION COMMERCIAL POLICY

In the present analysis, we are starting from the fact that the commercial policy is one of the main pillars of the European Community with the extra-Community countries.

Moreover, the common commercial policy takes part of the initial plan for the European economic integration, so that the EU commercial policy (initially European Economic Community EEC) is mainly common with regard to the rest of the world since 1968, as soon as the customs union is achieved.

The common commercial policy, by means of the Rome Treaty, was included among the main instruments for achieving the integration of the national markets within a unique regional market with the purpose of accelerating the economic growth, enhancing the efficiency and economic competitiveness and creating the preconditions for deepening the integration among the member states. For the European Community, the reason for a common commercial policy resides from the fact that the free circulation of the goods and services among the Community can not be achieved with different national commercial policies.

In the field of international trade, **European Union propose itself the objective of ensuring an equitable and free trade, respectively a commercial system** among which frame all countries can trade starting from equal bases and without trade barriers. These objectives imply a chance equality as well as transparency.

For achieving this objective, European Union propose and sustain a set of 4 measures, of which we mention as follows: all the partners to open their markets accordingly; trade obstacles to be eliminated gradually, in an acceptable rhythm for all the involved parties; amiable resolving of the commercial disputes; establishing a set of commercial rules acceptable to all the participants. Creating and developing bigger and more liberalized markets means increasing of the competition among companies and among countries. Including in this competition process of some countries with different developing levels may lead to deepening the differences between developed countries and developing countries or even to deepen the low development. In the new created global conditions, the national states can not adopt by themselves efficient solutions. Therefore when businesses become global also the rules of the game have to set up globally. Such an objective can be achieved only by means of the international agreements and only by this way it is possible that globalization to produce benefits for all the participants, even though in different proportions.

Currently, the EU commercial policy is treating a bigger variety of problems that exceed the sphere of the trade liberalization. These new domains include the updating and enhancing of the international trading rules as well as providing an enhanced attention to equitable trade and maximizing the positive effects of the globalization. Also, it is provided a higher attention for stimulating the development of the developing countries and solving the general problems such as environment protection, preserving energy and natural resources, public services, food and alimentary safety, agriculture and culture. Implementing of a common commercial policy took part of the initial plan for the economic integration among member states which led to European Community creation, which view is to contribute at the sustainable development, through this policy, by means of the integration of a bigger and bigger number of countries into the global trade assembly.

The common European Union commercial policy has three( 3) dimensions:

a) The multilateral dimension, achieved at most inside the frame of the World Trade Organization (elder GATT), which has the purpose of promoting rules related to markets' access in the context of ensuring an effective global governance;

b) The bilateral/regional dimension, which is reflected through bilateral agreements negotiated and concluded by the European Union apart of the multilateral negotiations

inside WTO and by adopting of some specific measures with extra-community countries or with regional organizations;

c) The unilateral dimension, which consists of adopting and implementing by the European Union of some unilateral measures used as commercial policy supplementary instruments with the purpose of ensuring the development and/or political stability according to the EU political priorities. The most common form of these measures are the commercial concessions awarded by the European Union to the third party countries based on an economical interest in order to accelerate the trade with a certain region or in order to increase the economical advantages for both parties.

Relating to *the multilateral dimension*, it can be underlined the important role played by the European Community inside GATT and later on inside WTO ( the successor of GATT) . Thus, following the eighth multilateral negotiation rounds occurred under GATT framework, also GATT decisions were taken over in the community acquis (so that they had to be respected and applied by the community countries), a international trade legal system was developed and a quite extended trade liberalization among GATT members was achieved. Stimulating the European Union exchanges, it is achieved by means of some *bilateral* preferential agreements with different countries or groups of countries under the form of free trade agreements or customs agreements.

Among the bilateral/regional agreements of the European Union we can mention: Free Trade Agreements with the European Association for free trade, with Mexico, South Africa , Switzerland, Custom Unions with Turkey, Andorra and San Marino; the european agreements concluded with Central and Eastern European Countries at the beginning of '90 (8 of them being already members of the European Union since the 1st of May, 2004).

European Union signed also unilateral agreements with some developing countries, by means of which these countries access on the community market is preferential, but not meaning that EU partners are giving same preferential treatment to EU community exports, such as:

a) *Economical Partnership Agreements negotiated with ACP countries* (Africa, Caraibean, Pacific) – Cotonou. Economical Partnership Agreement ACP signed on February 2000 continues the non-reciprocal trade preferences awarded in the frame of Lome Agreement for another 8 years, within this time European Union intends to negotiate reciprocal free trade trade zones with Africa, Pacific and Caraibean country sub-groups. The signatories of these agreements have rights for most of the industrial goods and most of the agricultural goods. In fact, the countries from ACP group benefit of the most liberal origin rules in order to have the best profit from the tariff reduction; mediteranean agreements, from which take part the agreements with Algeria, Egypt, Israel, Lebanon, Maroc, Palestine Organization, Syria and Tunis. These agreements are compatible with the arrangements agreed in the frame of World Trade Organization.

b) *Generalized Preferences System (GPS)*, which is the classical instrument for stimulating the development thru providing preferences on custom taxes. GPS allows the industrialized countries to award in an autonomous manner, commercial concessions (duty-free, no custom taxes access type or a reduction of custom taxes, depending on the goods sensitivity and depending on type of preferences provided to the related countries). From the European Union side, the most of the developing countries benefit by a preferences regime. Thus, additional to ACP and mediteranean agreements, EU allows to the countries from Asia and Latin America to export to EU at custom taxes smaller than the normal ones for manufactured goods and manufactured agricultural goods. Also, for the developing countries which are in conformity with the international agreements related

to environmental protection and related to forbidding children work as well as forced work.

The European Union commercial policy instruments are currently mostly harmonized at the EU level. The main pillar of the EU common commercial policy is the **external common tariff** which has been achieved since 1968, simultaneously with eliminating the customs taxes among member countries. Applying this instrument suppose that a good or service from an extra-community country is taxed only once, when it enters in one of the EU member country.

Another instrument used by the EU common commercial policy is the quantitative restrictions which, beginning by 1994, are defined at the EU level and not at the national level. In the EU case the quantitative protection has an importance under decline. Thus, in the 90s , the quantitative protection extra EU was limited and quantitative protection inside EU was eliminated, since the national contingencies and all the export voluntary restrictions are eliminated ( except for textile and clothes, according to multifibers Agreement). Beginning by 1990, the **antidumping measures** were introduced, measures thru which the professional organizations or groups of european companies can ask retorsion measures against the foreign competition appreciated as un-loyal. The files are instrumented by the European Commission, which proposes also the anti-dumping taxes for the goods originated from certain countries or certain companies, taxes that has to be approved by the Council.

Also, the decisions related to the **salvgardation clauses** (restrictions imposed temporary to imports of certain goods which endanger an industry of a member country or of the EU as an assembly) are taken by the Commission and can be controlled by the Council. The main goods that were under salvgardation measures were the textiles, the steel and the automobiles. Relating to the non-tariff obstacles for goods and services, one of the concluzion reached at the Global Forum OCDE , taking place on June 2003 in Paris, was that EU (as well as USA) use on large scale the subventions and also a lot of the non-tariff barriers are used under the national security, health and environmental protection pretexts. Starting from the data contained in OCDE database, European Commission could act in an efficient way in the frame of WTO or in the frame of the bilateral agreements, identifying obstacles to trade. The database is thus a support and fundamenting instrument of the measures and initiatives that European Union can take against those trade partners which create commercial difficulties to the Community companies.

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