

## 10 facts about EU trade deals

As a member of the European Union, UK business benefits from easy access to a single market of 500 million consumers. As well as opening up markets on the UK's doorstep, the EU facilitates trade further afield with EU trade deals providing preferential access to global markets, from South Africa to South Korea.

***While being in the EU means that the UK doesn't sign its own trade deals, the facts suggest that, as part of the world's biggest trading bloc...***

***...the UK has access to more markets***

### 1. As a member of the EU, UK business has easier access to 1/3 of the world's markets by value

As a member of the European Union, British business benefits from being able to trade easily within the single market and with many other countries. This provides UK business with easier access to 1/3 of the world's market by value.

### 2. The EU gives UK business preferential market access to over 50 countries outside of the EU

The EU is effective at opening up global markets, with trade deals in force that cover over 50 countries – from South Africa, to Colombia, to South Korea.<sup>i</sup>

### 3. The EU gives the UK access to more markets than Switzerland, Canada or Australia – who have 38, 15 and 15 trade deals respectively

Many who advocate leaving the EU, do so on the basis that the UK would be able to increase access to global markets. Switzerland – commonly cited as a country the UK should look emulate – has trade deals providing access to 38 countries, excluding the EU, the majority of which are negotiated through the European Free Trade Association.<sup>ii</sup>

Canada and Australia - both advanced economies signing trade deals independently - have access to significantly fewer countries, with 15 ratified deals

each. The recently signed Trans-Pacific Partnership will increase this number once ratified but only marginally so.

***...the UK gets better trade deals***

### 4. The EU gets the UK a better deal – eliminating tariffs with South Korea almost 4 times quicker than Australia's deal

As part of the EU, Britain doesn't just benefit from more deals but also from better deals. As a partnership of 28 countries, it can take the EU time to negotiate trade deals that are good for all member states. But, with the weight of a 500 million person market, the EU often negotiates better deals – more comprehensive in scope than those signed by countries outside the EU.

The EU-South Korea deal is a good example of this, scrapping almost 99% of tariffs in just 5 years and including far-reaching liberalisation of trade in services.<sup>iii</sup> The South Korea-Australia trade deal takes almost 20 years to reach this level of tariff reduction.<sup>iv</sup>

### 5. The Switzerland-China trade deal gives China immediate access to Swiss markets but Switzerland has to wait 15 years for access to Chinese markets

Switzerland, working mostly through the European Free Trade Association, has been effective in signing trade deals with important partners. But, it

isn't just about signing *any* deal; the UK should focus on signing comprehensive and fair deals. In the China-Switzerland trade deal, as the much bigger partner, China has set the terms of trade. It is allowed more time to remove tariffs on Swiss goods – up to 15 years in some cases – than the Swiss, who have to let in Chinese goods tariff-free almost immediately.<sup>v</sup> It is also limited in scope; it does not cover cars or financial services – two major export areas for the UK.

## **6. EU trade deals are comprehensive in scope – all deals signed in the last year include services**

The EU is signing trade deals which are comprehensive in their scope covering both trade in goods and services. The last four trade deals signed by the EU – with Ecuador, Singapore, Canada and Vietnam – all include liberalisation of trade in services.

## **7. The EU-South Korea deal boosted UK trade with South Korea by 57%**

The EU-South Korea trade deal has been beneficial for UK business and trade. This deal saved EU businesses £1.1 billion annually. In the year following the deal, UK goods exports to South Korea grew by more than half, hitting their highest level ever to reach £6.3 billion.<sup>vi</sup>

## **8. The EU-Canada trade deal will add £1.3bn to the economy**

Opening up global markets breaks down barriers to trade for business and benefits the UK economy. The EU-Canada trade deal, which has been signed but is awaiting ratification, has the potential to increase trade by 29% and add £1.3bn to the UK economy.<sup>vii</sup>

<sup>i</sup> European Commission, Memo – The EU's bilateral trade and investment agreements – where are we?, 2013

<sup>ii</sup> Switzerland: <http://www.seco.admin.ch/themen/00513/00515/01330/?lang=en>; Canada: <http://www.international.gc.ca/trade-agreements-accords-commerciaux/agr-acc/fta-ale.aspx?lang=eng>; Australia: <http://dfat.gov.au/trade/agreements/pages/trade-agreements.aspx>

<sup>iii</sup> European Commission, The EU-Korea Free Trade Deal, 2011

<sup>iv</sup> Australian Government, Korea-Australia Free Trade Agreement Fact Sheet, 2015

*...the UK has potential to go further*

## **9. If the EU completes all deals currently under negotiation, 88% of the UK's trade would be covered**

The UK already benefits from preferential access to many global markets, but we must continue to push the European Union to go further to maximise the benefits for UK business. There has been progress, with deals concluded with Singapore, Ecuador, Canada and Vietnam and agreement to start negotiations with New Zealand and Australia launched in the last year alone.<sup>viii</sup>

The EU must put more resource behind getting trade deals signed. The EU and its trade deals currently account for 60% of UK trade, rising to 88% if all trade deals currently under negotiation, were completed.<sup>ix</sup>

## **10. Completing the trade deals with just Japan and the US would give UK business easier access to 2/3 of the world's markets by value**

Priority must be given to completing the deals with Japan and the US – giving UK business easier access to 2/3 of the world's markets by value.

The EU-US deal (TTIP) could add £10bn to the UK economy by attracting more investment, cutting red tape and increasing consumer choice. The deal would also set the bar for regulatory standards around the world.

### **Further information:**

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<sup>v</sup> Swiss Government, Factsheet: Free Trade Agreement between Switzerland and China, 2014

<sup>vi</sup> British Embassy Seoul, UK-Korea Trade, 2013

<sup>vii</sup> UK Government, Government welcomes historic EU-Canada free trade agreement, 2013

<sup>viii</sup> European Commission, Trade for All: European Commission presents new trade and investment strategy, 2015

<sup>ix</sup> Open Europe, Trade set to be key battleground in EU referendum, October 2015