

Ewa Latoszek^{*}
Wanda Dugiel^{**}

The EU's Common Trade Policy: Implementation of the Concept of Sustainable Development and Free Trade in the Era of De-Globalization Processes?

Abstract

The purpose of the article is to show the importance of the European Union's common commercial policy in implementing the concept of sustainable development. The article uses the qualitative and quantitative method, analysis of Polish and foreign literature and analysis of a number of free trade agreements, signed or negotiated in the form of free trade zones and the system of customs preferences (GSP).

The analysis concerns EU trade relations in the context of the implementation of sustainable development assumptions. In the new generation trade agreements, economic growth is served by the use of both the idea of free trade and sustainable development.

The starting point for the analysis is the discussion of the promotion of the idea of sustainable development by the European Union based on accepted liberal solutions in the common EU trade policy, currently used in the period of weak development of international trade. The second point discusses the European Union's strategy in the common trade policy, developed on the basis of UN resolutions on sustainable economic development. The third point examines the issue of problems in achieving the goals of sustainable economic development in the case of developing countries.

Key words: Free Trade, Sustainable Development, Common Trade Policy, Trade Agreements, System of Customs Preferences

^{*}**Ewa Latoszek** – SGH Warsaw School of Economics, e-mail: elatos@sgh.waw.pl, ORCID: 0000-0002-2354-9536.

^{**}**Wanda Dugiel** – SGH Warsaw School of Economics, e-mail: wdugie@sgh.waw.pl, ORCID: 0000-0003-1369-3523.

Introduction

The European Union is, next to the United States and China, one of the largest trading partners in the world. In terms of the cumulative nominal value of exports and imports, it ranks first, which shows that it is one of the most open and externally oriented economies in the world. The strength of the EU economy is largely due to the fact that it is the world's largest area that guarantees free movement of goods, services, capital and people. The basic instrument for strengthening its position in international trade is the common commercial policy, which enables the benefits of trade to be obtained, in particular during recession and marginal economic recovery on a global scale. The importance of the European Union in shaping sustainable economic development and measures for free trade, taking into account the common commercial policy, results mainly from the most important EU Member States', such as Germany, France, Italy and until now Great Britain, position in international trade. Economic development issues were included in the common EU trade policy in the 1970s only pertaining to commercial relations with African, Caribbean and Pacific states due to economic connections in the colonial past. It was not until the first decades of the 21st century that the issue of development was expanded on the basis of the Millennium Development Goals, and now the Sustainable Development Goals, adopted by the United Nations Agenda (Agenda 2030) and included in common trade policy in EU trade agreements with third countries. These goals allow for the pursuit of economic interests in Africa, creating consumer purchasing power in African countries for potential exports from the European Union. At present, the continent of Africa is of interest for political and economic reasons to the United States, China, India and Canada.

The general provisions of the Treaty on the Functioning of the European Union of 2009 recognized that the implementation of economic policies requires the promotion of sustainable development, in particular requirements regarding environmental protection (Article 11 of the TFEU).

After the Lisbon Treaty came into force, the decision making process in adopting the tools of the common trade policy changed and the role of the European Parliament in negotiating trade agreements has increased.

In relations with developed countries, implementation of the assumptions of sustainable development under the conditions of free trade within free trade zones will allow for achieving economic benefits, in particular during the period of small-scale development of international trade. In the

case of developing countries, trade liberalization is not sufficient to benefit from the elimination or reduction of trade barriers, and development assistance is necessary, including industrial development, development and modernization of their economies' infrastructure and environmental protection. Taking into account the postulates of developing countries themselves in the field of development assistance, the EU has been participating extensively in aid programs for developing countries for many years. The European Union is one of the most important entities providing development assistance to developing countries under ODA (Official Development Assistance).

The article aims to show the importance of the European Union's common commercial policy in implementing the concept of sustainable development. The article uses a qualitative and quantitative method, analysis of Polish and foreign literature and analysis of a number of free trade agreements, signed or negotiated in the form of free trade zones and the system of customs preferences (GSP).

Common Commercial Policy of the European Union – Promotion of Sustainable Development and Liberal Ideas

The common commercial policy of the European Union in the 21st century was based on the idea of free trade synchronized with the Millennium Development Goals and now with the Balanced Development Goals. While the concept of free trade is widespread in economic literature, the definition of sustainable economic development is not clear. The concept of sustainable development spread in the second half of the twentieth century, while the implementation of the principles of sustainable development under the aegis of the United Nations fell on the period of a global economic crisis, when as a result of, among others, anti-crisis actions taken by the states as part of their economic policy in subsequent years, deglobalization processes took place in international trade. In 2016, the annual growth rate of international trade amounted to only 1.3% compared to 2.6% in 2015.¹ When deglobalization processes took place, there was no pressure on European Union institutions to tighten restrictions on access to the EU market. The processes of deglobalization in international trade and the lack of progress in trade liberalization at multilateral level in the WTO have led the EU to intensify its actions to conclude bilateral trade agreements on a much wider scale than ever before in seeking more

¹ World Trade Organization, *World Trade Statistical Review 2017*, Geneva 2017, s. 18.

and more export markets from the EU and maintaining the idea of free trade in the EU commercial policy.

At the end of the second decade of the 21st century, these agreements contain provisions for the implementation of the common commercial policy based on the principle of the EU's responsibility for sustainable development.

Since the adoption of the Millennium Development Goals in 2000, trade agreements negotiated by the EU with third countries in all geographical directions relate to the liberalization of trade within the customs union, free trade areas, trade preferences, economic growth of the parties to contracts, while respecting the standards of protection environment and workers' rights. The European Union decided on a policy of liberalizing trade with the most important trading partners (Figure 1). The EU has negotiated a free-trade agreement with the United States as part of the Transatlantic Trade and Investment Partnership (TTIP) and Japan, with whom negotiations on the creation of a free trade area have been concluded in 2017. The European Union intends to extend the agreement on cooperation with the European Free Trade Association (EFTA) to include the issues of liberalization of agricultural trade within the European Economic Area.

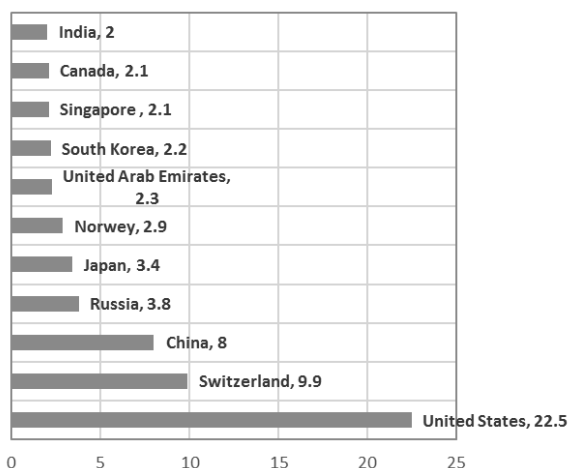


Figure 1. The European Union's main trade partners in 2017 as regards trade in goods and services (in %)

Source: European Commission, DG Trade Statistical Guide, DG Trade, June 2018, Publications Office of the European Union, Luxembourg 2018, p. 55.

Many European Union trade agreements have been signed in an earlier period, in particular with the African, Caribbean and Pacific region, thanks to the Lome Convention, followed by the Cotonou Agreement of 2000. The European Union has negotiated with selected European Economic Partnership Agreements (EPAs) ACP countries. An important trading partner for the European Union is India, with whom negotiations on the free trade area began in 2007. The European Union's exports to India in 2017 were over 2% (Figure 2).

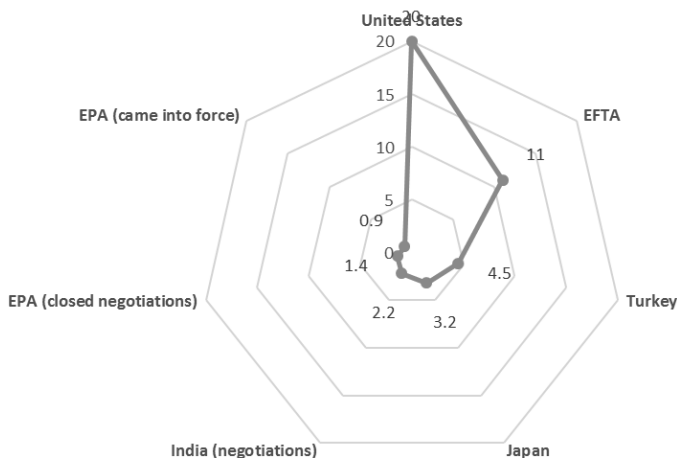


Figure 2. EU trade agreements: signed, negotiated contracts, participation in the export

Source: European Commission, DG Trade Statistical Guide, DG Trade, June 2018, Publications Office of the European Union, Luxembourg 2018, p. 56.

The European Union is pursuing a liberal policy that has led to a significant reduction of customs duties on industrial goods, and to a lesser extent on agricultural commodities. In addition, many non-tariff barriers still apply in the EU trade exchange, hence the European Union's interest in such barriers in trade agreements with important trading partners: the United States and Japan. Liberalization of customs and tariff barriers may lead to economic growth of the states that are parties to the agreement.

Negotiations between the United States and the European Union began in June 2013. After three years of talks, negotiations were suspended in 2016. The creation of a free trade area according to the CEPR calculations, assuming amendments to 2027, would increase exports from the European Union to the US by about 28%, while from the USA to the EU

by 36.57% (Figure 3). The total EU exports in this period will increase by less than 6%, while for the United States the export growth would be at the level of 8%.

The TTIP agreement was to include broad regulations regarding sustainable development and liberalization of trade between the EU and the United States. The problem of negotiating TTIP is associated with various non-tariff barriers in the EU and in the United States. Negotiations also included the subjects of sustainable development, environmental protection issues and employee rights.²

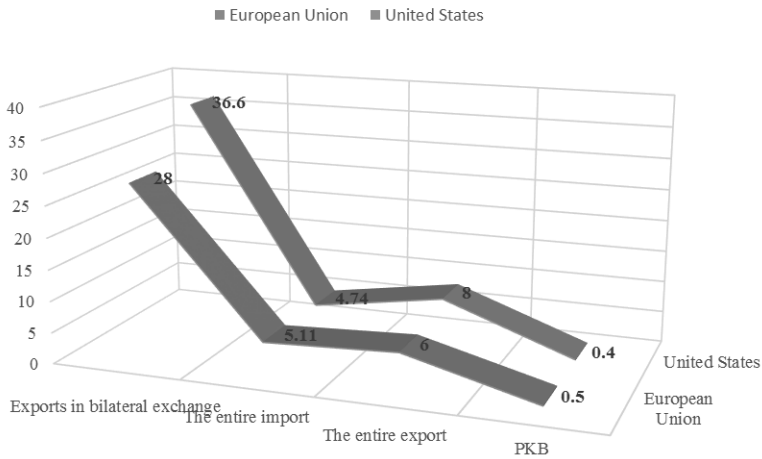


Figure 3. Changes in bilateral trade between the European Union and the United States, total exchange and GDP (in %)

Source: J. Francois (et. al.), *Reducing Transatlantic Barriers to Trade and Investment An Economic Assessment*, London 2013, pp. 48–52.

The European Union has also made efforts to negotiate a trade agreement with Australia.³ On 18th June 2018, formal negotiations were started on the creation of a free trade zone between the European Union and Australia. Negotiations with Australia concern trade in goods, investment flows and issues of sustainable development. In the case of the Asian region, negotiations on a free trade zone between the European Union and

² F. De Ville, J. Orbie, L. Van den Putte, *Sustainable development in TTIP: a highest common denominator compromise?*, “European Journal of Risk Regulation”, no. 2/2016, p. 291.

³ International Centre for Trade and Sustainable Development, *EU, Australia Launch Negotiations for Free Trade Pact*, “Bridges”, vol. 22, no. 22, 21 June 2018.

Singapore, aimed at liberalizing trade and implementing the assumptions of sustainable development, concluded in 2012. Trade negotiations with Vietnam, initiated in 2012, are in progress, and negotiations with Thailand were launched in 2013. Since 2016, the European Union has been conducting talks on the trade agreement with the Philippines and Indonesia, and since 2017 with the entire ASEAN group.

The EU resumed negotiations in 2016 on the signing of a trade agreement with the Mercosur countries. Negotiations on trade agreements with Mexico in 2016 and Chile started in 2017.⁴

In 2013, EU negotiations with Japan were initiated, which ended in 2017 reaching an agreement on the main elements of the EPA. The agreement contains provisions on the abolition of customs duties upon entry into force of the agreement for around 90% of total EU exports to Japan. The reciprocity of the concessions granted relies on the fact that the Agreement takes into account the European Union's interests in the export of agricultural products, while in the case of Japan, mainly exports of cars and their parts to the EU market.⁵ According to calculations of the IFO Institute, the entry into force of the agreement will lead to an increase in Japanese exports to the European Union market by 55%, while the European Union's exports to Japan by 61% (Figure 4). The main beneficiaries of this Agreement are the Netherlands (increase in exports by almost 60%, GDP growth by 0.14%); Ireland (increase in exports by almost 50%, GDP by 0.19%); Luxembourg (increase in exports by 55.9%, GDP by 0.13%); Germany (increase in exports by almost 73%, GDP by only 0.11%); Belgium (increase in exports by 75%, GDP by 0.11%). The issues of liberalization of non-tariff barriers are also regulated.

For developing countries, the EU has granted LDCs access to its market for goods for which tariffs have been eliminated and a total quota of EUR 35 billion annually has been abolished. The literature discusses the impact of bilateral trade agreements on economic development and the implementation of the principles of sustainable development adopted by the UN in the context of the future of trade relations with developing countries.⁶

⁴ European Commission, Overview of FTA and other Trade Negotiations Updated May 2018 – Updates in red, Brussels 2018.

⁵ H.G. Hilpert, *The Japan-EU Economic Partnership Agreement, Economic Potentials and Policy Perspectives*, Stiftung Wissenschaft und Politik German Institute for International and Security Affairs, "SWP Comments", no. 49, November 2017.

⁶ L. Fontagne, D. Laborde, C. Mitaritonna, *An Impact Study of the Economic Partnership Agreements in the Six ACP Regions*, "Journal of African Economies", vol. 20,

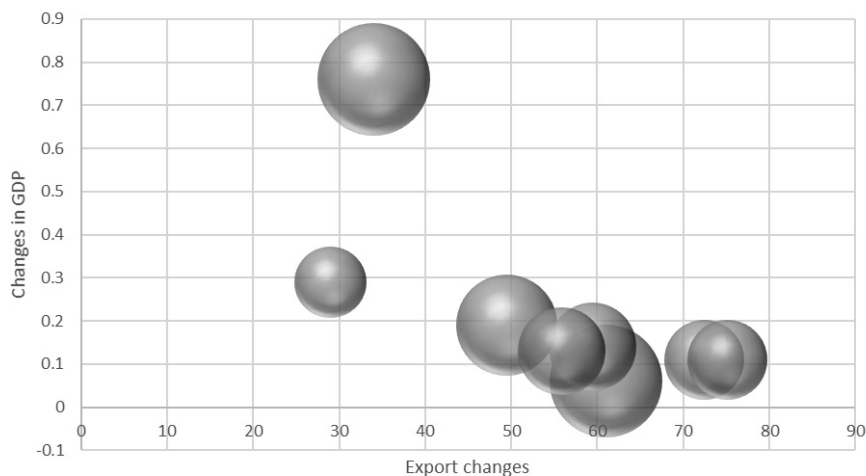


Figure 4. The effects of signing a free trade agreement between the EU and Japan

Source: G. Felbermayr et al., *GED Study, On the Economics of an EU-Japan Free Trade Agreement*, Study of the Ifo Institute on behalf of the Bertelsmann Foundation Final Report on March 3, 2017, p. 59.

United Nations' Activities For Sustainable Development and the Common Commercial Policy of the European Union

Critical evaluation of the effects of agreements with the EBA initiative (Everything But Arms) led to the intensification of work in the European Union on the implementation of the assumptions of sustainable development in the subsequent years.⁷

Taking into account the need for economic development through trade, in 2013 the European Commission presented a report titled *A Decent Life for all: Ending poverty and giving the world a sustainable future*, which announced the European Union's strategy for a policy of sustainable economic development. Developmental issues were addressed to a very limited extent, mainly in relation to EU development policy and development

no. 2/2008, pp. 179–216; A.-L. Chané, M. Killander, *EU Cooperation with Regional Organizations in Africa*, "Working Paper", no. 197, January 2018.

⁷ J. Gallezot, J.-Ch. Bureau, *The Trade Effects of the EU's Everything But Arms Initiative*, Economic Analysis in Support of Bilateral and Multilateral Trade Negotiations, N° Trade 2002/-A2-01, CEPII, Commission of the European Union – Directorate-General for Trade, Paris 2002.

aid for developing countries, indicating that since 2000, the European Union's aid for the least developed countries had increased by 70% and amounted to EUR 96 billion.⁸ However, no fundamental issues regarding the growth of exports from developing countries to the European Union market were presented.

The European Commission has positively assessed the results of the development of foreign trade in developing countries. The increase in the value of exports from developing countries in 2000–2009 amounted to 80%, compared to 40% on a global scale. The European Commission has pointed out that the EU has been the first global player to grant access to all LDC products.⁹ This faster growth in foreign trade of Least Developed Countries has not solved the problems of economic development of those countries, which still occupy a minor position in world trade.

While continuing its activities for sustainable development, in its strategy *A Global Partnership for Poverty Eradication and Sustainable Development after 2015*,¹⁰ published in 2015, the EU decided to adopt unilateral trade policy tools regarding the implementation of the concept of sustainable development, in particular the Generalized System of Preferences (GSP) and GSP+, in which trade preferences were granted to the economies of the least developed countries. Commercial agreements containing the GSP+ clause contain not only provisions regarding tariff tools (elimination of customs duties) but also non-trade concerns, including human rights, labour standards with specific labour rights, and environmental protection issues. However, the European Union initiative called “Everything But Arms” applies to duty-free and quota-free access to the European Union market for all products from the Least Developed Country (LDC), with the exception of the supply of arms.

The European Union is paying more and more attention to including the concept of sustainable development in trade policy, in particular measures to maintain high labour and environmental standards, in trade agreements signed by the EU not only with developing countries, where these standards may be understated, but also with developed countries.

The future of the European Union's trade relations depends on the legal framework of the UN resolution on sustainable development. At the

⁸ Communication from the Commission to The European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions, *A Decent Life for all: Ending poverty and giving the world a sustainable future*, Brussels, 27.2.2013 COM(2013) 92 final, s. 5.

⁹ *Ibidem*.

¹⁰ European Commission, *A Global Partnership for Poverty Eradication and Sustainable Development after 2015*, Brussels 2015.

UN Summit in New York on 25–27 September 2015, the Agenda for Sustainable Development 2030 was adopted, which underlined the importance of multilateral measures in poverty reduction. The agenda includes seventeen goals (thematic areas) for sustainable development activities. In particular, the eighth objective, “economic growth and decent work” in the Agenda for Sustainable Development 2030, which reflects the need to create global, multilateral regulations conducive to the economic development of countries, is associated with trade issues. Multilateral regulation of international trade and finance should be based on the principle of non-discrimination, promotion of sustainable development, activities for the elimination of poverty, taking into account the needs of Least Developed Countries by increasing their access to the markets of developed countries, and development aid.

Undertaking increased institutional efforts to include the measures for sustainable development under the common trade policy, the European Union mainly implements development aid, in particular for the least developed countries. The European Union is the largest entity in the world that provides assistance to developing countries as part of the Official Development Assistance (ODA). In 2017, 57% of the total value of development assistance came from the EU,¹¹ while the share of the United States in the total expenditure on assistance under ODA amounted to approx. 24%, Japan 7.8%, Canada 2.91%, Norway 2.81%, and Switzerland with 2.11%.¹²

Some of the sustainable development goals set out in Agenda 2030 are related to trade. As part of the 10th goal on Agenda 2030, named “less inequality”, attention was drawn to the growing inequality of income within countries and the growing scale of poverty in the world. In accordance with the Agenda, it is the job for the developed countries to implement the principle of special and differential treatment, facilitating access to the market of developed countries for the least developed countries and providing them with Official Development Assistance as part of UNCTAD.

The second goal of the 2030 Agenda, named “zero starvation”, concerns food security and sustainable development of agriculture, including

¹¹ European Commission, European External Action Service, EU remains the world's leading donor of development assistance, Bruxelles 12.04.2018, https://eeas.europa.eu/delegations/barbados/42844/eu-remains-worlds-leading-donor-development-assistance_en (7.07.2018).

¹² Own Calculations based on OECD Development aid stable in 2017 with more sent to poorest countries: <http://www.oecd.org/development/financing-sustainable-development/development-finance-data/ODA-2017-complete-data-tables.pdf> (7.07.2018).

the development of the agricultural sector in developing countries and the reduction of tariff and non-tariff barriers in international trade in these goods. It is difficult to expect the implementation of this objective by EU Member States due to the application by the European Union of various forms of internal protection under the common agricultural policy and external barriers that limit the positive effects of the elimination of export subsidies in agricultural trade.¹³

The Problem of Achieving the Goals of Sustainable Economic Development by Developing Countries

According to the European Union's declaration, sustainable development issues, in particular concerning labour and environmental standards, have been included in all trade agreements with both developed and developing countries.¹⁴

The European Union strongly supports the implementation of Sustainable Development Goals through trade and development aid. According to Objective 2, WTO member states, supported by the European Union, negotiated the elimination of export subsidies in agricultural trade.

Strengthening mutual trade and sustainable development can also be promoted by reducing or eliminating tariff and non-tariff barriers to trade, the flow of environmental technologies and services, as well as environmentally friendly products. The EU conducts activities supporting the conclusion of a WTO multilateral agreement on products and services related to environmental protection.

The implementation of the idea of sustainable development in the EU's trade policy consists in reducing, as well as completely eliminating, tariff and non-tariff barriers to goods and services related to environmental issues. The EU actively participates in the global effort to establish a multilateral agreement on products and services related to environmental protection.¹⁵

In 2001, the European Union granted duty-free market access to the least developed countries (LDCs), which include Afghanistan, Bangladesh, Bhutan, Cambodia, Laos, Maldives, Myanmar/Burma, Nepal and

¹³ International Centre for Trade and Sustainable Development, *UN Members Sign Off on Sustainable Development Agenda*, "Bridges", vol. 19, no. 12, 1 October 2015.

¹⁴ European Commission, Communication From the Commission to The European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions. A Global Partnership for Poverty Eradication and Sustainable Development after 2015, Brussels, 5.2.2015, s. 10.

¹⁵ Ibidem.

Yemen. In order to guarantee duty-free and quota-free access to the market for exports from the least developed countries, the EU's trade relations with these countries have been based on the Everything But Arms (EBA) document.¹⁶

The institutional solutions of the European Union show that the Universal System of EU Preferences (GSP) has increased access to the EU market for developing countries. The relevant European Union regulations regarding GSP have been in force since 1st January 2014, the provisions on sustainable development, and the “GSP plus” formula consisted in the elimination of duties on most tariff lines have been adopted.¹⁷

The number of beneficiary countries using the GSP has been reduced to a total of 177 (by 31st December 2013) and then to 92, effective from 1st January 2014. These changes in the number of countries previously receiving preferences resulted from the transition of some countries to the group of countries with medium incomes, which are not entitled to preferences.

As the European Commission points out, trade agreements include not only trade policy tools concerning customs, but also issues of investment, public procurement, competition, and protection of intellectual property.

The ACP group of states was established in 1975 under the agreement concluded at Georgetown. The group includes 79 countries: 48 in sub-Saharan Africa, 16 in the Caribbean, and 15 in the Pacific region. These countries represent huge variations in terms of production structure. A common feature among them is their frequent dependence on exports of only one or two products. Seven groups of countries in the framework of the ACP are negotiating with the European Union a trade agreement that will come into force after 2020, after the expiry of the current Cotonou agreement, signed in 2000 for a period of twenty years.¹⁸

The preferences granted to the ACP countries have not produced positive results in the development of the “fledgling industries” that could become competitive with EU imports as well as on the internal EU

¹⁶ European Commission, Commission Staff Working Document Report on the implementation of the European Commission Communication on “Trade, Growth and Development” and follow-up to the Council Conclusions on “EU’s approach to trade, growth and development in the next decade”, Brussels, 25.2.2016.

¹⁷ Regulation (EU) No 978/2012 of the European Parliament And Of The Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008. Official Journal of the European Union L 303/1, 31.10.2012.

¹⁸ UNCTAD, Key Statistics and Trends in Economic Integration: ACP Region, United Nation, New York and Geneva, 2018.

market.¹⁹ Despite trade preferences, the export from ACP countries to the EU has not increased. According to some analyses, the European Union's decision on reciprocity in trade with the ACP countries will not benefit the ACP countries.²⁰

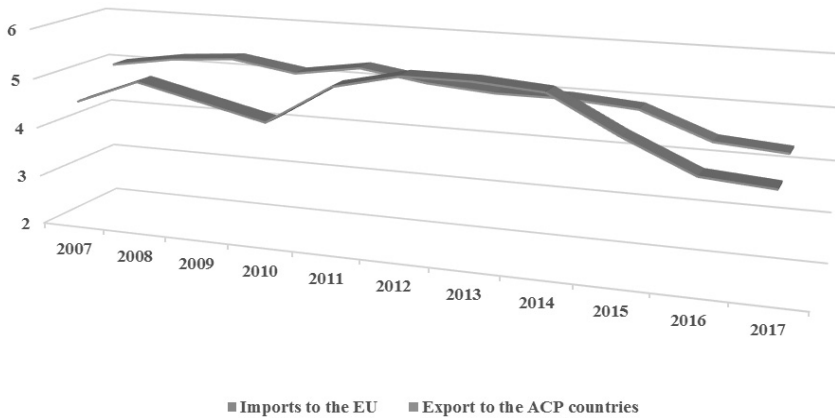


Figure 5. Participation of the ACP countries in EU exports and imports, in % of total trade in 2007–2017

Source: European Commission, European Union, Trade in goods with ACP Total (African Caribbean and Pacific Countries), Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113340.pdf (7.07.2018).

The ACP countries are not among the most important trade partners of the European Union, asymmetry is visible in trade relations between the parties (Table 1). The ACP countries, located in different geographical groups, accounted for only 4.3% of total EU exports, and 4% of total imports to the European Union in 2017 (Figure 5).

There is still significant asymmetry in trade relations between the European Union and the ACP countries, which was emphasized in literature in the first decade of the 21st century.²¹ The asymmetry in trade relations lies in very high importance of the European Union as a trading partner to this group of countries. The achievement of the Millennium Sustainable Development Goals did not help to change the conditions of trade

¹⁹ The Economist, Finance and Economics: Falling out of favour, London, May 28, 2005.

²⁰ M. Langan, *A moral economy approach to Africa-EU ties: the case of the European Investment Bank*, “Review of International Studies”, no. 40/2014, pp. 465–485.

²¹ L. Fontagne, D. Laborde, C. Mitaritonna, op. cit., pp. 179–216.

between the ACP and EU countries. The ACP countries export to the European Union in 2017 accounted for over 24% of their total exports, the European Union occupied the first position in terms of the most important trade partners of the ACP countries. On the import side, the European Union is also one of the most important trading partners of the ACP countries. The European Union's share in total imports of the ACP countries in 2017 was less than 26% (Table 2). For individual groups of ACP countries, the European Union remains among the most important trade partners, with the exception of the Pacific region.

Table 1. Import to the EU from individual groups of ACP countries (in %)

Year	Central Africa	East Africa	South East Africa	South Africa	West Africa	The Caribbean	The Pacific
2007	0.5	0.1	0.2	2.1	1.2	0.3	0.1
2008	0.6	0.1	0.2	2.2	1.4	0.4	0.1
2009	0.4	0.2	0.2	2.1	1.4	0.3	0.1
2010	0.5	0.1	0.2	1.8	1.4	0.3	0.1
2011	0.6	0.1	0.2	2.0	2.0	0.3	0.1
2012	0.6	0.1	0.2	1.9	2.4	0.2	0.1
2013	0.6	0.1	0.2	1.8	2.3	0.3	0.1
2014	0.6	0.1	0.2	1.9	2.2	0.3	0.1
2015	0.5	0.2	0.2	1.8	1.7	0.3	0.1
2016	0.4	0.1	0.2	1.9	1.2	0.2	0.1
2017	0.3	0.1	0.2	1.6	1.3	0.2	0.1

Source: European Commission, European Union, Trade in goods with ACP – Central Africa, Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151899.pdf (7.07.2018); European Commission, European Union, Trade in goods with ACP – East African Community (EAC), Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151901.pdf (7.07.2018); European Commission, European Union, Trade in goods with ACP – Eastern and Southern Africa (ESA), Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151900.pdf (7.07.2018); European Commission, European Union, Trade in goods with ACP – Southern African Development Community (SADC), Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151902.pdf (7.07.2018); European Commission, European Union, Trade in goods with ACP – West Africa, Directorate-General for Trade, Brussels 2018; European Commission, European Union, Trade in goods with ACP – Caribbean Countries, Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113476.pdf (7.07.2018); European Commission, European Union, Trade in goods with ACP – Pacific Countries, Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147359.pdf (7.07.2018)

Table 2. Trade exchange between the ACP countries and the EU, by groups with the European Union, in 2017 (in %)

Regions	Export	Import
ACP countries (all)	24.3 (1)	25.6 (1)
Central Africa	25.5 (2)	34.6 (1)
East Africa	21.9 (1)	12.8 (2)
South East Africa	19.5 (1)	14.6 (2)
South Africa	22.4 (2)	33.3 (1)
West Africa	26.2 (1)	29.1 (1)
The Caribbean	14.4 (2)	14.5 (2)
The Pacific	11.3 (5)	4.0 (7)

Source: See Table 1. The positions of the European Union in foreign trade of a given group of countries are given in brackets.

For many ACP countries, exports depend on one product. At the end of the first decade of the 21st century, in some ACP countries very often only one product was responsible for more than 70% of total exports, in Nigeria about 90% of total exports are oil, coffee constitutes almost 70% of total exports in Burundi, cotton in Burkina Faso. The average customs duty on access to the ACP market for agricultural commodities was over 14% in 2016 (Figure 6).

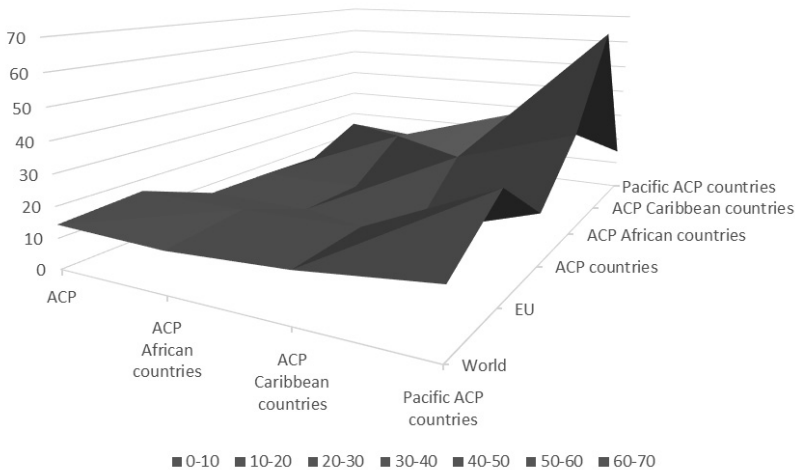


Figure 6. Average customs duty ACP countries in imports of agricultural goods in 2016 in imports (in %)

Source: UNCTAD, *Key Statistics and Trends in Economic Integration ACP Region*, New York and Geneva, United Nations 2018, p. 38.

The average customs duty in the ACP countries in accessing their market for industrial goods in 2016 amounted to over 9% (Figure 7). ACP countries have higher tariffs in mutual trade than with non-African trading partners.

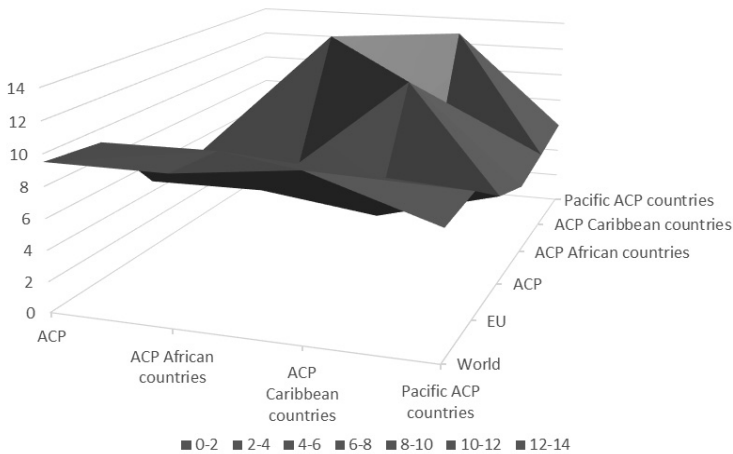


Figure 7. Average customs duty ACP countries in imports of industrial goods in 2016 in imports (in %)

Source: UNCTAD, Key Statistics and Trends in Economic Integration ACP Region, United Nations New York and Geneva 2018, p. 38.

In the European Union’s EPA agreements with the ACP countries, economic development through trade and thus greater access to the EU market were adopted as the main objective of the agreement implementation. Part of the EPAs entered into force in the Caribbean and Pacific region (Papua New Guinea and Fiji), in the regions in the east and south of Africa (Madagascar, Mauritius, Seychelles, Zimbabwe), and also in Central Africa (Cameroon). In 2014, the European Union concluded negotiations with the West African region, the Southern African Development Community – the EPA states and the East African Community with which the signing and ratification process is underway.²²

The European Union applies a variety of cooperation tools to Africa in the political and economic dimension, as proclaimed in the following

²² European Commission, Commission Staff Working Document Report on the implementation of the European Commission Communication on “Trade, Growth and Development” and follow-up to the Council Conclusions on “EU’s approach to trade, growth and development in the next decade”, Brussels, 25.02.2016.

strategies: Joint Africa-EU Strategy of 2007, and three regional strategies for the countries of the Horn of Africa, Gulf of Guinea and the Sahel. The EU recognized the need for formal dialogue as part of the EU-Africa summits.²³ The implementation of the assumptions of individual strategic documents and political dialogue will enable the fulfilment of diversified conditions of economic cooperation based on the creation of democratic principles in African countries.

The Joint Africa-EU Strategy (JAES), adopted at the Lisbon Summit in 2007, is one of several important documents in which the criteria for cooperation with countries of the African continent were adopted.²⁴ The cooperation was to cover economic, social and political issues regarding 55 African countries.²⁵ According to its provisions, a common long-term vision was developed to ensure peace and security, accelerate socio-economic development and implement a sustainable development strategy in Africa.²⁶ The four main goals of this strategy are:

- strengthening institutional cooperation for peace and national security,
- strengthening and promoting peace activities around the world, democratic governance and human rights, fundamental freedoms, gender equality, sustainable development including industrialization, as well as regional and continental integration in Africa,
- maintaining effective multilateral cooperation with international organizations and developing international trade,
- key developmental problems.

The development of foreign trade and regional integration on the continent was recognized as the most important area of cooperation. Regional integration plays a key role in creating larger and more integrated markets which, combined with strengthened harmonization of regulations, will help attract investment, increase production capacity, and therefore promote sustainable economic growth. Africa and the EU are also working together with other international partners to promote fair trade. Promotion of investment and business environment is a key prerequisite for the development of the private sector within a stable political environ-

²³ EU-Africa relations, <https://www.consilium.europa.eu/en/policies/eu-africa/> (7.11.2018).

²⁴ Council Of The European Union, The Africa-EU Strategic Partnership A Joint Africa-EU Strategy, Lisbon, 9 December 2007 16344/07 (Presse 291), https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/97496.pdf (7.11.2018).

²⁵ https://www.africa-eu-partnership.org/sites/default/files/documents/eas2007_joint_strategy_en.pdf (7.11.2018).

²⁶ Fact Sheets on the European Union, http://www.europarl.europa.eu/atyourservice/pl/displayFtu.html?ftuId=FTU_5.6.6.html (7.11.2018).

ment. These efforts should be supported by relevant African economic growth strategies aimed at maintaining macroeconomic stability, promoting regulatory reforms and harmonization, protecting intellectual property rights, promoting investment codes and setting reliable rules and guarantee schemes. In this context, it will also be necessary to take into account the key factors discouraging such occurrences as fraud, corruption, money laundering and organized crime. Among others, in order to facilitate and simplify investment procedures, a program supporting EU-SADC investments (ESIPP) aimed at strengthening the potential of the private sector, including by organizing events and contacting them with potential investors from the region or from Europe,²⁷ was implemented in member states of the Southern African Development Community.

For the underdeveloped and developing countries, the natural environment plays a key role in the economy, as many of these countries are involved in agricultural production. Degradation of the natural environment is a huge threat to the way citizens live in African countries. Under the Africa-EU Strategy, the European Union emphasises sustainable management and protection of natural resources. It does so by means of remedies that address specific ecological problems and cross-measures that are related to other areas of cooperation. Environmental protection is one of the elements of the process leading to sustainable reduction of poverty and stimulation of sustainable development of African countries, including members of the ACP group, which thus affects long-term economic and social development. EU initiatives in the ACP countries include actions in the field of climate change, desertification, marine resources, forests, chemical waste, or promoting the development of renewable energy.²⁸ In turn, in order to protect and rationally use forest areas in Central Africa, the European Union has created the ECOFAC program implemented with the support of seven Central African countries, namely Cameroon, Central African Republic, Equatorial Guinea, Gabon, São Tomé and Príncipe, Congo and Democratic Republic Congo. The tropical forests of Central Africa are the second largest area of tropical forests in the world, cover over 1.62 million km² of the territory of the indicated region and have enormous potential to fuel economic and social development.²⁹ This ecosystem can be a driving force of development only if its

²⁷ *Ibidem.*

²⁸ Komisja Europejska, *Partnerstwo na rzecz zmian Współpraca rozwojowa Unii Europejskiej z krajami Afryki, Karaibów i Pacyfiku*, Luksemburg: Urząd Publikacji Unii Europejskiej, 2010, https://ec.europa.eu/europeaid/sites/devco/files/publication-acp-partnership-for-change-2010_pl.pdf (7.11.2018).

²⁹ *Ibidem.*

operation is rational, while at present the biological wealth found there is systematically being destroyed as a result of, among others, illegal logging. From the perspective of biodiversity, bush meat trade creates the risk of extinction of particular species of wild animals. As part of the ECOFAC project, the European Union created a network of protected areas in Central Africa, from 1.62 million km² of tropical forest area, up to 180,000 km² was in protected zones.³⁰ Thanks to cooperation with African countries specializing in wood production, the Union combated deforestation and illegal logging of tropical forests.

In accordance with the assumptions of the Africa-EU Strategy, cooperation between both entities should cover the development of infrastructure, transport and communication in African countries. Transport infrastructure in Africa, including the ACP countries, is a barrier limiting economic development. In addition to transport infrastructure, important factors of economic development also include access to health, work and education systems. The availability of these factors to citizens cannot be expensive and has to be offered by the state or private entities at reasonable prices, i.e. low, with the least negative impact on the environment. Support for transport infrastructure is a priority in the development cooperation programme between the EU and the ACP countries. In 2007, the European Union created a trust fund for infrastructure in Africa for the implementation of projects related to energy, transport, telecommunications and water management. The fund aims to increase investments in the development of regional infrastructure and communication in cooperation with other entities and initiatives on the assumption of responsibility by African countries. Efficient infrastructure is of great importance from the perspective of economic growth, sustainable development and poverty reduction. Investment needs for infrastructure development in sub-Saharan Africa alone were estimated at 60 billion euros annually in 2012–2017, with the EU providing around 400 million euros for this purpose. The African Development Bank participates in the work of a trust fund.

From the point of view of the European Union, the rule of law as well as peace and security are the priority elements of cooperation with African countries, including the ACP group. Reforms in this area are aimed at providing support for non-state actors as well as local governments. Support programmes for democratic development in African countries should necessarily lead to such support of institutions at every level of management to ensure fair and free elections that will provide an oppor-

³⁰ Ibidem.

tunity for faster economic development due to the necessary economic reforms. Contractual cooperation between the European Union and African countries will be conditional on the promotion of democratic principles and respect for freedom and other basic human rights.³¹

The European Union strongly declares the issues of peace and security to be the necessary factors for the development of a state in the political as well as economic sense. In the absence of stability and internal security, there will be no faster economic growth for various reasons, lack of transparency of actions for domestic and foreign companies, or prevailing corruption. The Union supports African countries in their efforts to prevent armed conflicts and resolve existing ones through technical assistance, capacity building and financing of stabilization and peaceful missions. In 2004, it created the Instrument for Peace in Africa in response to the needs of the heads of governments of the African Union countries, which focuses on three basic assumptions, i.e. strengthening dialogue between the EU and Africa on threats to internal security and peace, support in the form of activities aimed at supporting peace and creating a security and peace architecture.³² In turn, in the Africa-EU Strategy, it was deemed necessary to work towards a comprehensive approach to conflicts as a prerequisite necessary for political, economic and social development. These activities should be related to management and sustainable development. As part of these activities, the creation of a mechanism for restoring and building peace, the African Architecture of Peace and Security (APSA), was envisaged. At the same time, it should be emphasized that despite the actions taken, the security situation in Africa is still a key problem in this part of the world. It seems to have been even more important for Europe since 2015, when there was a dramatic increase in the number of refugees and immigrants to the EU, which in turn involved the creation by the EU of an extraordinary trust fund for stability and fight against the causes of illegal migration and displacement in Africa. It should be emphasized here that close developmental cooperation is connected with counteracting armed conflicts, as these have significant impact on development, involving huge losses in people, weakening or even halting agricultural and industrial production as well as trade exchange, losses in infrastructure,

³¹ Ibidem.

³² Komisja Europejska, Partnerstwo na rzecz zmian Współpraca rozwojowa Unii Europejskiej z krajami Afryki, Karaibów i Pacyfiku (*Partnership for change. Development cooperation of the European Union with the countries of the Caribbean and Pacific Europe*), Luksemburg: Urząd Publikacji Unii Europejskiej, 2010, https://ec.europa.eu/europeaid/sites/devco/files/publication-acp-partnership-for-change-2010_pl.pdf (7.11.2018).

and many other negative consequences for Africa. On the other hand, it should also be remembered that unfair trade rules historically and geographically conditioned directions of Africa's development or climate change are the causes of both new wars and extreme poverty in this part of the world.³³ For the reforms implemented in African countries, supported by the European Union, to have an opportunity to contribute to permanent changes in these countries, the focus should be on developing human potential and improving the social situation. Escape from poverty is possible only when people have access to basic services, education, health care, and decent work.

Conclusion

In recent years, there has been a significant change in the balance of power in the global economy. The European Union as an organization is struggling with both economic and political challenges, after the controlled bankruptcy of Greece, Brexit and a migration crisis. These challenges may decide on further disintegration of the European Union in the future. The balance of forces in the global economy in the coming years will depend on how these challenges will be met. In external relations, the common EU trade policy based on the idea of liberal solutions, at least in selected sectors, leads to faster economic development of the European Union Member States as well as trade partners. The adoption of liberal regulations in the common trade policy of the EU promotes the increase of prosperity, the accomplishment of which is combined with the idea presented at the UN forum on sustainable economic development. The implementation of the sustainable development goals will create problems in the future, because the European Union will not want to give up protectionism in agricultural trade, which is important from the point of view of developing countries. The problem of economic infrastructure in developing countries is still unsolved.

References

A Global Partnership for Poverty Eradication and Sustainable Development after 2015, Brussels 2015.

³³ F. Kaczmarek, *Znaczenie pokoju i stabilizacji dla europejskiej polityki rozwojowej wobec Afryki Subsaharyjskiej (The Importance of Peace and Stability for European Development Policy Towards Sub-Saharan Africa)*, „Przegląd Politologiczny”, no. 1/2017, pp. 157–172, <http://przeglad.amu.edu.pl/wp-content/uploads/2017/05/pp-2017-1-11.pdf> (7.11.2018).

Chané A.-L., Killander M., *EU Cooperation with Regional Organizations in Africa*, Working Paper No. 197 – January 2018.

Commission Staff Working Document Report on the implementation of the European Commission Communication on “Trade, Growth and Development” and follow-up to the Council Conclusions on “EU’s approach to trade, growth and development in the next decade”, Brussels, 25.02.2016.

Communication From the Commission to The European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions. A Global Partnership for Poverty Eradication and Sustainable Development after 2015, Brussels, 5.02.2015.

Communication from the Commission to The European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions, A Decent Life for all: Ending poverty and giving the world a sustainable future, Brussels, 27.02.2013, COM(2013) 92 final.

Council Of The European Union, The Africa-EU Strategic Partnership A Joint Africa-EU Strategy, Lisbon, 9 December 2007 16344/07 (Presse 291), https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/97496.pdf.

De Ville F., Orbie J., Van den Putte L., *Sustainable development in TTIP: a highest common denominator compromise?*, “European Journal of Risk Regulation”, no. 2/2016, 291, <https://doi.org/10.1017/S1867299X00005705>.

DG Trade Statistical Guide, DG Trade, June 2018, Publications Office of the European Union, Luxembourg 2018.

EU – Africa relations, <https://www.consilium.europa.eu/en/policies/eu-africa/>. *European External Action Service, EU remains the world’s leading donor of development assistance*, Bruxelles 12.04.2018, https://eeas.europa.eu/delegations/barbados/42844/eu-remains-worlds-leading-donor-development-assistance_en.

European Union, Trade in goods with ACP – Central Africa, Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151899.pdf.

European Union, Trade in goods with ACP – East African Community (EAC), Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151901.pdf.

European Union, Trade in goods with ACP – Eastern and Southern Africa (ESA), Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151900.pdf.

European Union, Trade in goods with ACP – Pacific Countries, Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147359.pdf.

- European Union, Trade in goods with ACP – Southern African Development Community (SADC)*, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2013/november/tradoc_151902.pdf.
- European Union, Trade in goods with ACP – West Africa, Directorate-General for Trade*, Brussels 2018, https://webgate.ec.europa.eu/isdb_results/factsheets/region/details_acp-west-africa_en.pdf.
- European Union, Trade in goods with ACP Total (African Caribbean and Pacific Countries)*, Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113340.pdf.
- Fact Sheets on the European Union*, http://www.europarl.europa.eu/atyourservice/pl/displayFtu.html?ftuId=FTU_5.6.6.html.
- Felbermayr G. et al., *GED Study, On the Economics of an EU-Japan Free Trade Agreement*, Study of the Ifo Institute on behalf of the Bertelsmann Foundation Final Report on March 3, 2017.
- Fontagne L., Laborde D., Mitaritonna C., *An Impact Study of the Economic Partnership Agreements in the Six ACP Regions*, “Journal of African Economies”, vol. 20, no. 2/2008, pp. 179–216, <https://doi.org/10.1093/jae/ejq037>.
- Francois J. et al., *Reducing Transatlantic Barriers to Trade and Investment An Economic Assessment*, Centre for Economic Policy Research, London 2013.
- Gallezot J., Bureau J.-Ch., *The Trade Effects of the EU's Everything But Arms Initiative, Economic Analysis in Support of Bilateral and Multilateral Trade Negotiations, N° Trade 2002/-A2-01, CEP II*, Commission of the European Union – Directorate-General for Trade, Paris 2002.
- Hilpert H.G., *The Japan-EU Economic Partnership Agreement, Economic Potentials and Policy Perspectives*, Stiftung Wissenschaft und Politik German Institute for International and Security Affairs, SWP Comments 49, November 2017.
- International Centre for Trade and Sustainable Development, EU, Australia Launch Negotiations for Free Trade Pact*, “Bridges”, vol. 22, no. 22, 21 June 2018.
- International Centre for Trade and Sustainable Development, UN Members Sign Off on Sustainable Development Agenda*, “Bridges”, vol. 19, no. 12, 1 October 2015.
- Kaczmarek F., *Znaczenie pokoju i stabilizacji dla europejskiej polityki rozwojowej wobec Afryki Subsaharyjskiej (The Importance of Peace and Stability for European Development Policy Towards Sub-Saharan Africa)*, „Przegląd Politologiczny”, no. 1/2017, pp. 157–172, <http://przegląd.amu.edu.pl/wp-content/uploads/2017/05/pp-2017-1-11.pdf>.
- Langan M., *A moral economy approach to Africa-EU ties: the case of the European Investment Bank*, “Review of International Studies”, no. 40/2014, pp. 465–485, <https://doi.org/10.1017/S026021051300048X>

OECD Development aid stable in 2017 with more sent to poorest countries,
<http://www.oecd.org/development/financing-sustainable-development/development-finance-data/ODA-2017-complete-data-tables.pdf>.

Overview of FTA and other Trade Negotiations Updated May 2018 – Updates in red, Brussels 2018.

Partnerstwo na rzecz zmian Współpraca rozwojowa Unii Europejskiej z krajami Afryki, Karaibów i Pacyfiku (Partnership for change. Development cooperation of the European Union with the countries of the Caribbean and Pacific Europe), Luksemburg: Urząd Publikacji Unii Europejskiej, 2010, https://ec.europa.eu/europeaid/sites/devco/files/publication-acp-partnership-for-change-2010_pl.pdf.

Regulation (EU) No 978/2012 of the European Parliament And Of The Council of 25 October 2012 applying a scheme of generalized tariff preferences and repealing Council Regulation (EC) No 732/2008. Official Journal of the European Union L 303/1, 31.10.2012.

The Economist, Finance and Economics: Falling out of favour, London, May 8, 2005.

Trade in goods with ACP – Caribbean Countries, Directorate-General for Trade, Brussels 2018, http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113476.pdf.

UNCTAD, Key Statistics and Trends in Economic Integration ACP Region, New York and Geneva, United Nations 2018.

World Trade Statistical Review 2017, World Trade Organization Geneva 2017.