



Slovakia's experience in trade policy area following the integration to the EU

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EU trade policy



- Trade policy is an exclusive power of the EU – so *only the EU*, and not individual member states, can legislate on trade matters and conclude international trade agreements;
- The scope of EU's exclusive powers *covers not only trade in goods*, but also:
 - *services*
 - commercial aspects of *intellectual property*
 - *foreign direct investment*.

EU trade policy



- Article 207 of the Treaty on the Functioning of the EU stipulates:

„The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to trade in goods and services, and the commercial aspects of intellectual property, foreign direct investment, the achievement of uniformity in measures of liberalization, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies. The common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action.“

The European Parliament and the Council, acting by means of regulations in accordance with the ordinary legislative procedure, shall adopt the measures defining the framework for implementing the common commercial policy.

EU trade policy



EU – being the leading trade region

Strong interest in:

- Open markets
- Clear regulatory framework



Responsibility towards:

- EU citizens
- Rest of the world

**Need to reinforce EU competitiveness
on world markets**

EU trade policy



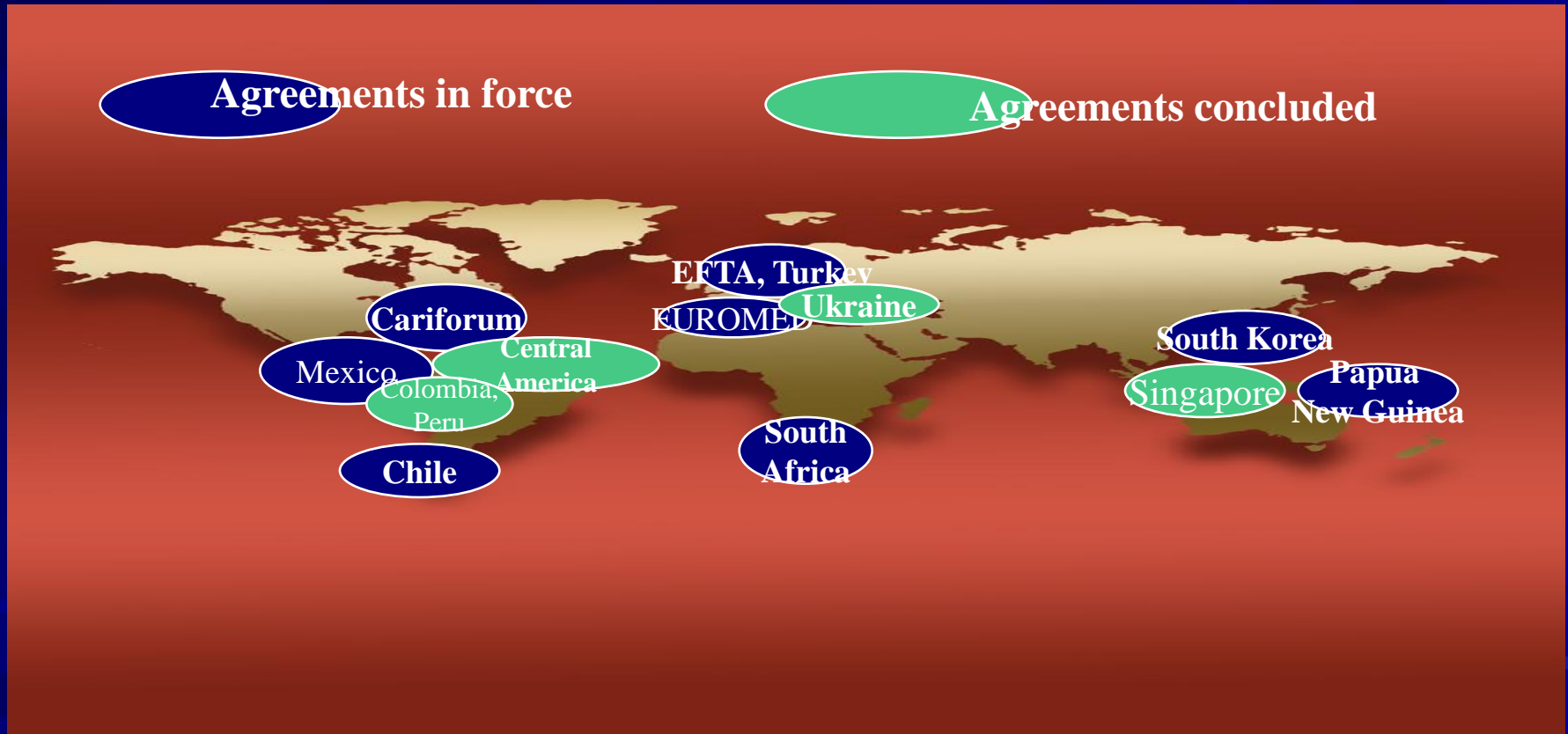
■ Dimensions of the EU trade policy

- **Multilateral (WTO – DDA)** – there is no longer discussion only about tariffs
- **Bilateral (FTAs, DCFTAs)** - including DCFTA with Moldova
- **Unilateral** –
 - Generalized System of Preferences,
 - Everything But Arms,
 - Trade Defense Instruments

EU trade policy



Bilateral agreements (state of play)



EU trade policy



Example: EU – South Korea FTA

- ✓ 1,6 bn € in customs duties saved per year
- ✓ Creates new trade opportunities
- ✓ Access for service suppliers
- ✓ Tackling non-tariff barriers
- ✓ Better access to government procurement
- ✓ Protection of intellectual property
- ✓ Strong competition rules
- ✓ Commitment to sustainable development



Slovak experience



- Slovakia has lost its autonomy and self-governance in the area of trade policy
- The EU legislation replaced the legislation of the Slovak Republic:
 - Common customs tariffs
 - Common trade defense instruments
 - Common negotiations towards third countries on Free Trade Agreements (all former FTAs have to be denounced, including customs union with Czech Republic and CEFTA agreement)
 - Common GSP regime (Generalized System of Preferences)



Slovak experience



- **Slovakia took over all international trade agreements of the EU**
- **Slovakia together with other 27 MS creates the common market of the EU** (common trade policy belongs to the common market)
- **Decision – making process** is held in Brussels, at the meetings of the Trade Policy Committee (TPC):
 - **TPC Full Members**
 - **TPC Deputies**
 - **TPC experts**



Slovak experience



- **Main benefits resulted from the EU Trade Policy (from the Slovak point of view):**
 - **part of the EU single market,**
 - **part of the global system for fair and open trade,**
 - **access market for European companies,**
 - **higher investment flows,**
 - **possibility to remove barriers to trade,**
 - **reduction of counterfeited goods,**
 - **ensuring the highest standards of health and safety for the products we buy and sell**



Slovak experience



<u>State / Government level</u>	GDP growth, increase number of the total export performance
<u>Entrepreneurs</u>	Increase productivity, investment and competitiveness
<u>Citizens</u>	More jobs, higher qualification and living standards, greater variety of goods



Benefits from the DCFTA for Moldova



- In comparison to current Autonomous Trade Preferences regime:
 - ATP regime already provides free access to the EU market for all industrial products originating in Moldova, except for certain agricultural products;
 - DCFTA covers not only market access liberalization but also regulatory approximation in many areas like TBT, SPS, IPRs;
 - Other areas included in the DCFTA are public procurement, competition, trade in services, customs, trade facilitation and other customs related matters, trade and sustainable development etc...



Benefits from the DCFTA for Moldova



- **Economic Growth**
- **Approximation of legislation to the EU *acquis* (mainly in the area of SPS and TBT)**
- **Creation of new market opportunities**
- **Increase of production and employment**
- **Inflow of FDI**
- **Benefits to consumers**
- **Technical assistance and capacity building via TAIEX or Twinning Projects**



Benefits from the DCFTA for Moldova



■ From the consumers point of view

- Higher living standards and reduction of poverty
- Greater variety of goods and services
- Better consumer protection

■ From the entrepreneurs point of view

- Better specialization on commodities with comparative advantage
- Lower costs and increased productivity
- Higher investment and exchange of innovative or high-technology products



Possible disadvantages of the DCFTA



- **Approximation of the EU legislation** (especially in the TBT or SPS) create the need to strengthen internal capacities of the relevant institution – further financial and human recourses are needed;
- **Trade liberalization** and open regime may result in increased competitiveness for domestic producers;
- Possible pressure to increase protection for domestic companies;
- **Transnistria region** need to be included in the DCFTA (otherwise customs fees and all other problems may occur) – political decision need to be made.



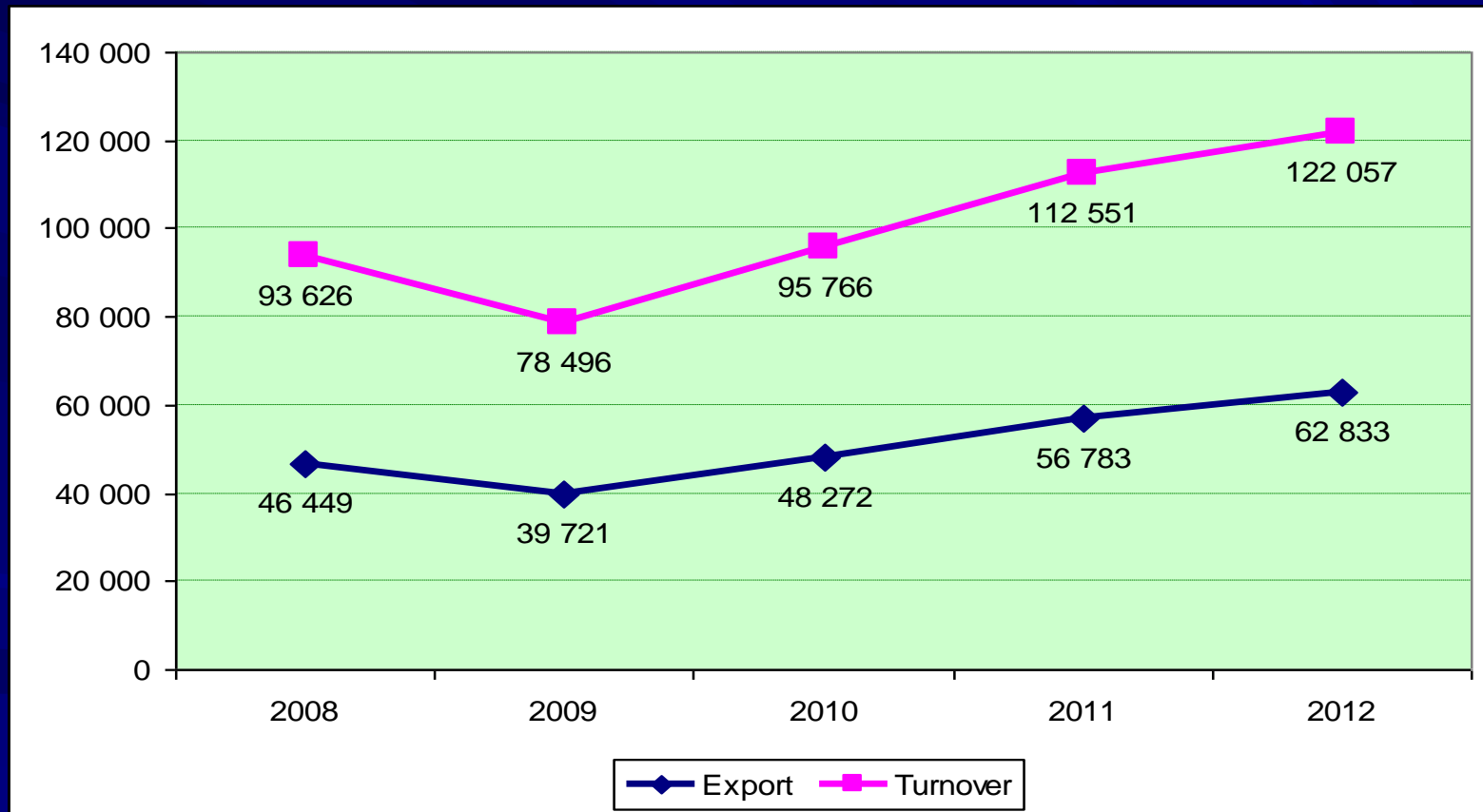
Statistical trade data

EUR mil.	2011			2012					
	EXP	IMP	Balance	EXP	Share	IMP	Share	Balance	Turnover
SK trade with EU	48 072,2	35 949,9	12 122,3	52 673,5	83,8 %	38 004,9	64,2 %	14 668,7	90 678,4
SK trade with non - EU	8 711,0	19 817,7	-11 106,6	10 159,5	16,2 %	21 218,9	35,8 %	-11 059,5	31 378,4
SK trade with Moldova	22,3	14,7	7,6	34,4	0,05 %	9,8	0,02 %	24,7	44,2
Trade Moldova with EU	843	1 859	-1 016	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

Statistical trade data

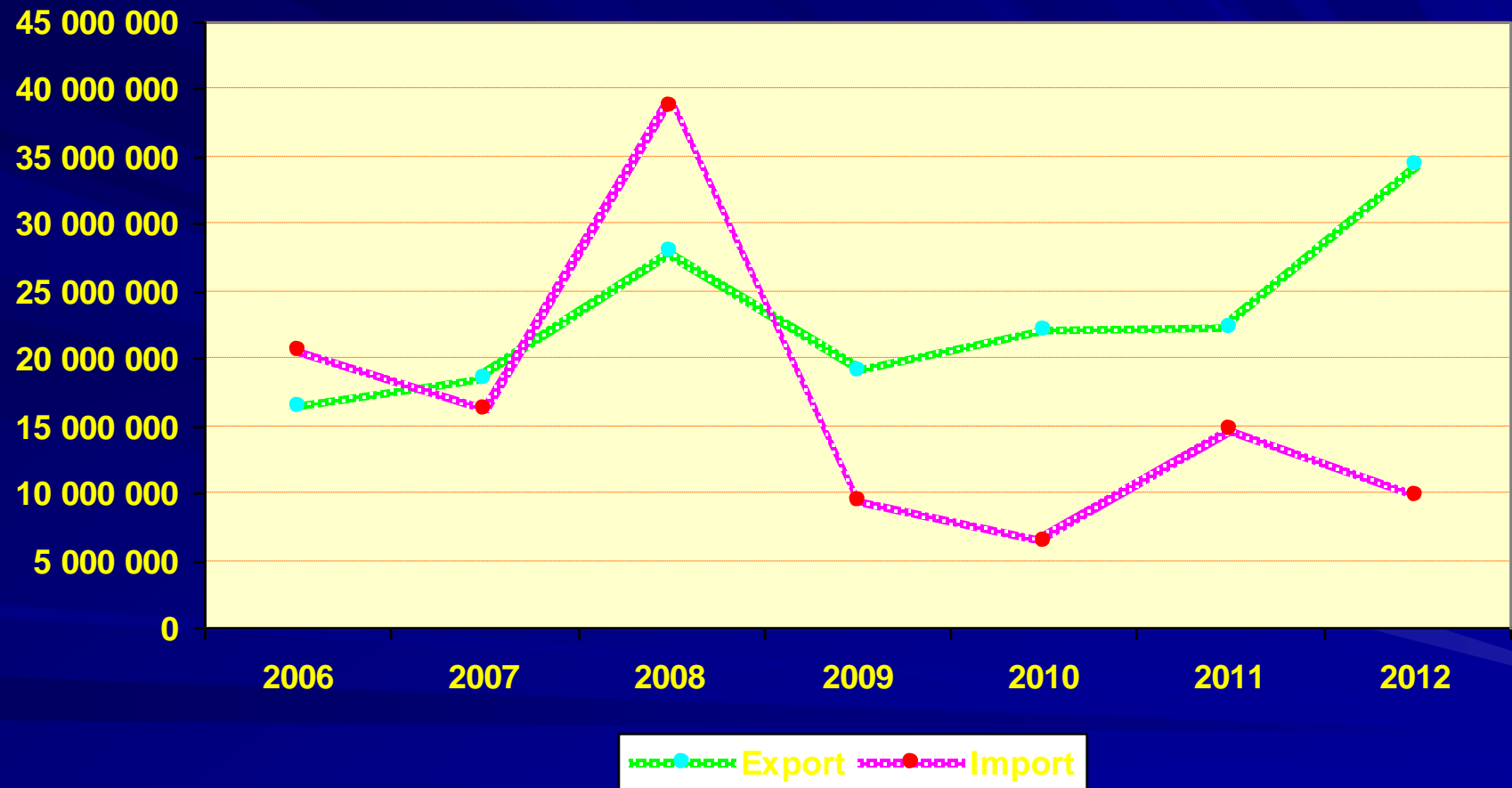


Development of Slovak foreign trade turnover and export during the years 2008 – 2012 (in mil. EUR)





Slovak trade with Moldova





Products exported from Slovakia to Moldova



EXPORT	2011	2012	Index %	Share of total export
85 - Electrical machinery; sound recorders and reproducers, television image and sound recorders...	2 285 476	11 891 148	520	34,5%
87 - Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof:	3 024 951	2 680 673	89	7,8%
40 - Plastics and articles thereof:	2 622 827	2 667 338	102	7,7%
84 - Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof:	1 713 463	2 593 649	151	7,5%
11 - Products of the milling industry;	120 700	2 464 932	2 042	7,2%
58 - Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery:	1 424 278	1 528 229	107	4,4%
90 - Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments...	1 123 163	1 429 080	127	4,1%



Products imported from Moldova to Slovakia



IMPORT	2011	2012	Index %	Share of total import
64 - Footwear, gaiters and the like; parts of such articles:	7 463 375	4 519 348	61	46,2%
94 - Furniture; bedding, mattresses, mattress supports, cushions; lamps and lighting fittings	2 314 529	2 507 837	108	25,6%
22 - Beverages, spirits and vinegar:	635 904	992 831	156	10,2%
62 - Articles of apparel and clothing accessories, not knitted or crocheted:	1 195 081	609 758	51	6,2%
85 - Electrical machinery; sound recorders and reproducers, television image and sound recorders...	15 297	240 907	1 575	2,5%
04 - Dairy produce; birds'eggs; natural honey; edible products of animal origin	0	213 460		2,2%
70 - Glass and glassware:	139 432	189 763	136	1,9%

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Thank you for your attention.