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Mr Fredrik Persson
President

Mr Markus Beyrer
Director-General

BusinessEurope
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Brussels,

14 MARS 2023

Dear Mr Persson, dear Mr Beyrer,

Thank you for your letter of 11 January 2023 regarding the situation of EU industries and the role of trade policy in enhancing competitiveness.

I fully share your view that we are acting in a very complex and challenging environment. We are facing unprecedented economic challenges in a context marked by the war in Europe, increased geopolitical competition, post-Covid supply chain disruptions, high energy and raw material prices, and inflation. We now need to accelerate the transition to climate neutrality and enhance the competitiveness of Europe's net-zero industry as part of the Green Deal, which is one of the top political priorities of this Commission.

The EU strives to pursue its economic, political and geopolitical objectives with a comprehensive set of policy tools. Trade policy is key to help ensure the EU's long-term competitiveness, prosperity and role on the global stage. The Green Deal Industrial Plan for the Net-Zero Age¹ Communication that was adopted on 1 February 2023 brings together the internal and external tools we need to support our green industrial transformation. "Open trade for resilient supply chains" is one of the four pillars of our approach.

The Communication fully echoes your position that trade openness and international partnerships help strengthen the competitiveness of the EU, in terms of securing more diversified supply chains

¹ COM(2023) 62 final



for, and increased access to, critical supplies necessary for the green and digital transitions; and by providing a range of export destinations for the products and services of EU industry, and we remain active on this front.

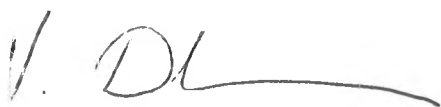
The Commission will continue advancing the EU's network of Free Trade Agreements, while making the most of those already in place through effective implementation and enforcement. In particular, the Commission will work to conclude negotiations with Australia by summer 2023, finalise our Economic Partnership Agreement with Kenya, and make significant progress with India and Indonesia, while exploring possibilities with other partners in the Indo-Pacific. We have put forward for ratification the agreement with New Zealand. We will also put forward also the agreement with Chile and seek to make progress with Mercosur. I count on your continued active support to take this agenda forward.

In addition, the EU's engagement with third countries cannot solely be based on the traditional model of preferential trade agreements. We are exploring ways to deepen relations with our partners through other types of engagement to make our partnerships work, such as the Trade and Technology Council with the U.S. and India; Sustainable Investment Facilitation Agreements (SIFA); Critical Raw Materials Cooperation and other partnerships or clubs. Through the work of the dedicated EU-US Task Force on the Inflation Reduction Act, the EU and the U.S. are working towards pragmatic solutions to EU concerns, with a view to maintaining and reinforcing Transatlantic value chains and ensuring positive cooperation on the shared interest to achieve net-zero.

Importantly, trade can only deliver its benefits in a stable and predictable environment. Therefore, in line with the Communication, another major focus of our action remains the WTO, an essential asset for the stability of international relations and for EU prosperity that we need to safeguard and reform. The Commission will continue to work tirelessly in this direction.

At the same time, openness only thrives where fairness survives – and the Commission is actively pursuing its enforcement agenda in this regard. We continue expanding our set of instruments to counter unfair trade practices, and make full use of existing ones such as trade defence instruments. Recent additions to our toolbox include the International Procurement Instrument and the Foreign Subsidies Regulation, while the legislative discussions on the future anti-coercion instrument are ongoing. We will remain resolute in using them to defend the right of EU companies to compete on a level-playing field.

Yours sincerely,



Valdis Dombrovskis