

FOCUS INTERNATIONAL TRADE

INTERNATIONAL TRADE: CRUCIAL,
ESPECIALLY DURING THE COVID-19
PANDEMIC

AUTUMN 2020



FREE, FAIR AND RULES-BASED GLOBAL TRADE

This new FEB publication, created by experts from our Europe & International competence centre, is intended to help businesses get to grips with the challenges and opportunities posed by trade and investment and consequently support their expansion outside Belgium. This Focus International Trade also dovetails with FEB's efforts to promote objective debate on the consequences of international trade for Belgium.

At a time when COVID-19 is still impacting our companies and the global economy, international tensions are high and uncertainties surrounding Brexit remain, I would like to highlight how crucial foreign trade is for our country.

More than 85% of our GDP and the health of myriad companies of all sizes hangs on our trade and investment with our partners, both in Europe and elsewhere. Owing to its location, history and the quality of the products and services offered by its companies, Belgium is entrenched in global value chains, so much so that one in five jobs in Belgium depends on exports outside the European Union, whether of finished products or of parts that will be integrated into other goods.

Our companies also import various raw materials and components with a view to enhancing the added value of the products traded. Last but not least, foreign investment from both within and outside Europe accounts for hundreds of thousands of jobs in Belgium and contributes to our potential for innovation, to social security and to public finances in general.

This is why FEB defends the concept of free, fair and rules-based global trade.



– Belga Images

This commercial reality, which makes our country one of the most open economies in the world, must be highlighted constantly, all the more so because it is still so often ignored, and even deliberately denied.

INTERDEPENDENCE OF ECONOMIES AND BUSINESSES

However, the COVID-19 crisis has demonstrated the importance of international trade and global value chains. In fact, with the notable exception of certain sub-segments of the health industry (e.g. masks, disinfectant gels or protective clothing) and aside from some temporary logistical issues, these value chains have generally functioned well and have continued to guarantee supplies to our companies.

In contrast, during lockdown our companies suffered considerably from a range of uncoordinated, often protectionist, national measures within the single market, which undermined the free movement of goods and workers.

These lessons, which we have compiled in our report '[Six months after lockdown: 10 lessons learned from the crisis](#)' (available in French and Dutch), once again demonstrate the substantial interdependence between economies and businesses within value chains, whether global or European. Hence the need to continue to support the opening of third markets through rules-based globalisation and ensure the proper functioning of the single market, the world's most successful regulated free-trade area.

“ 1 in 5 jobs in Belgium depends on exports outside the European Union

It gives me great pleasure to point out that supporting our exports, in particular by ratifying the trade agreements negotiated by the European Union with Mexico or MERCOSUR, for instance, is a key stimulus measure that costs practically nothing.

We therefore call on the new federal government to make the defence of international trade one of its priorities in the interest of our businesses and collective prosperity. □

Pieter Timmermans
FEB Chief Executive Officer

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OUR CC AT YOUR SERVICE

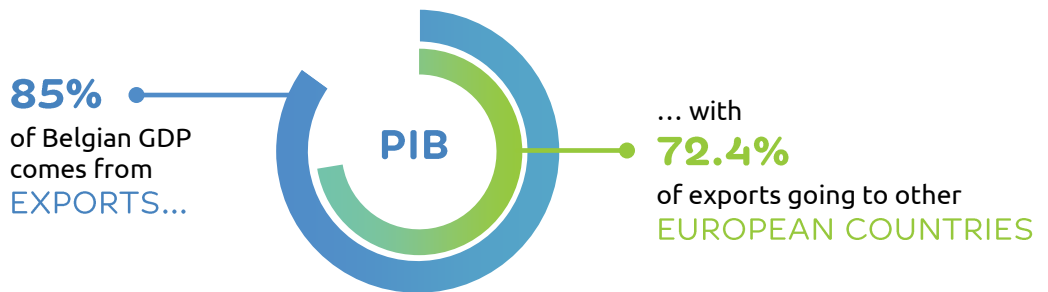
The Europe & International competence centre (CC)

THE IMPORTANCE OF FOREIGN TRADE



Belgium ranks third in the KOF INDEX OF GLOBALISATION which measures the economic, political and social openness of 203 countries

Belgium is the 13th **BIGGEST EXPORTER IN THE WORLD**
WTO classification



INTERNATIONALISATION OF BELGIAN COMPANIES OUTSIDE THE EU IN 2019



+2% growth in total exports **OUTSIDE THE EU**



-0.6% drop in total exports **WITHIN THE EU**



1 IN 5 JOBS is linked to Belgian and European exports outside the EU

76% OF JOBS in Belgium in international trade are in **SERVICES**

with low- or medium-skilled employees and workers accounting for **two thirds of the workforce**



713,000 JOBS are linked to Belgian and European exports outside the EU

Indirect Belgian exports account for **210,000 JOBS**



The value of Belgium's **indirect exports** to the USA is almost equal to that of



80% OF OUR DIRECT EXPORTS

90% OF THE WORLD'S GROWTH

will take place **outside the EU** in the years to come (especially in Asia)



TOP STORY

While internationalisation may initially seem straightforward and appealing, it is nonetheless a business strategy that poses both challenges and opportunities. This section helps provide a better understanding of the international environment in which your business operates.

THE IMPACT OF COVID-19 ON INTERNATIONAL TRADE

The COVID-19 pandemic has had a significant impact on the global economy and trade. Although it is still too early to draw extensive conclusions, we can make some initial observations.

DEMAND SEES A GREATER DECLINE THAN SUPPLY

As a result of trade tensions and various protectionist tendencies, **international trade had already experienced a slowdown in 2019**, with negative growth seen in early 2020 (-1.5% in the year's first quarter). The COVID-19 crisis and the measures enforced to combat the spread of the virus then triggered an even sharper decline in trade (up to -18% in May).

This decline is related to difficulties on the demand more than the supply side. In fact, this is what our sectors told us in our last [half-yearly economic survey](#), where respondents indicated that insufficient demand was the main reason for the drop in activity. More specifically, the **lack of international demand** accounted for a 29% drop in activity in our sectors.

Furthermore, trade experienced a fairly marked recovery in June compared to May, with Belgian exports growing by 16% per month. This shows that our companies have been able to adapt quickly

and reorganise their work in order to continue their export activities.

Despite this **recovery**, however, we must not forget that international trade is currently far below 2019 levels. The path back to prosperous trade could be long and arduous but should be encouraged by Belgian and European recovery plans.

This situation has also had a negative impact on trade risks worldwide, as shown by the barometer established by the credit insurer Credendo (see page 10).

TRADE DISRUPTED WITHIN THE SINGLE MARKET

This crisis has once again highlighted the considerable **interdependence** between Europe's businesses and economies. The vast majority of Belgian exports go to European countries (and its neighbouring countries in particular).

During Europe's lockdown, companies **suffered terribly** from the proliferation of uncoordinated, even clearly protectionist, national measures, such as border closures and controls and restrictions on exports, the free movement

of workers (cross-border and seasonal workers in particular) and the freedom to provide services.

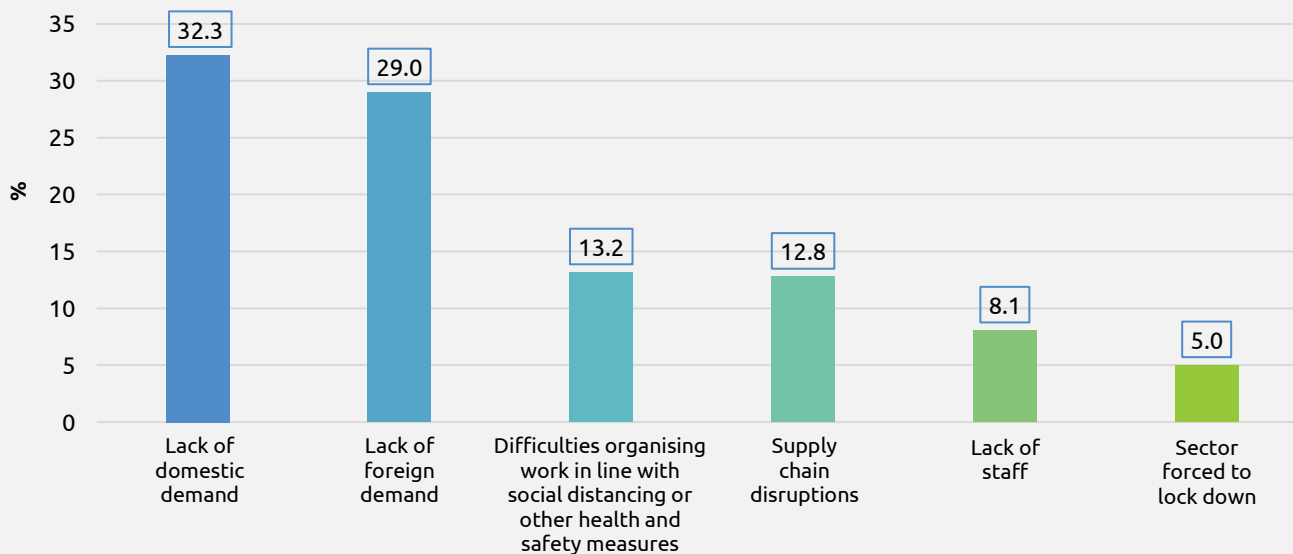
FEB immediately condemned this situation and alerted the Belgian and European authorities to the real-life problems our companies were facing regarding their imports, exports or worker mobility.

Taking all this into account, FEB and its sectors very much welcomed the European Commission's efforts to try to guarantee the free movement of workers and goods throughout the supply chain (e.g. accelerated border controls by means of 'green lanes').

During lockdown, FEB also called for **maximum consultation between national authorities** (particularly within the Benelux and in cross-border areas) and between these authorities and the European institutions.

These observations confirm the need to continue guaranteeing and improving the operation of the single market and the Schengen area, which are vital to the smooth movement of goods and people in Europe.

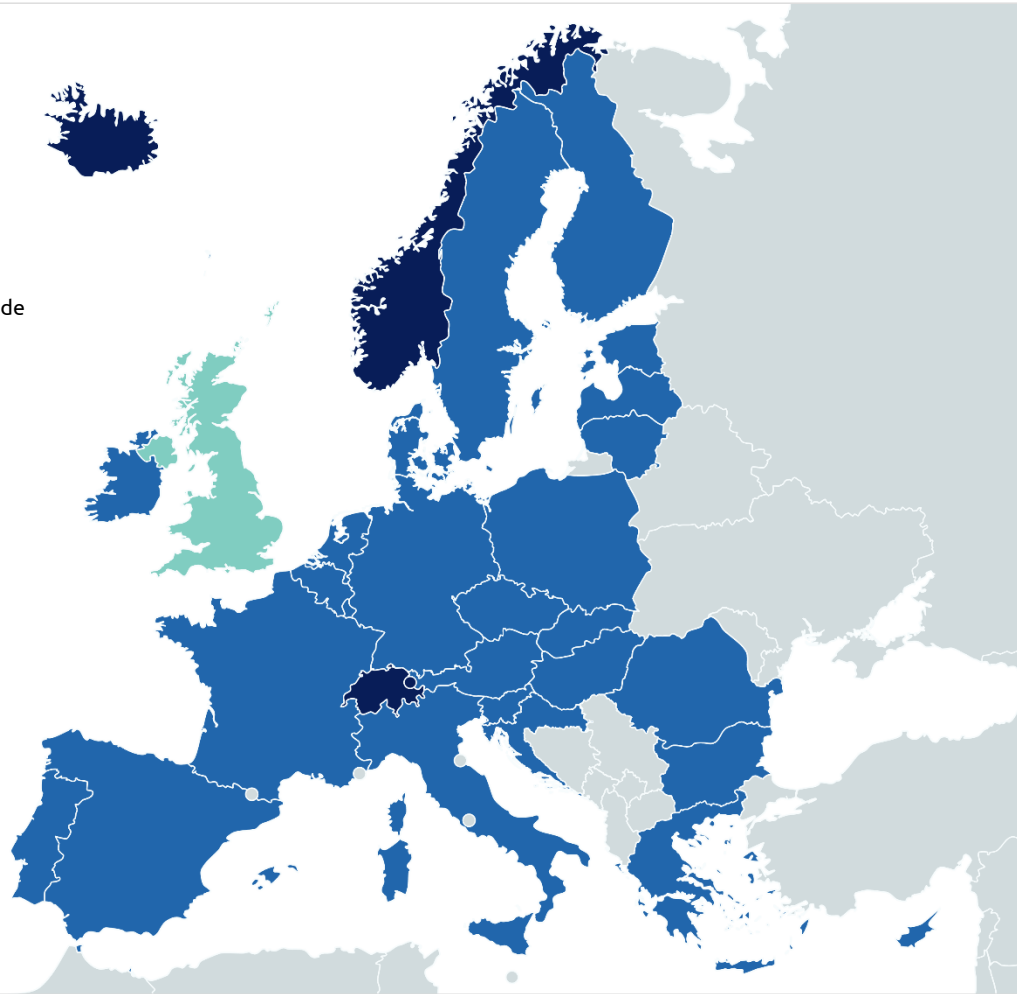
WHAT ARE THE MAIN CAUSES OF THE DECLINE IN THE ECONOMIC ACTIVITY?



SOURCE FEB Focus on the Economy (June 2020)

THE EUROPEAN SINGLE MARKET

- European Union Member States
- Member States of the European Free Trade Association (EFTA)
- Country leaving the single market on 31 December 2020



INTERNATIONAL VALUE CHAINS GENERALLY FUNCTIONED WELL

It is a fact that the European Union is dependent on the outside world for a chunk of its supplies and that a great many companies active in Belgium are connected to multiple **global value chains**.

However, supply via global value chains has, on the whole, functioned well during the COVID-19 crisis. Contrary to some hastily drawn conclusions, the COVID-19 crisis did not illustrate the European Union's overly high or problematic reliance on non-EU suppliers. On the contrary, global value chains are part of the solution, not the problem. They contribute to

the vital diversification of supply sources and/or export markets.

As such, there has not been a huge shift towards re-shoring production activities in Belgium or the European Union, nor any revision of business models (production and/or supply strategies).

As far as recovery strategies are concerned, global value chains must continue to operate well and **the European Union must remain open to international trade and investment**.

That being said, some companies have faced logistical and operational difficulties during the crisis, primarily as a result of national lockdown measures enforced outside the European Union and

impacting the activities of foreign suppliers (e.g. Asian companies supplying the European automotive sector). Companies also had to deal with shortages of transport equipment (e.g. containers in Asia) and increased transport costs.

Finally, while value chains have functioned well on the whole, this is not the case for some segments of the health sector, where the European Union demonstrated considerable reliance on non-EU countries, especially in Asia, in terms of personal protective equipment (e.g. face masks, protective clothing and disinfectant gels) or generic drugs and components (e.g. paracetamol), among other things. Lessons will need to be learned from the supply difficulties in these areas.

BOOSTING RESILIENCE

According to FEB, these observations must be taken into consideration in ongoing discussions about the recovery and boosting our resilience.

The COVID-19 crisis illustrates the need to question the organisation and strengthening of resilience, be it that of authorities and states or of businesses and global value chains, in the face of various potential future crises, whether relating to health, nature (e.g. climate), energy, technology (e.g. digitalisation), terrorism, and so on.

When it comes to **resilience at state level**, FEB believes that it is important for Belgium as a whole to conduct a thorough, structural analysis of the risks (based on the current situation and various potential future crises and risks) and shortcomings identified during the crisis (in a broad sense, i.e. including the functioning of the labour market in particular) with a view to providing solutions

tailored to our country and enabling us to better handle such crises in the future.

Companies can play a constructive role in these discussions due to their experience and expertise on the subject. If the solutions devised incorporate the private sector, this must be discussed extensively with the actors concerned and offer the necessary legal certainty.

As far as the **resilience of companies and value chains** is concerned, FEB believes that this is primarily the responsibility of economic actors and therefore encourages these to perform such continuous risk analyses.

Given that global value chains have, on the whole, functioned well despite the COVID-19 crisis, FEB advocates avoiding any top-down political interventionism or any protectionist responses here, bearing in mind the importance of international trade and investment to our very open economy, which is connected to the rest of the world. Of course, we need to be realistic about protecting European interests. □

REMEMBER THAT...

- The COVID-19 crisis has affected **international demand** more than companies' ability to maintain their supply of goods and services.
 - Trade and labour mobility within the **single market** have been severely disrupted by multiple uncoordinated and sometimes clearly protectionist national measures.
 - With the exception of some health sub-segments, **global value chains** have continued to function despite the pandemic, allowing for the diversification of supply sources.
 - Belgium and the European Union need to consider how to boost their resilience in the face of possible new systemic crises, while remaining realistic and open to international trade and investment.
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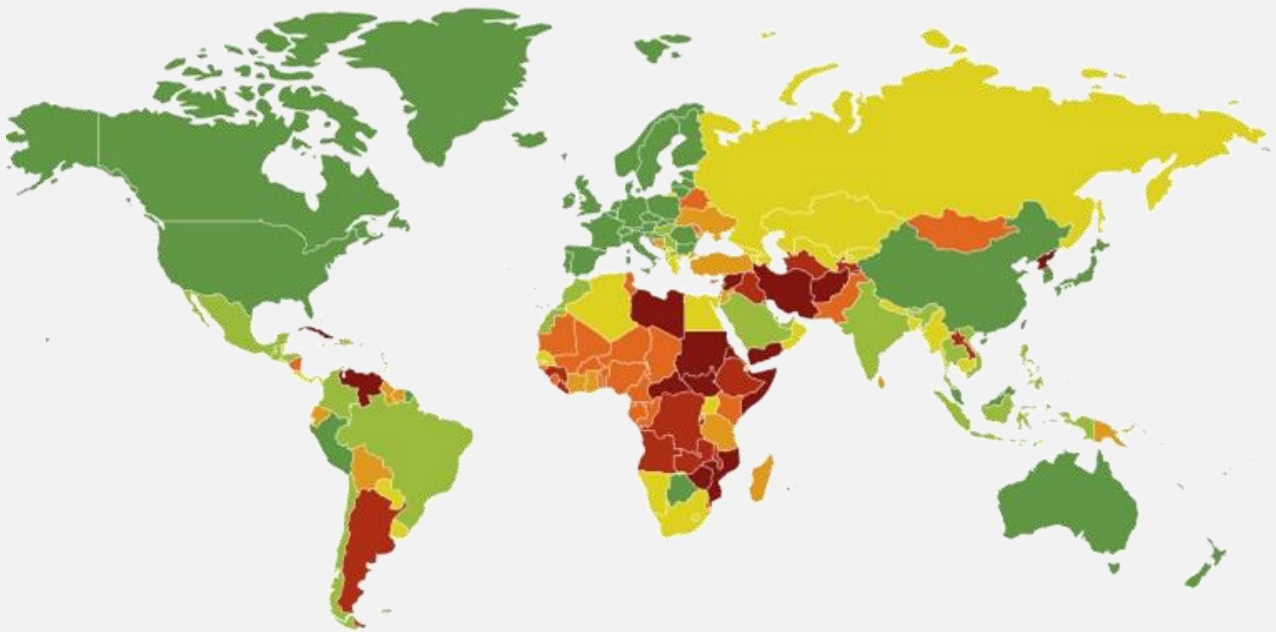
COVID-19 TRIGGERS A SHARP DETERIORATION IN GLOBAL TRADE RISKS

As a credit insurer, Credendo continuously monitors changes in country risks. The COVID-19 pandemic has had - and continues to have - a significant impact on these risks. How? Mainly due to the sharp drop in the prices of oil and some other raw materials, a sudden halt in tourism, a big reduction in remittances from workers abroad to their home countries, a considerable fall in global demand (and therefore global trade) and a decline in foreign investment.

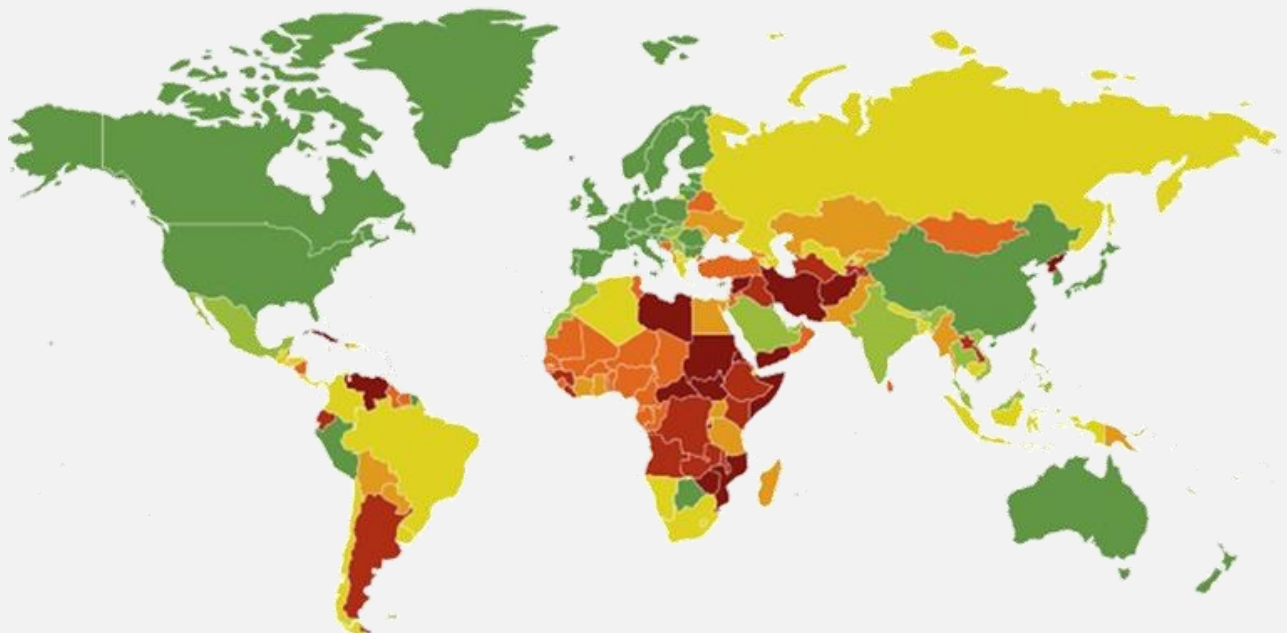
As a result, Credendo has downgraded many of its ratings. It has downgraded its ratings for short-term political risk in Latin America (including for Brazil, Chile, Colombia and the Dominican Republic), the Balkans, South-East Asia (including for Indonesia, Malaysia and Myanmar), North Africa and the Middle East (including for Egypt and Jordan) and Sub-Saharan Africa (including for Kenya and Uganda).

Two key elements will determine the development of country risks in 2021, namely the evolution of COVID-19 and the response of local and international authorities. Too abrupt a withdrawal of support measures could hinder recovery, while an excessive extension of such measures will put considerable strain on public finances. Three countries with fragile public finances (Argentina, Ecuador and Lebanon) have already gone bankrupt this year, and others could follow.

Short-term political risks in December 2019
(pre- COVID-19)



Short-term political risks in September 2020
(current situation)



Low risk  High risk

SOURCE Credendo



THE BASICS OF INTERNATIONAL TRADE

Trade policy is not always easy for our companies to get to grips with. To help you find your feet, this section clearly outlines the major issues shaping international trade as well as describing the European Commission's action in this area.

RECONCILING TRADE AND SUSTAINABLE DEVELOPMENT

Since the 'CETA saga' in late 2016, public opinion of international trade and, in particular, the free-trade agreements negotiated by the European Union has been poor. These agreements are seen as undermining our high social and environmental standards, triggering a race to the bottom where trade (i.e. profit) is king.

Yet trade is a **valuable lever** for sustainable development. This approach is entrenched in the trade policy pursued by European bodies in recent years. Building on its 2015 Trade for All communication, the European Commission systematically includes a comprehensive chapter on sustainable development (called Trade and Sustainable Development (TSD) chapters) in its 'new generation' of trade agreements (such as those between the European Union and South Korea, Canada, Vietnam and Japan).

In each case, the TSD chapters contain **binding rules** reaffirming the main social and environmental standards that exist at international level. Moreover, in response to some criticism, notably from civil society, that the TSD chapters are inadequate, the European Commission launched an extensive discussion on how to strengthen them. This process led to the creation of a 15-point action plan in early 2018 (see page 13). This action plan significantly bolsters the

implementation of the provisions on sustainable development.

Belgian businesses are heavily in favour of including TSD chapters in free-trade agreements. They mean that the social, environmental and human rights commitments made by the EU, its Member States and third-party authorities must be respected. Their implementation should promote sustainable development as well as guaranteeing a fair regulatory environment for Belgian and European companies, which are increasingly faced with unfair competition practices in trade.

A TRADE AGREEMENT IS STILL... A TRADE AGREEMENT

However, **a trade agreement is not an environmental, social or human rights agreement**, nor can it replace other international agreements or fora where these issues are discussed and codified. We should not encourage excessively high expectations of an instrument that does not have the tools to achieve these ambitions.

THE EUROPEAN COMMISSION'S 15-POINT ACTION PLAN

- 1 Partnering with Member States and the European Parliament
- 2 Working with international organisations
- 3 Facilitate the monitoring role of civil society, including the social partners
- 4 Extend the scope for civil society, including the social partners, to the whole FTA
- 5 Take action regarding responsible business conduct
- 6 Priorities of EU partner countries
- 7 Assertive enforcement of sustainable development obligations
- 8 Encourage early ratification of core international agreements
- 9 Reviewing the TSD implementation effectiveness
- 10 Handbook for implementation of TSD chapters
- 11 Step up resources to implement TSD chapters
- 12 Support climate action
- 13 Trade and labour
- 14 More transparency and better communication
- 15 Time-bound response to TSD submissions

European Commission, Non paper of the Commission services, Feedback and way forward on improving the implementation and enforcement of Trade and Sustainable Development chapters in EU Free Trade Agreements, 26 February 2018

Why not introduce a **system of sanctions** enforced when a party does not honour its social and environmental commitments? This is a difficult question to answer. Without going into the legal details of state responsibility, it is still extremely difficult to establish the causal link between an alleged violation of a provision of international labour law, for example, and a trade agreement. And what would be the purpose of such sanctions? To punish a company for a reported violation or to encourage local authorities to comply with their international obligations? The nature of the

sanctions is also unclear: should those third-party authorities pay financial compensation or should there be higher customs tariffs? In the latter case, how do we determine which sectors are involved? In certain circumstances, this could be the subject of political wheeling and dealing. It is also reasonable to expect the partner country to impose retaliatory measures, thus rendering the original purpose obsolete.

The Commission's support of an **incentive-based approach** as a contribution to sustainable development in trade relations is therefore to be encouraged. In

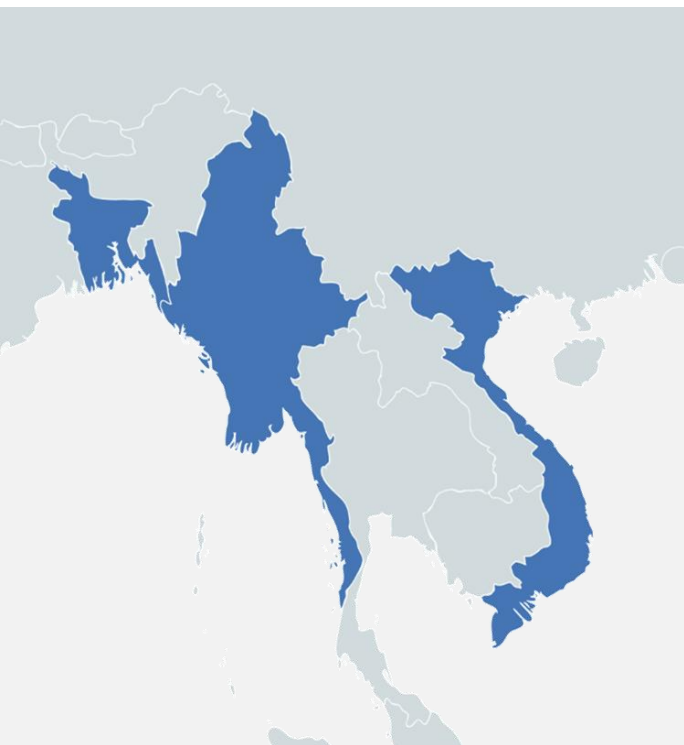
particular, cooperation with international organisations like the International Labour Organisation (ILO) or the United Nations Framework Convention on Climate Change (UNFCCC) is a practical avenue to be explored. These organisations know their own regulatory regimes and the sensitivities of their member countries better than anyone else. Every day they are faced with difficulties in the field, and the expertise of their international civil servants offers undeniable added value that would be difficult and inefficient to try to replicate. Moreover, these institutions obey their own institutional logic, the result of a delicate consensus among their members.

MONITORING AND IMPLEMENTING TSD CHAPTERS

TSD chapters are monitored by a committee headed at the highest level by the trade 'ministers' of both parties to the agreement in question. The practical

evaluation of the commitments is undertaken by the Domestic Advisory Groups (DAGs) comprising actors from civil society and the business community. These monitoring mechanisms have been **somewhat institutionalised** in recent years, but this should not lead to the role of local authorities being replaced. These authorities are – and must remain – primarily responsible for ensuring the implementation and fulfilment of international obligations. The European Commission and the Belgian authorities are also committed to strengthening the local administrative capacities of the EU's trading partners.

The implementation of TSD obligations under the agreements has recently been reinforced. For example, it would be useful to assess the actual impact of the launch of a dispute resolution procedure in connection with the EU-South Korea trade agreement, which will serve as the first test of the dispute mechanisms included in a TSD chapter.



EXAMPLE

Trade for Decent Work Agenda

The cooperation between the European Commission and the ILO on the Trade for Decent Work Agenda, which was launched on 1 January 2019 to support the improved implementation of [the ILO Fundamental Conventions in Vietnam, Bangladesh and Myanmar](#), is one example of a joint initiative in trade to be highlighted.

Donor European Union

Project timeline January – December 2019

Countries covered Bangladesh, Myanmar and Vietnam

Beneficiaries Key ministries and government agencies, employers' and workers' organisations, enterprises, key stakeholders (such as judges and legal professionals, legislative bodies, human rights institutions) and the media

© International Labour Organization, 2019

Belgian companies active at international level are also closely involved in **social responsibility**. Through the values and principles they export and the inclusion of the same in their business model, innovative processes and daily operations, these companies contribute to sustainable development in the host country. Belgian companies in the textiles, rare materials, agri-food, diamond, chemicals and energy sectors have successfully implemented a range of voluntary Corporate Social Responsibility (CSR) initiatives.

The competent authorities must pay continuous attention to the various mechanisms and instruments used as levers for sustainable development, such as the EU's free-trade agreements, due diligence and CSR efforts. Individual companies undeniably have a social responsibility. Let us ensure that they are not forced to police international rules. Reconciling trade and sustainable development will require the **empowerment** of different actors according to their own roles and capacities. □

REMEMBER THAT...

- International trade is a **lever** for sustainable development. Our companies support this approach for obvious reasons connected to sustainability, but also for fair competition. A trade agreement - an essential instrument of regulated free trade - is a driving force behind progress in this area.
 - However, it is an imperfect instrument that is not designed to address structural problems in partner countries.
 - **Responsibility** for social, environmental and human rights issues must therefore be shared by local authorities and companies on the ground, with each playing their respective roles.
-



News surrounding international trade is constant, dense and often volatile. In this section, we provide Belgian businesses and interested parties with a succinct breakdown of the latest news and developments affecting their international activities in some way.

EU-SINGAPORE TRADE AGREEMENT

Having entered into force on 21 November 2019, the [EU-Singapore free-trade agreement](#) is the first to be concluded with a Member State of the Association of Southeast Asian Nations (ASEAN).

Singapore is emerging as the main economic and logistical hub of this extremely dynamic region of the world economy, which is home to 600 million consumers. The bilateral economic relationship with Belgium is worth over €6 billion in trade per year and has remained fairly constant in recent years. The trade agreement presents many opportunities for the 1,300 or so Belgian companies exporting to Singapore and will help intensify trade flows in both directions.

The agreement provides for the almost total elimination of customs tariffs over a five-year period, especially where there were still some tariff peaks. Since late 2019, electronic, petrochemical, pharmaceutical and agri-food products (e.g. beer) from the European Union have been able to enter Singapore free of import taxes.

Furthermore, exporters on both sides benefit from the extensive removal of technical barriers to trade, which are considered redundant, in four major sectors, namely electronics, automotive, pharmaceuticals and medical equipment, and renewable energy. The agreement also facilitates customs procedures (simplification and reduction of the time needed to carry out administrative procedures) and enhances protection of intellectual property, which are undeniable assets for trade with this hub.

European operators in the IT, professional services (e.g. accountants, architects, engineers), telecommunications, research and development, maritime transport and tourism industries also have significantly more access to the Singaporean services market. □

– Unsplash / Peter Nguyen



EU-VIETNAM TRADE AGREEMENT



– Unsplash / Alice Young

The [EU-Vietnam trade agreement](#) came into force on 1 August 2020. This agreement, supported by virtually all FEB sectoral federations, unlocks the emerging market of Vietnam (also an ASEAN member) for Belgian and European companies.

This free-trade agreement provides for tariff liberalisation in the long term (10 years) affecting nearly 99% of the goods traded. Since 1 August, 65% of European products have been entering the Vietnamese market without customs duties. The machinery and applications sectors as well as many pharmaceutical and chemical products already benefit from the removal of tariff barriers. In the automotive sector, access to the Vietnamese market will be liberalised after a 10-year period, supplemented by common international rules

and standards. Quotas and significant tariff cuts have been negotiated for European agricultural and fishery products, wines and spirits, and beer.

In addition to tariff elimination and market access, our exporters and importers will benefit from the facilitation, simplification and modernisation of customs procedures in both directions. Technical barriers to trade have been the subject of convergence based on existing international standards. As a result, compliance costs are being lowered and there will be greater transparency thanks to public (online) access to regulatory standards.

The trade agreement affords new opportunities for European investors and service providers by opening up the financial, maritime transport, professional services, telecommunications and distribution sectors in Vietnam on the same level as local companies.

Finally, the agreement includes an important chapter focusing on sustainable development, with the inclusion of binding provisions in relation to the Paris Climate Agreement and the eight ILO Fundamental Conventions. An independent body composed of civil society representatives is responsible for monitoring the obligations contained in this chapter. □

THE AIRBUS-BOEING DISPUTE

The 15-year trade war between the European Union and the United States over state aid granted to the major aircraft manufacturers shows no signs of ending.

THE AIRBUS CASE

[Countermeasures](#) implemented by the US, announced following the latest World Trade Organisation (WTO) report on the Airbus case (DS316), came into force on 18 October 2019. These measures are Washington's response to the government subsidies, deemed illegal, granted to Airbus by the European Union and four Member States (France, Germany, Spain and the UK) over several years. These additional taxes (from 10 to 25%) imposed on the European Union are completely in line with WTO rules.

In addition, on 23 June 2020, the United States Trade Representative (USTR) published a notice for comment on a list of new products that could be subject to additional taxes of up to 100%.

For its part, on 24 July this year Airbus published a press release on the amendments made to its latest contracts with the French and Spanish authorities, which now, according to the company, comply with WTO law on subsidies. This clearly raises questions about the unilateral decision by the United States to impose tariff measures on certain European products.

– Belga Images



The European Commission has also launched a procedure to have the subsidies to Airbus declared compliant with recent WTO rules and rulings. Should the EU subsidies be declared perfectly legal by a WTO panel, the US would no longer have any reason to impose its customs duties on European products. However, given the current deadlock in the WTO arbitration system, it will be difficult to reach a final conclusion quickly.

THE BOEING CASE

Meanwhile, the European Union filed a [similar complaint \(DS353\)](#) against the United States in 2005 concerning subsidies, which it considers illegal, granted by the US federal government and local authorities to Boeing. As a result, the European Union obtained the right to impose in turn tariff countermeasures on \$4 billion of US goods annually (WTO publication dated 13 October 2020).

In response to the EU's actions, on 6 May 2020 the USTR team highlighted the complete compliance of these US subsidies with WTO rules, following the repeal of the preferential tax regime granted to Boeing by the State of Washington (the Washington State Business & Occupation Tax Rate Reduction). According to the US, this means that the EU no longer has a valid legal basis for imposing its own countermeasures.

CONCLUSION

In conclusion, the mutual suspicions of violations of WTO rules argue in favour of a political agreement between Washington and Brussels so as not to further exacerbate current bilateral trade tensions (in particular the US surcharges on steel and aluminium imports from the EU). □

CETA, THREE YEARS ON: PROMISES, NOT FEARS, ARE COMING TRUE

In September, the Comprehensive Economic and Trade Agreement (CETA) between the European Union and Canada celebrated the third anniversary of its introduction. To be precise, the trade section of CETA 'provisionally' came into force in September 2017 but the whole text will only 'definitively' enter into force once it has been ratified by all the parliaments concerned.

After the difficult discussions with Belgium's French-speaking community in late 2016, it can now be said that **the agreement is bearing fruit**. Indeed, Belgian exports have increased and our trade balance has reversed, becoming positive!

CETA has not just made Belgium/EU-Canada trade cheaper (tariff cuts) and simpler (simplification of customs procedures). It also allows new Belgian and European players to offer their goods and services in Canada, including in the context of public procurement contracts.

Between 2014 and 2019, Belgian exports to Canada **doubled** and, since CETA came into force, Belgian exports of goods have grown by 42.2%, especially in the chemicals, transport equipment, and metals and materials sectors. Canada's share of Belgian exports also almost doubled between 2014 and

2019. Moreover, despite the COVID-19 pandemic, our exports to Canada also grew by 18.5% in the first six months of 2020 (compared to 2019). A logical consequence of CETA is that imports from Canada have also increased, though to a more limited extent. The combination of the two now results in a **positive trade balance**.

In addition to these very positive trends observed since 2017, it should be noted that the **main fears** expressed in 2016 **have not materialised**. For example, we are neither facing a massive and problematic increase in Canadian imports, nor are there any challenges to the right of national authorities to regulate trade. This is further evidence of the merits and benefits of these trade agreements negotiated by the European Union with its trading partners.

Of course, EU/Canada trade must continue to be closely **monitored** and the **mutual obligations** in the agreement must continue to be effectively implemented by the competent authorities.

Based on the above observations, FEB hopes that all the competent parliamentary assemblies in Belgium will **ratify CETA** (as is already the case for the Chamber of Representatives and the Flemish Parliament). □

FEB undertakes a wide range of 'economy diplomacy' initiatives, both abroad in the context of state visits and economic missions, and in Belgium, with the aim of fostering links between the Belgian business community and foreign decision-makers and governments. As such, FEB maintains close ties with the diplomatic community based in Brussels, particularly with the ambassadors of our main trading partners.

ECONOMIC DIPLOMACY

EUROPE'S RESPONSE TO THE CRISIS

30 JUNE 2020

FEB organised an online discussion between its decision-making bodies (Strategy Committee and Board of Directors) and Didier Reynders, the European Commissioner for Justice. The discussion focused in particular on European responses to the COVID-19 crisis and on the extensive European recovery plan, concentrating on the energy and digital transitions and on strengthening the ability of the European Union and its Member States to deal with future crises ('resilience'). The Commissioner also commented on a series of initiatives that he has launched, or will soon be launching, in the fields of corporate law and due diligence, consumer protection and artificial intelligence.



GERMANY: THE STATE OF BILATERAL RELATIONS

8 SEPTEMBER 2020

FEB's decision-making bodies held a discussion with H.E. Mr Martin Kotthaus, the German ambassador to Belgium, who provided an overview of the socio-economic situation in his country and presented a series of key priorities of the current German Presidency of the European Union.



UNITED KINGDOM: MAINTAINING SMOOTH TRADE FLOWS

10 SEPTEMBER 2020

FEB met the UK ambassador to Belgium, H.E. Mr Martin Shearman, to discuss Brexit negotiations. FEB once again expressed its hope that the negotiations would lead to an ambitious, fair agreement that would allow trade and investment flows to remain as fluid as possible while maintaining healthy competition

between companies and the integrity of the single market.



MERCOSUR: A TRADE AGREEMENT THAT SIMPLIFIES TRADE

14 SEPTEMBER 2020

In mid-September, FEB took part in a hearing organised by the Parliament of Belgium's German-speaking community on the free-trade agreement between the European Union and MERCOSUR (Brazil, Argentina, Paraguay and Uruguay). FEB expressed its support for this agreement, which should make trade simpler and cheaper (e.g. lower tariffs) and offer new opportunities in these four markets for many Belgian businesses. FEB also reiterated its support for the TSD chapter contained in this agreement, and stressed the importance of its effective implementation by all parties.



THE NETHERLANDS: THE STATE OF BILATERAL RELATIONS

14 SEPTEMBER 2020

FEB received the new Dutch ambassador in Brussels, H.E. Mr Pieter Jan Kleiweg de Zwaan. The meeting was marked by the continuation of the historic friendship between the Netherlands and our country. As a reminder, the Netherlands is our largest supplier of goods in the world (€66 billion in 2019) and our third-largest export market (€48 billion in 2019).



THE UNITED STATES: THE STATE OF BILATERAL RELATIONS

15 SEPTEMBER 2020

Together with a number of sector federations, FEB met with H.E. Mr Ronald J. Gidwitz, the US ambassador to Belgium and Acting Representative of the United States to the European Union. The state of bilateral relations, trade tensions between the United States and the European Union and the issues at stake in November's presidential election were on the agenda.



The meeting of the FEB International Platform on 2 October was also devoted to the US presidential election. The former Belgian ambassador in Washington, H.E. Mr Dirk Wouters, commented on the state of our bilateral relations with the United States. Professor André Sapir (ULB and Bruegel) and Luisa Santos and Eleonora Catella (BusinessEurope) made the link with a series of geostrategic issues and current EU/US trade tensions.

FRANCE: THE STATE OF BILATERAL RELATIONS

17 SEPTEMBER 2020

FEB met with the French ambassador, H.E. Ms Hélène Farnaud-Defromont, and Franck Riester, Minister Delegate for Foreign Trade and Economic Attractiveness. The meeting focused in particular on the response of the Belgian and French authorities to the COVID-19 crisis and on their respective priorities in terms of the socio-economic recovery.



FEB'S PRIORITIES FOR THE RECOVERY

29 SEPTEMBER 2020

At the invitation of the German ambassador to Belgium, H.E. Mr Martin Kotthaus, FEB presented its socio-economic priorities for the latter half of the year to various European ambassadors based in Brussels. FEB's expectations of the new federal government and its priorities in the context of the recovery in Belgium and Europe were discussed. FEB also touched on its concerns and priorities with regard to Brexit. Many ambassadors participated in this meeting, either in person (France, Spain, Hungary, Latvia) or remotely (Italy, Czech Republic, Estonia).





Rather than being optional, international trade is now an absolute prerequisite for many companies wanting to grow. In this section, we offer advice to companies looking to expand outside Belgium.

EU-UNITED KINGDOM: TIME TO STEP UP PREPARATIONS!

There is still great concern about the outcome of the negotiations on the trade relationship between the European Union and the United Kingdom after 1 January 2021 (i.e. the day on which the UK will effectively leave the single market and the customs union).

Despite the intensification of negotiations since mid-June on a free-trade agreement (which should in principle provide for a zero tariff - zero quota regime), **very little substantial progress has been made**. Major points of contention remain, notably on how to ensure healthy competition or on fisheries. The risk of a cliff-edge scenario (in which relations would, from 1 January 2021 onwards, be based in particular on the - in some cases very high - customs duties set by the WTO) is therefore still very real.

Moreover, even if the European Union and the United Kingdom manage to negotiate and ratify a free-trade agreement in time, **important changes will still take effect on 1 January**. For example, trade will have to comply with customs procedures and formalities. However, many companies trading with the UK have no real experience of trading outside the EU.

In the light of this, and together with our member industry federations, we encourage businesses of all sizes **to speed up their preparations** for the changes ahead.

Numerous sources of public information are available to them.

For example, the European Commission has drafted [various documents describing the upcoming changes in different sectors](#). In addition, FPS Economy has also updated its information for businesses, including a list of [FAQs](#) and the [Brexit Impact Scan](#) tool.

FEB BREXIT INFORMATION WEBINAR FOR COMPANIES

On 28 October 2020, the Federation of Enterprises in Belgium (FEB), with the support of the Federal Public Service (FPS) Economy and broadcaster Kanaal Z/Canal Z and in collaboration with the FPS Foreign Affairs, Foreign Trade and Development Cooperation, organised a webinar entitled *Brexit: ready for the new EU-UK relationship?*. This virtual event, which was split into four sessions, aimed to help Belgian companies prepare for the changes that will come into effect on 1 January 2021, when the UK leaves the EU single market.

Two months ahead of the big day, this webinar proved to be a useful source of information, as shown by the great interest it attracted, with more than 300 people following the opening session and the three thematic sessions attracting a live audience of over 400 in all. FEB is delighted that, despite the protracted negotiations and ongoing uncertainty, so many Belgian companies are aware of the many changes that are on their way whatever is agreed and calls once again on all companies, whether large or small, to speed up their preparations for this new reality.

REPLAY THE WEBINAR BREXIT: READY FOR THE NEW EU-UK RELATIONSHIP?

If you were unable to attend our event, don't worry because all four sessions are available in full on the FEB website at the link below:

feb.be/events/20201028-brexit-info/Program/
(in Dutch and in French)



SESSION 1 – THE GLOBAL PICTURE

What stage are we at with the current negotiations and the preparations for the changes ahead?

SESSION 2 – TRADES AND GOODS TRANSPORT

What changes will there be in terms of customs procedures and VAT? What arrangements will apply to rules of origin and accreditations?

SESSION 3 – SOCIAL CLUSTER

What changes will there be regarding residence permits, social security and professional mobility?

SESSION 4 – LEGAL MATTERS

What will the impact be on contracts and insurance? What arrangements will apply to intellectual property and data protection?



THE EUROPE & INTERNATIONAL COMPETENCE CENTRE



FEB's Europe & International competence centre (CC) is responsible for the editorial content of this new publication, Focus International Trade, which will appear twice a year. There are two reasons behind the creation of this publication.

Firstly, as highlighted in the editorial, international trade is crucial for our very open economy and for Belgian companies of all sizes. Secondly, there is not enough objective information about this reality, meaning that many business leaders and entrepreneurs may not adequately understand it.

THE TEAM



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FEB is very active in many aspects of **international trade**. Its activities include but are not limited to:

- continuously monitoring the proper functioning of the European single market;
 - keeping track of European trade policy;
 - promoting free-trade agreements among companies;
 - monitoring trade tensions and their impact;
 - protecting the investments of our companies abroad as well as foreign investments in Belgium;
 - organising numerous activities related to economic diplomacy, including involvement in state visits and economic missions.
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This brochure is also available in Dutch and French and can be downloaded at www.feb.be under 'Publications'.

As the voice of business in Belgium, FEB represents, through its 40 or so sectoral member federations, over 50,000 small, medium and large companies accounting for 75% of employment in the private sector, 80% of Belgium's exports and two thirds of the added value generated in Belgium.

As the only multi-sectoral umbrella organisation for employers, FEB represents businesses in all three Regions of Belgium.

Find our latest publications on our website

WWW.FEB.BE