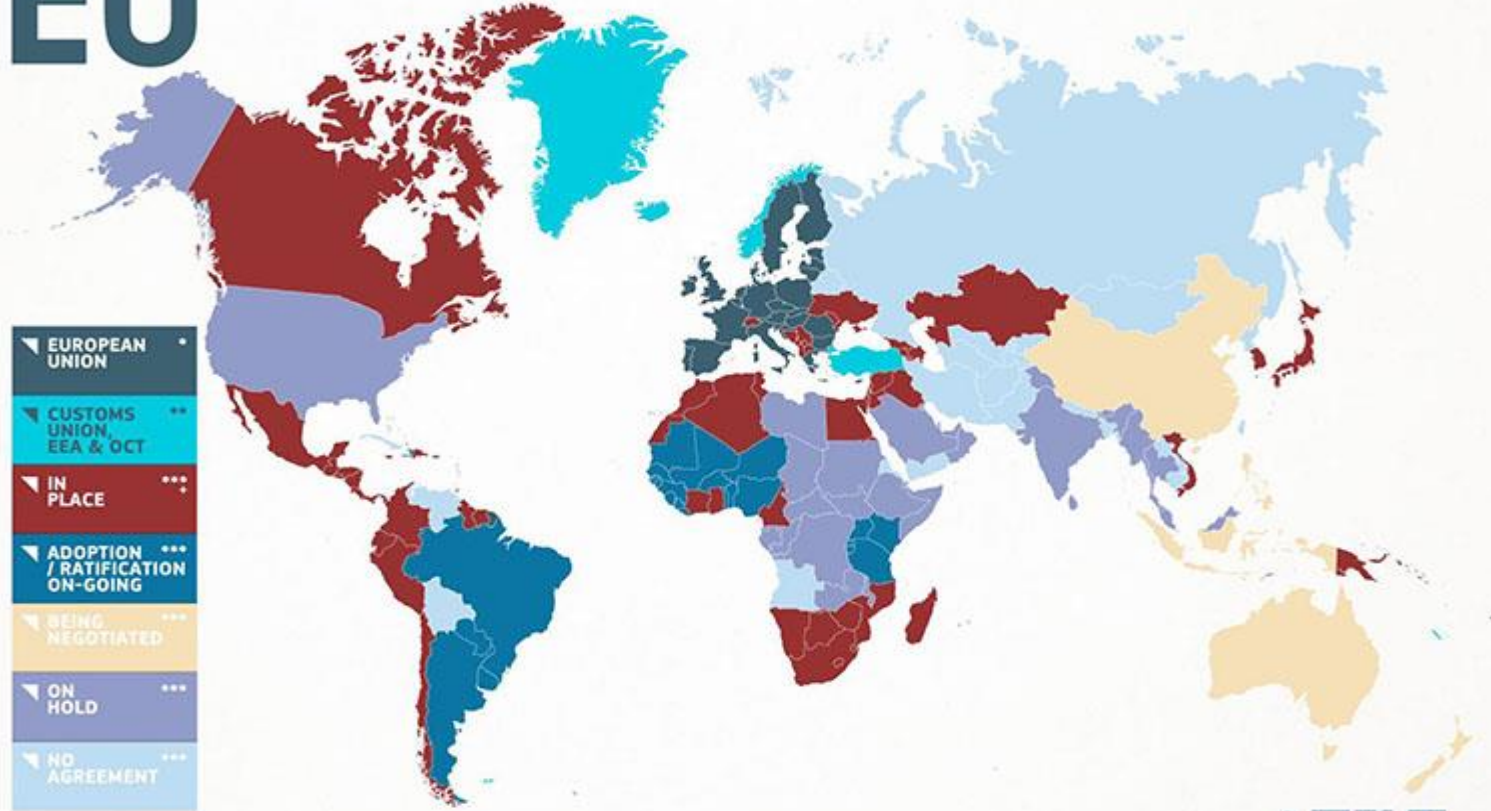


EU trade agreements 2020

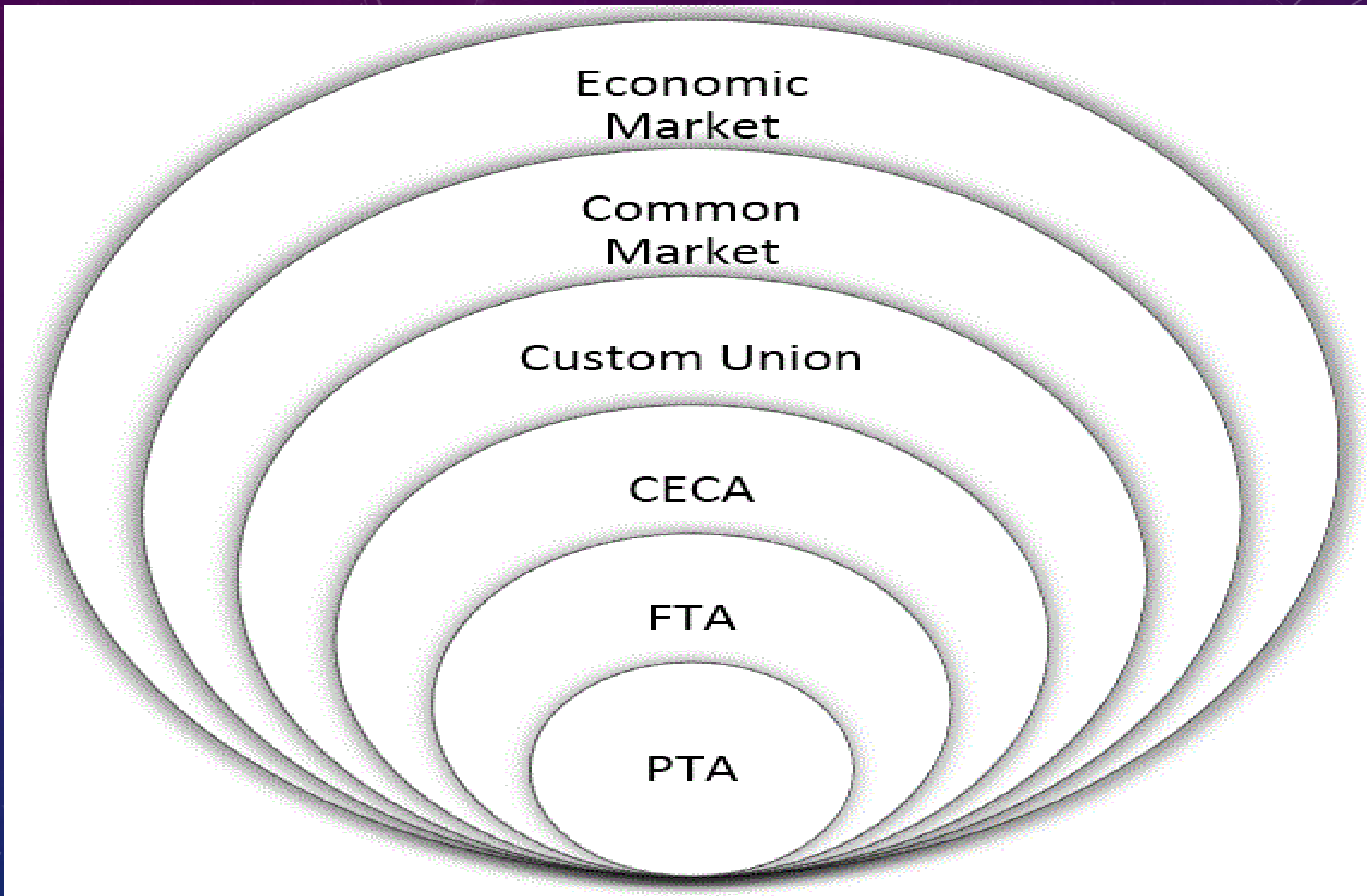


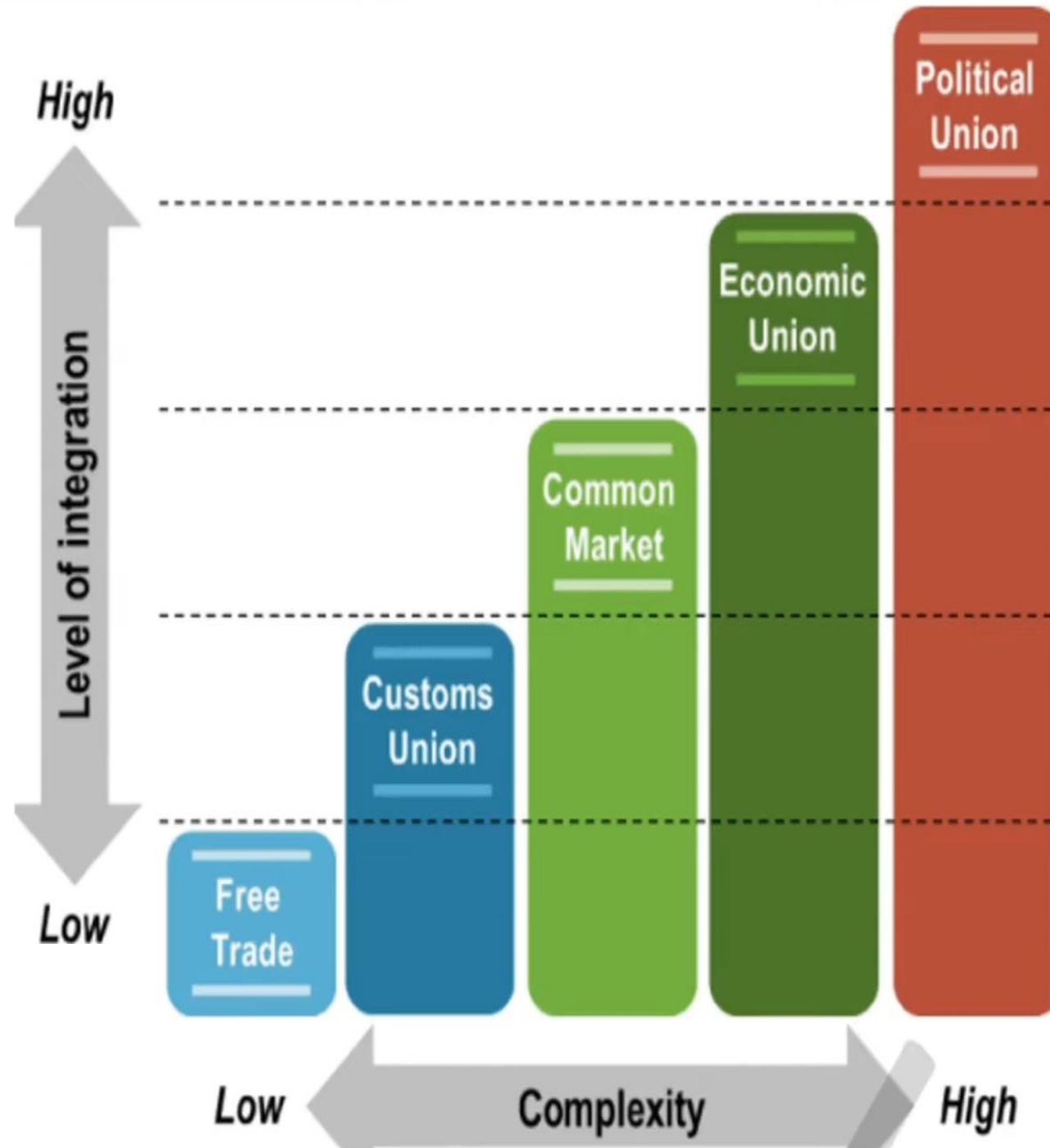
* The United Kingdom withdrew from the European Union and is a third country as of 1 February 2020. During the transition period, which ends on 31 December 2020, Union law, with a few limited exceptions, continues to be applicable to and in the United Kingdom.
** European Economic Area (EEA) / Overseas Countries and Territories (OCT).
*** Free Trade Agreement (FTA), Deep and Comprehensive Free Trade Agreement (DCFTA), Investment Agreement, Enhanced Partnership and Cooperation Agreement (EPCA), Partnership and Co-operation Agreement with preferential element (PCA).
» The agreements with Chile, Tunisia, and Eastern and Southern Africa are currently being updated; the updated agreement with Mexico is under ratification.



FOREIGN TRADE AGREEMENTS

BY **CMA** AMIT DEY,
M.COM, **LLB.**





- ☐ **Preferential Trade Agreement:**
preferential treatment to certain products;
(Positive list)
- ☐ **Free Trade Agreement:**
preferential treatment to all
(except few) products;
(Negative list)
- ☐ **CECA:**
Comprehensive Economic
Cooperation Agreement
- ☐ **CEPA:**
Comprehensive Economic
Partnership Agreement

PREFERENTIAL TRADE AGREEMENT (PTA)

- PTA is a type of agreement in which two or more partners give preferential right of entry to certain products. This is done by reducing duties on an agreed number of tariff lines.
- In this trade agreement, a positive list is maintained i.e., the list of the products on which the two partners have agreed to provide preferential access.
- Tariff may even be reduced to zero for some products even in a PTA.
- For example: India signed a PTA with Afghanistan and MERCOSUR—a South American trade bloc (full members are Argentina, Brazil, Paraguay, Uruguay and Venezuela).



FREE TRADE AGREEMENT

- A free trade agreement (FTA) is an agreement where two or more countries agree to provide preferential trade terms, tariff concession etc. to the partner country.
- In this agreement, a negative list of products and services is maintained by the negotiating countries on which the terms of FTA are not applicable hence it is more comprehensive than preferential trade agreement.
- India has signed FTA with many countries e.g., Sri Lanka, along with some trading blocs like ASEAN (Association of Southeast Asian Nations).

South Asian Free Trade Area (SAFTA)



BIG FTAs MEAN BIG TRADE DEFICIT FOR INDIA

	Trade balance (₹ cr)		% share of total trade deficit (18-19)	
	2013-14	2018-19		
South Korea	-49,811	-84,377	6.6	
Indonesia	-59,696	-74,278	5.8	
Japan	15,958	-55,268	4.3	
Singapore	33,903	-32,977	2.6	
Malaysia	-30,488	-32,388	2.5	
Thailand	-9,948	-20,873	1.6	
Vietnam	17,685	-4,877	0.4	
Total (above)	-114,312	-305,038	23.7	
All nations globally	-810,422	-1,286,949	100	

Source : Revenue department

WHAT WOULD HAPPEN IF COUNTRIES WANT TO MOVE MORE CLOSER (BEYOND MATERIAL TRADE)?

- When the countries go beyond FTA and agree for a greater degree of economic integration which includes improving the attractiveness to capital and human resources, and to expand trade and investment, it would result in CECA or CEPA.
- CEPA = Comprehensive Economic partnership Agreement
- CECA = Comprehensive Economic Cooperation Agreement
- CECA and CEPA have very minor differences, if you will. While CECA comes first with elimination of tariffs, CEPA comes later including trade in services and investments.
- CEPA has a bit wider scope than CECA.



WHAT WOULD HAPPEN IF COUNTRIES WANT TO MOVE MORE CLOSER (BEYOND MATERIAL TRADE)?

- When the countries go beyond FTA and agree for a greater degree of economic integration which includes improving the attractiveness to capital and human resources, and to expand trade and investment, it would result in CECA or CEPA.
- CEPA = Comprehensive Economic partnership Agreement
- CECA = Comprehensive Economic Cooperation Agreement
- CECA and CEPA have very minor differences, if you will. While CECA comes first with elimination of tariffs, CEPA comes later including trade in services and investments.
- CEPA has a bit wider scope than CECA.



COMPREHENSIVE ECONOMIC PARTNERSHIP AGREEMENT (CEPA)

- Partnership agreement or cooperation agreement are more comprehensive than an FTA.
- CECA/CEPA also looks into the regulatory aspect of trade and encompasses an agreement covering the regulatory issues.
- CECA have the widest coverage. CEPA covers negotiation on the trade in services and investment, and other areas of economic partnership.
- CEPA may even consider negotiation on areas such as trade facilitation and customs cooperation, competition, and IPR (intellectual property rights).
- For example: India has signed CEPAs with South Korea and Japan.

Comprehensive Economic Cooperation Agreement (CECA)

- CECA generally cover negotiation on trade tariff and TQR rates only. It, however, is not as comprehensive as CEPA. India has signed CECA with Malaysia.



ECTA BETWEEN INDIA & AUSTRALIA





CEPA BETWEEN
INDIA & UAE

CUSTOMS UNION

- A customs union is an agreement between two or more countries to remove trade barriers and lower or eliminate tariffs. Members of a customs union generally apply a common external tariff on imports from non-member countries.
- Some examples:
- **Southern Common Market – Mercosur** (Argentina; Bolivia; Brazil; Paraguay; Uruguay; and Venezuela)
- **Gulf Cooperation Council (GCC)** – Its member states are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates
- **East African Community (EAC)** – composed of 5 countries in the African Great Lakes region in eastern Africa: Burundi, Kenya, Rwanda, Tanzania, and Uganda





ECONOMIC UNION

An economic union is an agreement between two or more nations to allow goods, services, money and workers to move over borders freely.

The countries may also coordinate social and financial policies to support this common market. The European Union (EU) is an example of an economic union.

An economic union is a type of trade bloc which is composed of a common market with a customs union. The participant countries have both common policies on product regulation, freedom of movement of goods, services and the factors of production (capital and labour) and a common external trade policy.

COMMON MARKET

- A type of custom union where there are common policies on product regulation, and free movement of goods and services, capital and labour.

ECONOMIC AND MONETARY UNION

- When an economic union involves unifying currency it becomes a economic and monetary union. Eg – Euro!



Thank You!

By **CMA** Amit Dey,
M.com, **LLB**.