

Dear Executive Vice- President Dombrovskis,

There is war in Europe. Russia's unprovoked and unjustified military aggression against Ukraine grossly violates international law and is inflicting unspeakable suffering on the Ukrainian people. In this situation, the European Union (EU) has shown unity and strength. Together with our partners, we have responded quickly and decisively with strict and comprehensive sanctions against Russia and the Russian central government. Europe is supporting Ukraine in words and action.

The current security situation, as well as the pandemic, underscores the need for resilient supply chains, strategic partnerships, exchange of knowledge and open trade. On 25 March, the European Council tasked us with helping to build a more open and robust economic base. The **EU Single Market** is one of our greatest achievements – for peace, jobs and prosperity. However, we can do more to draw upon the economic size and geopolitical strength of the EU. We should make better use of our potential to shape the global trade agenda and its rules. Besides a strong and reformed **World Trade Organisation (WTO)**, which is the foundation and guarantee for global rules-based trade, we also need strong bilateral and regional trade deals. We need to shore up our alliances through trade.

With respect to the **vital transatlantic relationship**, the progress that has been made with President Biden's administration is very welcome. We look forward to constructive cooperation and concrete progress in the new **Trade and Technology Council (TTC)**. The TTC will play a central role in strengthening the transatlantic trade relationship. We hope that a common rulebook can be developed that will boost the green and digital transition on both sides of the Atlantic and set out the path forward for others.

If we could accelerate our work to conclude and implement negotiated trade agreements, we would bolster our **economic and trade interests and increase the EU's overall credibility as a serious trade partner**. This would ensure our access to key foreign markets, our long-term economic growth, and our geopolitical standing in the world.

Russia's war on Ukraine shows that the EU's strategic choices do not take place in a vacuum, but in a global context where different powers and economic blocks are vying for leadership

and new partnerships. This year, the Regional Comprehensive Economic Partnership (RCEP) between ASEAN and Japan, China, South Korea, Australia, and New Zealand enters into force. It is the world's largest trade agreement and follows hot on the heels of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). **This should be a wake-up call for Europe.** With RCEP in place, Japan will have free trade agreements covering 80 per cent of its trade. The EU's trade agreements cover **only about a third of our external trade.** **With 85 per cent of the world's future growth projected to occur outside the EU, we need to do better than this.**

The EU has successfully negotiated a string of trade agreements with countries such as Singapore, Canada, Vietnam, Japan and the United Kingdom. And we are reaping the benefits in the form of jobs and growth. One out of seven EU jobs depends on exports – two thirds more than in 2000. But there is no time for complacency. The EU's process with regard to trade agreements – negotiating, signing and entering into force – is too long. Contrast this with the RCEP, which was signed in late 2020 and entered into force this year for most members. We should accelerate the negotiation of trade agreements with partners such as New Zealand, Australia, India, and Indonesia and seek to adopt and begin implementing trade agreements negotiated with Chile, Mexico, and Mercosur, with robust and enforceable sustainability commitments, reflecting the specific circumstances of our partners.

We need to take advantage of windows of opportunity when they open, otherwise others will. Trade agreements are central to bringing jobs, innovation, and prosperity to EU Member States, and to our trading partners and promote international social, ecological and human rights standards. They open markets, enable access to critical supplies and secure important value chains. They improve the EU's resilience and make us less dependent and vulnerable. The COVID-19 pandemic has underlined the importance of this, while the new world order in the wake of the Russian invasion has made it even more pressing.

Thus, we welcome the Communication from the European Commission last year that laid the foundation for a modern and ambitious trade policy. It strikes a good balance. With its free trade agreements, this **trade policy contributes to achieving the Sustainable Development Goals** and the aims of the Paris Agreement. Through free trade agreements,

we create partners in these challenging times. Through dialogue and cooperation, we gain leverage on vital topics. This is necessary for geostrategic reasons and for sustainable development, for the climate agenda and for promoting and protecting labour rights and decent work for men and women. By the same token, investment protection agreements should contribute to climate policy objectives and be formulated in a manner that safeguards the right to regulate.

In conclusion, the EU needs to urgently continue to pursue an open and fair international trade policy. This forward-leaning trade agenda would be in the spirit of the EU Single Market – our greatest achievement. It would be the right response to the current security crisis and other global challenges.

Mr Gordan Grlić Radman, Minister of Foreign and European Affairs (Croatia)

Mr Jozef Síkela, Minister of Industry and Trade (Czechia)

Mr. Jeppe Kofod, Minister for Foreign Affairs (Denmark)

Mr Andres Sutt, Minister of Entrepreneurship and Information Technology (Estonia)

Mr Ville Skinnari, Minister for Development Cooperation and Foreign Trade (Finland)

Mr Robert Habeck, Federal Minister for Economic Affairs and Climate Action (Germany)

Mr Luigi Di Maio, Minister of Foreign Affairs and International Cooperation (Italy)

Ms Zanda Kalniņa-Lukaševica Parliamentary Secretary, Ministry of Foreign Affairs (Latvia)

Mr Gabrielius Landsbergis, Minister for Foreign Affairs (Lithuania)

Dr Ian Borg, Minister for Foreign and European Affairs and Trade (Malta)

Ms Liesje Schreinemacher, Minister for Foreign Trade and Development Cooperation (Netherlands)

Mr João Gomes Cravinho, Minister of Foreign Affairs (Portugal)

Mr Matjaž HAN, Minister of Economic Development and Technology (Slovenia)

Ms Reyes Maroto Illera, Minister for Industry, Trade and Tourism (Spain)

Ms Anna Hallberg, Minister for Foreign Trade and Nordic Affairs (Sweden)

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