

REVIEW ON INTERNATIONAL TRADE IN THE EUROPEAN UNION

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***Abstract:** The concept of globalization has been the subject of much attention lately. This phenomenon is widely related to the growing integration of the world economy. The EU's international trade with the rest of the world is a key driver of economic growth and job creation. The aim of this paper is to show the importance of the European Union as one of the most successful economies in the world and an economy that represents the largest single market in the world. One of the basic principles of the EU is free trade among its members. The EU is also committed to international trade flows, and data for 2019 show that the EU-27 participates with 15.4% of world trade in goods. In international trade (exports and imports), the three most powerful global players are the EU, China and the United States.*

***Keywords:** Globalization, EU, international trade, goods, imports, exports.*

INTRODUCTION

The EU has a large open trade regime. Thus, it creates the conditions for the development of partnerships with a large number of countries in the world. Its integration into global markets and the modern development of transport and communications provide an additional incentive for manufacturers to exchange goods and services around the world. The EU's international trade with the rest of the world is a key driver of economic growth and job creation.

The development of regional trade liberalization is developing at the beginning of the last century, and the most important model of regional economic integration is the EU (<https://library.fes.de/pdf-files/>

bueros/belgrad/13592.pdf). The European Union has traditionally supported an open and fair international trade system. It is working intensively on the integration of all countries into the world economy, including the phasing out of international trade restrictions (<http://europa.rs/images/publikacije/Factsheet-EVROPSKA-UNIJA-I-NJENI-TRGOVINSKI-PARTNERI.pdf>). The EU has a common international trade policy, often referred to as the common trade policy. In other words, the EU acts as a single entity on issues of international trade and investment.

(<https://ec.europa.eu/eurostat/documents/3217494/8533590/KS-06-17-380-EN-N.pdf/8b3e000a-6d53-4089-aea3-4e33bdc0055c?t=1516873472000>).

The EU has reached the highest level of regional economic integration in its development. It has long since become a single economic entity, but it is increasingly being treated as a single entity in international relations (Bjelić, 2003).

The EU has the largest and most open single market in the world with transparent rules and regulations with 500 million consumers looking for quality goods and is the most open market in the world for developing countries. The EU, the United States and China accounted for 43% of world trade in goods in 2019. The main EU partner for exports in 2019 was the United States, and for imports China.

The first goal of EU trade power is self-evident: the EU uses its power to secure concessions from others regarding market access. At the same time, it acts as a leader in economic globalization. The EU also uses its trade power to achieve non-trade objectives, from export-related rules, following market integration (social, environmental, safety standards), to multiple political or strategic links (Meunier & Nicolaidis, 2005).

Although internal and external trade liberalization has always been the essence of European integration, successive enlargements and the creation of a single European market have made the EU the world's largest trading power.

(<https://www.princeton.edu/~amoravcs/www556c/handover.pdf>)

INTERNATIONAL TRADE OF THE EUROPEAN UNION

For centuries, international trade has been viewed as an exchange of goods between different national economies. This exchange was often sporadic and small in scale, until the period of great geographical discoveries in the 16th century. In recent times, services, as well as products

that contain intellectual property to a significant extent, have appeared in the exchange between countries. However, what has been unthinkable for centuries, that the factors of production are exchanged between different national economies, has become a reality today (<http://www.ekof.bg.ac.rs/wp-content/uploads/2014/04/1009PBjelic-u-Zb-EPR.pdf>) We always define international trade from the aspect of economic activity which implies crossing national borders, so its basic characteristic is transnationality (Bjelić et al., 2010).

The growth of the world economy in the second half of 2019 was on a downward trajectory. This trend was followed by international trade. Symptoms of the recession were visible primarily in the EU, which has not yet fully recovered from the previous global financial crisis (Kovačević, 2020).

The concept of globalization has recently been the subject of much attention in both academic and political circles. This phenomenon is widely related to the increasing integration of the world economy through financial and trade flows (Rath et al., 2010). Every society has a certain structure of needs, both in production and in consumer goods. Needs (consumption) are met in part by domestic production and in part by imports (Unković, 2010).

The EU's international trade with the rest of the world (the sum of exports and imports outside the EU) was estimated at 4,067 billion euros in 2019. The value of imports and exports was higher compared to 2018. The increase in imports (27 billion euros) was less than the increase in exports (73 billion euros). As a result, there is a trade surplus of 152 billion euros in 2018, while in 2019 it increased to 197 billion euros (<https://ec.europa.eu/eurostat/statistics-explained/pdfscache/1188.pdf>)

The EU is an extremely important player on the world trade scene. As such, it is also a part of the largest and most powerful global economic superpower in the world. Data for 2019 show that the EU-27 participates with 15.4% of world trade in goods, while China has the largest share in world trade with 16.2%. In international trade (value of imports and exports), the three most powerful global players are the EU (4,070 billion euros), China (4,094 billion euros) and the United States (3,762 billion euros).

Table 1. International trade in EU goods in 2019, the leading five partners

Import			Export		
	Value in %	Value in billions of euros		Value in %	Value in billions of euros
China	19,0	361,9	China	18,0	384,4
USA	12,0	232,0	USA	15,0	318,1
United Kingdom	10,0	193,7	United Kingdom	9,0	198,3
Russia	7,0	144,6	Russia	7,0	146,8
Switzerland	6,0	110,3	Switzerland	4,0	87,8
Others	46,0	892,6	Others	47,0	996,6
		1.938,1			2.132,4

Source: <https://ec.europa.eu/eurostat/web/international-trade-in-goods/visualisations>

The main trade partner of the EU in the import of goods during 2019 was China (361.9 billion euros), while the main trade partner in the export of goods was the United States (384.4 billion euros).

If we look at EU exports by sectors of activity, the highest values of exports in 2019 were in the machinery and transport equipment sector with 40%, followed by chemicals and similar products with 19%. The highest value of imports was also recorded in the machinery and transport equipment sector and amounted to 33%, followed by imports of mineral fuels, lubricants and related materials with 19% (European Commission, 2020).

International trade is of great importance, because it is not only an indicator of the value of EU imports and exports, but also its relationship and communication with other countries in the world. The EU is deeply rooted in global markets and this way of international trade can be expected to continue, as the modern development of transport and communications provides an additional incentive for producers to exchange goods and services around the world.

TRADE BALANCE AND SHARE OF EXPORTS AND IMPORTS OUTSIDE THE BORDERS OF THE EU AND MEMBER STATES

Products acquire the character of goods only in the conditions of the social division of labor; when producers do not produce for themselves, but for the market. The product is intended for exchange in order to obtain a counter-value in money, with which the commodity producer satisfies all his reproductive and other needs (Serjević, 2010).

Trade impact assessment is widely discussed in the scientific literature. The economic theory identifies well-known channels through which trade can influence economic growth: trade promotes efficient resource allocation, enables the country to share knowledge more easily, promotes technological progress, and encourages competition in the domestic and international markets and new product development (Blavasciunaite et al., 2020).

A comparison was made (Figure 1) of the commodity trade balance for 2010 and 2019. Values are expressed as a percentage. The five leading EU member states are presented in terms of the value of imports and exports of goods. Germany, France, Great Britain, Italy and the Netherlands had the largest share in the value of exports as well as imports.

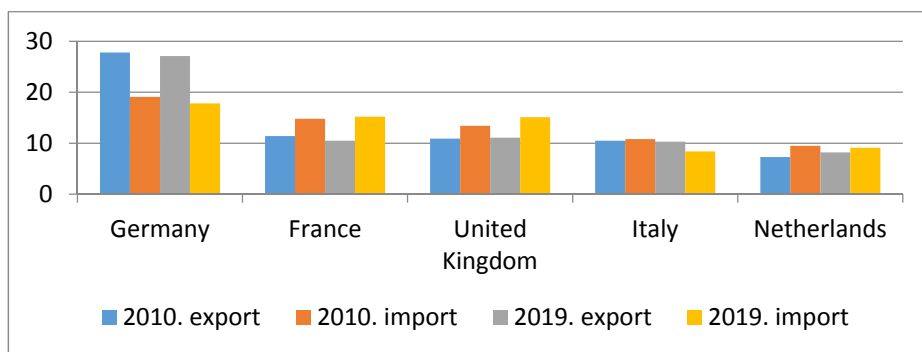


Figure 1. Share of exports and imports by EU member states for 2010 and 2019

Source:

http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=ext_lt_intratrd&lang=en

The largest surplus in trade was with Germany, which amounted to 9.3% in 2019, as well as in 2010 with 8.7%. France is in second place in terms of share in the value of exports and imports and records a surplus in trade of 1.9% (2010) and 1.4% (2019). The United Kingdom has a trade deficit of -3.9% (2010) and -4.1% (2019), while the Netherlands has a higher deficit of -6.1% (2010) and 6.9% (2019). A slightly milder trade deficit was recorded in Italy -0.3% (2010) and a surplus of 1.9% (2019).

The EU's foreign trade policy is extremely complex and complicated and as such, is a reflection of the rules, institutions and instruments of the EU's internal trade towards global trading partners (<http://www.vps.ns.ac.rs/Materijal/mat12327.pdf>; https://ec.europa.eu/eurostat/statisticsexplained/index.php?title=International_trade_in_goods/hr#Najve.C4.87i_udio_u_trgovini_robom_unutar_EU-a_zabilje.C5.BEili_su_Luksemburg_i_Slova.C4.8Dka).

According to Eurostat (https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_trade_in_goods/hr#Najve.C4.87i_udio_u_trgovini_robom_unutar_EUa_zabilje.C5.BEili_su_Luksemburg_i_Slova.C4.8Dka) the largest share in trade outside the EU in 2019 was held by Germany, whose share in exports was 29.6%, and imports 21.0%. It is followed by France, whose share in total exports is 11.6%, and imports are 10.7%. The value of Italy's exports is 11.0%, while imports participate with 9.5%. The Netherlands has a share of 10.3% in exports and 17.5% in imports.

In Europe, there are all the classic and school examples of trade drivers between countries and regions, but there are also the latest ones that have been present in recent decades. Each of them is the primary driver of trade in a certain group of goods or industry, with additional actions of the others (Antevski, 2007).

In trade in goods, among the EU members, Germany has the largest share in the value of exports and imports and participates with 23.0%. It is followed by the Netherlands, whose value of exports is 14.0% and imports 8.0%, followed by France with values of exports of 9.0% and imports of 12.0%. It can be concluded that Germany, the strongest economy in the European Union, deserves special attention, especially because of its role in repairing the consequences of the economic crisis in the Eurozone.

Today, when international trade and competition take place on an almost unified global level, the international competitiveness of states and alliances is becoming increasingly important. In order to survive in such a world, meet the set goals, and maintain its own values, the EU needs to improve the efficiency of its economies and raise the level of its international competitiveness, at least to the level of major competitors (Petrovic, & Antevski, 2006).

CONCLUSION

The European Union is one of the most successful economies in the world. It is the largest single market in the world. One of the basic principles of the EU is free trade among its members, and the EU is also committed to international trade flows.

Data for 2019 show that the EU-27 participates with 15.4% of world trade in goods, while China has the largest share in world trade (16.2%). In international trade (value of imports and exports), the three most powerful global players are the EU (4,070 billion euros), China (4,094 billion euros) and the United States (3,762 billion euros).

If we look at the sectors of activity in 2019, the highest values of exports (40%) and imports (33%) were in the sector of machinery and transport equipment.

The analysis of the trade balance for 2010 and 2019 concludes that the leading countries in the EU in terms of the value of imports and exports of goods are Germany, France, Great Britain, Italy and the Netherlands.

The EU's foreign trade policy is extremely complex, and statistics have shown that Germany had the largest share in trade outside the EU and within the EU in 2019.

International trade is of great importance, because it is not only an indicator of the value of EU imports and exports, but also its relationship and communication with other countries in the world. The EU is deeply rooted in global markets and this way of international trade can be expected to continue, as the modern development of transport and communications provides an additional incentive for producers to exchange goods and services around the world.

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