

# Empowering Prosperity: Unleashing the Power of Free Trade in the European Union

*Adopted at the YEPP Council Meeting in Zagreb (23/09/2023)*

The European Union, as a global economic powerhouse, stands at the forefront of economic integration and international trade. Acknowledging the significance of free trade in driving economic growth, fostering innovation, and uplifting societies, the EU recognizes the need to further promote and expand the principles of free trade both within the internal European market and with countries outside the EU.

This resolution aims to reaffirm the EU's commitment to an open, inclusive, and rules-based trading system, while recognizing the potential economic benefits and addressing the challenges associated with free trade<sup>1</sup>. By reducing barriers, harmonizing regulations, and forging strategic partnerships, the EU endeavors to create a conducive environment that maximizes economic opportunities, ensures fair competition, and advances the overall well-being of its citizens and businesses.

The EU, with its vast internal market and a thriving network of small and medium-sized enterprises (SMEs), recognizes their pivotal role in driving economic growth and employment<sup>2</sup>. By fostering an environment that enables SMEs to expand their horizons and tap into global markets, the EU seeks to bolster their competitiveness and stimulate innovation.

Recognizing the transformative potential of an integrated European market, studies have estimated that the completion of the EU Single Market could generate an impressive increase of up to 8% in EU GDP annually<sup>3</sup>. Furthermore, it is crucial to address protectionist measures and trade barriers imposed by certain countries, as such practices undermine economic growth. Studies indicate that each additional percentage point of tariffs diminishes global GDP by billions of dollars<sup>4</sup>, underscoring the urgent need for a united and coordinated EU stance against protectionism.

This resolution also acknowledges that free trade can be a catalyst for sustainable development, poverty reduction, and social progress. By integrating social and environmental considerations into trade policies and agreements, the EU is committed to ensuring that the benefits of free trade are shared equitably and contribute to the achievement of the United Nations' Sustainable Development Goals<sup>5</sup>.

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<sup>1</sup> [Single market and standards](#)

<sup>2</sup> [Entrepreneurship and small and medium-sized enterprises \(SMEs\)](#)

<sup>3</sup> [EU single market: Boosting growth and jobs in the EU](#)

<sup>4</sup> [How Hidden Protectionism Impacts International Trade](#)

<sup>5</sup> [Transforming our world: the 2030 Agenda for Sustainable Development | Department of Economic and Social Affairs](#)

Moreover, the EU recognizes the evolving nature of the global economy and the need to actively engage in international trade negotiations. With an estimated 90% of global economic growth expected to occur outside the EU in the coming years<sup>6</sup>, it is imperative to establish strategic partnerships and pursue comprehensive free trade agreements that open new avenues for businesses and enhance the EU's competitiveness on the global stage.

In conclusion, this resolution advocates for a more open, dynamic, and sustainable trade environment within the EU and beyond. By reducing trade barriers, harmonizing regulations, and fostering fair and inclusive trade practices, the EU aims to unlock the full potential of free trade, drive economic prosperity, and position itself as a driving force in shaping the future of global trade.

### **Recognizing that:**

- The importance of the EU as a global economic power, with the EU's total GDP reaching €13.92 trillion in 2020<sup>7</sup>, making it the world's largest single market and trading bloc.
- That SMEs represent 99% of all businesses in the EU, employing approximately 100 million people<sup>8</sup>, and acknowledging that increased free trade can significantly benefit these enterprises by expanding their market access and facilitating international growth.
- The potential economic gains from enhanced economic integration within the EU, as studies estimate that the completion of the EU Single Market could lead to an increase of 8.6% in EU GDP, equivalent to €1.1 trillion per year<sup>9</sup>.
- That protectionist measures and trade barriers can hinder economic growth, it is worth noting that according to a study by the Banque De France, a global and generalized increase of 10 percentage points in tariffs could reduce global GDP by almost 2% with immediate effect<sup>10</sup>.
- The significant contribution of trade to job creation, as data from the European Commission indicates that 36 million jobs in the EU are dependent on exports, representing around 14% of total employment in the EU<sup>11</sup>.
- The potential of free trade to contribute to sustainable development goals, studies have shown that open and rules-based trade can help lift millions of people out of poverty, with the World Bank estimating that between 1990 and 2015, the number of people living in extreme poverty worldwide fell from 36% to 10%<sup>12</sup>.
- The positive impact of trade liberalization on innovation and technology transfer, it is important to note that according to the European Commission, 90% of global economic growth in the next 10 to 15 years is expected to take place outside of the EU<sup>13</sup>, highlighting the need to strengthen international trade relations to benefit from these growth opportunities.

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<sup>6</sup> [Global Trends to 2030: Can the EU meet the challenges ahead?](#)

<sup>7</sup> [Eurostat](#)

<sup>8</sup> [Entrepreneurship and small and medium-sized enterprises \(SMEs\)](#)

<sup>9</sup> [EU single market: Boosting growth and jobs in the EU](#)

<sup>10</sup> [Costs and consequences of a trade war: a structural analysis](#)

<sup>11</sup> [EU exports support 38 million jobs in the EU](#)

<sup>12</sup> [Decline of Global Extreme Poverty Continues but Has Slowed: World Bank](#)

<sup>13</sup> [Global Trends to 2030: Can the EU meet the challenges ahead?](#)

### **Acknowledging that:**

- That free trade has played a significant role in driving economic growth, fostering innovation, and lifting millions of people out of poverty around the world.
- The importance of the internal European market as a cornerstone of the EU's economic integration and prosperity, and recognize the need to further enhance its functioning and efficiency.
- The potential benefits that increased free trade can bring, such as expanded market access for businesses, increased consumer choice, and the potential for lower prices for goods and services.
- That removing barriers to trade within the EU can foster a stronger sense of unity, cooperation, and shared economic progress among member states.
- The importance of addressing the concerns and challenges associated with free trade, such as ensuring fair competition, protecting labor rights, safeguarding environmental standards and ensuring European sovereignty.
- The evolving nature of the global economy and recognize the need for the EU to actively engage in international trade negotiations and establish strategic partnerships to enhance its competitiveness.
- The potential of free trade to stimulate innovation, encourage entrepreneurship, and create new job opportunities, particularly in sectors driven by technological advancements.
- The potential positive spillover effects of free trade, such as increased foreign direct investment, knowledge transfer, and the diffusion of best practices among countries.
- The role of trade as a catalyst for sustainable development, poverty reduction, and social progress, and recognize the need to integrate social and environmental considerations into trade policies and agreements.

### **YEPP calls on:**

- The EU for the reduction or elimination of tariffs and non-tariff barriers to trade within the EU, in order to facilitate the free movement of goods and services between member states.
- The EU for the harmonization of regulatory standards across the EU, in order to reduce barriers to trade and ensure a level playing field for businesses.
- The EU to reduce regulatory reporting obligations for businesses, especially SMEs, to maintain Europe's competitiveness as international level.
- The EU for the negotiation of free trade agreements with other countries, both bilaterally and multilaterally, in order to expand economic opportunities and promote the principles of free trade worldwide.
- The EU for the development of policies that promote entrepreneurship and innovation, in order to create new economic opportunities and drive growth in the EU.
- The EU for increased investment in education and training programs, in order to ensure that EU citizens have the skills and knowledge necessary to compete in a global economy.
- The EU for the promotion of digitalization and e-commerce, in order to facilitate cross-border trade and increase access to markets for small and medium-sized enterprises (SMEs).
- The EU for the development of a comprehensive EU trade strategy that takes into account the needs and interests of all member states, in order to ensure that the benefits of free trade are distributed fairly across the EU.