Trade wars: what are the EU's trade defence instruments?

The EU can resort to a slew of measures to protect itself against unfair trade practices, from appealing to the WTO to full-out trade war.

The EU uses its trade policy to make the most of globalisation and its economy thrives because of free trade. However, sometimes it can be undermined by countries imposing unfair tariffs on its products or selling their goods at abnormally low prices. There is also the risk of conflicts over trade escalating into a trade war, which is when both parties keep on increasing tariffs or...
create other barriers, which can make products more expensive and complicate things for companies. The EU can use a variety of trade defence instruments in these situations. Read on to find out how and to discover examples of recent trade conflicts.

**Calling in arbitration - the role of the WTO**

The EU and its member states are among the 164 members of the World Trade Organisation (WTO), which exists to guarantee a rule-based international trading system. It has the power to rule on trade disputes and enforce decisions. In the past this has helped to prevent trade disputes escalating.

On the basis of pre-defined rules, any WTO member can lodge a complaint over breaches of WTO rules and seek reparations.

Since the WTO’s creation in 1995, the EU has been involved in 181 cases: 97 as a complainant and 84 as a defendant.

**Tackling unfairly cheap imports**

Being a member of the WTO does not stop the EU from drawing up legislation to counter products that have dumped for abnormally low prices in Europe, harming local producers. This could be because of a lack of competition in the country where the product was made, heavy state interference in the production process or even because the company in question disregarded international labour and environmental standards.

The EU can respond by imposing anti-dumping duties as a trade defence instrument. In 2017 MEPs voted in favour of updating the rules that regulate when and how those duties can be imposed. MEPs approved additional rules allowing the EU to impose higher tariffs on dumped or subsidised imports in May 2018.

**From steel to olives: current disputes**

US President Donald Trump recently announced he was going to impose additional import duties on steel and aluminium imports. MEPs called the move unacceptable and incompatible
with WTO rules. MEPs debated the EU’s response with EU trade Commissioner Cecilia Malmström during the plenary session in Strasbourg on 14 March. Check out the press release on the debate.

MEPs are also concerned about US customs duties on Spanish olives, imposed in January after the US deemed they were being imported at below market price. Cecilia Malmström, the European commissioner for trade, was questioned about it on Wednesday 14 March.

Going bananas: examples of previous trade conflicts

The US and the EU have clashed over trade before, for example over duties on bananas, which made it easier for some countries in Africa, Caribbean and the Pacific to export to the EU at the expense of Latin American countries.

The EU has also been at odds with the US and Canada over beef treated with hormones, which it considered a potential health hazard. This was only resolved in 2012 when the EU agreed to increase imports of hormone-free beef from the two countries.

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