



ABSTRACT WORKING PAPER 2.2

Is the EU the best trade partner for its neighbors?

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ABSTRACT

The main goal of this paper is to examine in depth the bilateral trade relationships between the EU and its neighbouring countries over the last fifteen years in order to identify whether trade patterns have changed over time, mainly since the introduction of the European Neighborhood Policy (ENP) in 2004. The European Neighbouring Countries are developing countries (middle-low income countries) which, thanks to their proximity to European borders, have close relations with the EU and aspire to become member states. To achieve the main objective we have explored trade flows between the EU and the ENC's by acting in different ways. We split ENC's into four different sub-regions in order to understand regional performance. We have taken into account ENC's trade flows from and to emerging economies and the major world partners so as to determine whether Europe is losing its key role and whether its main competitors are gaining market share in the Europe's neighbouring countries. We have considered trade flows for different types of products so as to gain an insight into the quality of the trade relationship. Lastly we have examined geographical and sectorial concentration in trade flows in order to analyse to what extent ENC's' trade structure is vulnerable to shocks.