KEY RECOMMENDATIONS
2024-2029

Brussels, 16 October 2024

Orgalim key recommendations on trade policy

Policy proposals for the upcoming EU legislative period

Introduction

Orgalim represents Europe's technology industries, developing and manufacturing the products, systems and services that enable the digital transformation and a climate-neutral future for the European Union and its citizens. Europe's technology industries comprise 770,000 innovative companies spanning the mechanical engineering, electrical engineering and electronics, ICT and metal technology branches. Together we represent the EU's largest manufacturing sector, generating annual turnover of €2,835 billion, manufacturing one third of all European exports and providing 11.7 million direct jobs.

As we enter the EU 2024-2029 legislative cycle, the priorities Orgalim puts forward in its policy agenda are designed to position Europe at the forefront of global technological innovation and sustainability, ensuring the EU remains a competitive force in the high-tech manufacturing sector. Our policy agenda highlights six fundamental priorities:

1. Decrease the regulatory burden
2. Regain global leadership in research and innovation
3. Recommit to the single market
4. Make digital legislation work for manufacturing industries
5. Remove trade barriers
6. Ensure a competitive and secure energy supply

In this paper, we outline four key priorities for EU trade policy in the 2024-2029 legislative cycle to boost the competitiveness of our industries. We then provide concrete recommendations to strengthen trade relations with our most important trading partners, i.e. the United States, China, the United Kingdom, Türkiye and the EFTA states.

An open trade policy to boost the EU's competitiveness

Our industries have witnessed a tectonic shift in EU trade policy over the past few years. Trade liberalisation used to be an end in itself, worth pursuing because it creates economic growth and high-quality jobs. In recent years, it has progressively become a "support tool" to achieve other objectives, such as sustainability commitments from third countries, economic security for the EU, or "Open Strategic Autonomy". More emphasis has been placed on creating a level playing field for EU companies, via trade defence measures that often shield basic industries from foreign competition while increasing costs for downstream industries. Companies have also witnessed the entry into force of pieces of EU legislation with environmental and social objectives that hamper the competitiveness of our industries and disrupt global value networks (e.g. CBAM, Corporate Sustainability Due Diligence Directive).

This came at the expense of constructive engagement with partners to remove trade barriers, as clearly exemplified by the failure to ratify the Free Trade Agreements (FTAs) with Mexico and Mercosur, as well as the failure to conclude negotiations with countries such as Australia. Overall, this trend is extremely concerning for Europe's technology industries. Trade accounts for approximately 25% of our annual turnover. Our industries typically have extremely complex value networks spanning multiple countries worldwide, which developed thanks to a rules-based and open international trade environment. In order to deliver innovative technological solutions to customers all over the world, our industries are under constant pressure to source highly specialised components at competitive prices to meet the requirements of complex industrial applications. Reshaping value networks as a result of regulatory developments in the EU is often simply not an option in the short to medium term.

EU trade policy must certainly adapt to the new reality on the ground. Covid-19, the Russian invasion of Ukraine and China's growing assertiveness in the global economy have made the international landscape more uncertain and it is beyond doubt that companies have to adapt their business models accordingly. Our industries do not question the urgent need to deliver the green and digital transition to achieve climate neutrality by 2050, but we fear that Europe's technology industries will not survive long in an environment where more and more barriers are erected to impede the frictionless flow of goods and services among trade partners worldwide.

Our industries thrive in a rules-based and barrier-free international trading environment, and the European economy as a whole is significantly more dependent on trade than the economies of its closest competitors, as underlined by Mario Draghi in his report on the future of European competitiveness[1]. Burgeoning costs and the regulatory burden stemming from EU legislation like CBAM will make EU products more expensive and vulnerable to international competition, while increasing the risk of trade partners erecting retaliatory barriers to our exports. If nothing is done to change the course of EU trade policy, our industries will eventually lose their international competitiveness. This will not only result in investments and value chains moving gradually away from Europe, but also hamper the green and digital transitions in Europe and worldwide – which cannot happen without the high-tech solutions delivered by the hundreds of thousands of innovative European technology companies.

We believe that it is time for the EU to put competitiveness back at the centre of its trade policy. We wish to put forward four key trade policy recommendations to ensure a strong boost for our industries' competitiveness in Europe:

1. **Proactively pursue trade liberalisation via FTAs and "mini deals"**
2. **Ensure a level playing field for Europe's technology industries**
3. **Ensure access to raw materials and manufacturing inputs at competitive prices**
4. **Foster economic security by allowing market-driven diversification**

[1] The Future of European Competitiveness, Part A – A Competitiveness Strategy for Europe, September 2024

1. Proactively pursue trade liberalisation via FTAs and "mini deals"

Revive the EU FTA agenda

To retain competitiveness and ensure security of supply, European companies need unfettered access to international markets and maximum flexibility to build more resilient, diversified and sustainable value networks. The EU must therefore pursue an ambitious FTA agenda, aiming for full tariff liberalisation and leveraging economic relations with a broad range of trading partners worldwide. These would include, as a matter of priority, Mercosur and Mexico, with which the EU has already concluded FTAs in principle, but which were never finalised and implemented. Our industries also support the swift conclusion of FTA negotiations with key partners in the Asia-Pacific region, such as India, Indonesia, Thailand, The Philippines and Australia, as well as the resumption of trade negotiations with third countries such as Malaysia. Finally, we call on the EU to strive to support Africa's continental integration and improve trade relations with African countries. Africa is our neighbouring continent with about 1.5 billion inhabitants, making it an important partner region. It is also home to sales markets with growth potential. European technologies can play a crucial role in addressing the challenges that the continent is facing, diversifying the economies of African countries, creating jobs, promoting the deployment of renewable energy infrastructure and protecting the environment and climate.

A revived and ambitious FTA agenda would reduce overreliance on a reduced set of trading partners and create a network of mutual dependencies and multilateral collaboration. In a world where dependencies are increasingly weaponised, developing a wide network of trade partnerships would mitigate the risk of third countries imposing export restrictions on essential inputs such as critical raw materials.

The EU should not overload its FTAs with policy objectives that have nothing to do with trade and there should be no legally binding sanctions for violations of the Chapter on Trade and Sustainable Development in EU FTAs. Otherwise, third countries will be increasingly unlikely to conclude such agreements with the EU. The EU should always aim at separating trade agreements from other types of agreements (e.g. on political cooperation or investment protection) so that the former can be swiftly ratified by only the European Parliament and Council.

Key recommendations:

(1) **Conclude negotiations with Mercosur and Mexico** and proceed to a speedy ratification of the EU-Mercosur and EU-Mexico FTAs.

(2) **Swiftly conclude ongoing negotiations of other FTAs**, such as those with India, Indonesia, Thailand, the Philippines and Australia.

(3) **Apply to join the Comprehensive and Progressive Agreement for Trans-Pacific Partnership** (CPTPP).

(4) **Modernise existing FTAs with comprehensive digital trade provisions.**

Conclude "mini deals" with selected trade partners

FTAs are not the only instruments at the disposal of the European Commission to promote trade diversification. FTAs are broad agreements, covering "substantially all trade" between two partner countries and addressing a number of areas such as tariffs and non-tariff barriers on goods and services, IP, sanitary and phytosanitary standards, rules of origin, etc. On the other hand, historically the EU and other countries worldwide have negotiated a wide range of "mini deals", which can often be powerful instruments for trade liberalisation.

As noted in a significant paper on the conceptualisation of mini deals[2], these agreements have long been integral to EU trade policy and constitute a larger proportion of EU trade agreements compared to FTAs. Essentially, mini trade deals are focused agreements between countries aimed at reducing or eliminating non-tariff barriers (NTBs) and decreasing bilateral trade costs. For example, the EU has concluded agreements on conformity assessment with a number of trade partners worldwide (Switzerland, Canada, Japan, United States, Australia, New Zealand and Israel). These agreements allow EU exporters to rely on conformity assessment bodies located in the EU to certify their products as meeting the technical and safety requirements of the market to which they are exported. The products can then be placed on the target market without having to undergo further testing or certification *in loco.*

Orgalim calls on the Commission to make increased use of mini deals to eliminate non-tariff barriers with selected trade partners worldwide. Mini deals should always be complementary to, rather than substitutes for, an ambitious FTA agenda, and could be especially relevant for those trade partners that do not apply high tariffs on products such as machinery, electrical equipment and electronics, as well as metal goods. Orgalim has identified the United States, the United Kingdom and South Korea as priority partners for the conclusion of agreements on conformity assessment.

In addition, we encourage the Commission to continue pursuing digital trade agreements to remove restrictions on data flows between the EU and its trusted partners (e.g., data localisation requirements), building on the recent EU-Japan digital trade agreement.

Key recommendations:

(1) **Conclude agreements on conformity assessments with the US, the UK, South Korea (by extending Annex 2-B of the FTA to other engineering products) and Canada (by fully implementing the Protocol on the mutual acceptance of the results of conformity assessment of the Comprehensive and Economic Trade Agreement).**

(2) **Explore the potential of concluding different types of mini deals with other trade partners.**

2. Ensure a level playing field for Europe's technology industries

Prevent negative impacts from trade defence instruments and leverage the Foreign Subsidies Regulation and the International Procurement Instrument

Between 2010 and 2022, the number of EU trade defence measures in place increased by over 30%[3]. The vast majority of anti-dumping duties, anti-subsidy duties and safeguard measures currently in force apply to raw materials (e.g. steel and aluminium) or semi-finished products which are used by our industries as inputs to manufacture a wide range of downstream products. It is therefore clear that these specific trade defence measures only increase the cost of raw materials and other manufacturing inputs for technology companies across Europe, which typically have extremely diversified value networks spanning multiple countries worldwide. This increase in input costs clearly has a negative impact on our industries' international competitiveness.

[2] https://ecipe.org/publications/mini-deals-invisible-part-of-eu-trade-policy/

[3] 2010 trade defence report: https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52012SC0009&qid=1717754642284 vs 2022 trade defence report https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:52023DC0506

We acknowledge that, in some cases, trade defence measures can be effective tools to restore a level playing field for our industries. However, we wish to stress that the imposition of trade defence measures must always be justified by economic evidence of non-market practices by trade partners, rather than political motivations or willingness to protect uncompetitive industries from foreign competition. Prior to imposing a trade defence measure on a given product category, the Commission must always carry out a thorough impact assessment (including an open consultation with reasonable timeframes) of the potential impacts of such measures on downstream industries. The impact assessment must also take into account the possibility for companies to source products at competitive prices from alternative markets, including the EU.

The EU safeguard measures on steel products, which have been in place since 2018 and have recently been prolonged until June 2026, represent a clear example of a trade defence instrument that unduly restricts access to steel at competitive prices for Europe's technology industries. Given the importance of steel as an essential manufacturing input, our industries must have the necessary flexibility to source steel both on the domestic EU market and on third country markets. Such flexibility is necessary to (1) strengthen security of supply, (2) source at competitive prices to maintain international competitiveness, (3) source steel with low embedded carbon emissions to meet our customers' growing sustainability requirements, and (4) source steel with very specific qualities, often produced only by a handful of manufacturers worldwide to match the requirements of complex industrial applications. The system of safeguards fundamentally hampers our industries' ability to meet all of the above requirements by sourcing from foreign suppliers when necessary.

A number of key steel products are not produced in sufficient quantity in the EU, which makes it impossible in many cases for technology companies across Europe to switch from foreign to European suppliers. Despite the safeguard measures, the EU steel industry has not increased production to a level which could meet demand from our industry. In fact, EU steel production decreased by approximately 15% between 2018 and 2022, and this trend is unlikely to be reversed in the short term. At the same time, despite limitations on production and even temporary shutdowns, EU producers have been able to increase their profits to record high levels, even in the context of increasing costs (energy, raw materials and transport costs) since 2020.

On the other hand, Orgalim has a more positive view of the Foreign Subsidies Regulation (FSR) and International Procurement Instrument (IPI), considering them to be tools for creating a level playing field for companies and addressing non-market practices by third countries. Compared to traditional trade defence instruments, the FSR and the IPI allow the Commission to adopt company-specific redressive measures that do not have a negative impact on European companies' value networks, when there is evidence of non-market practices by third countries. At the same time, it must be noted that it is challenging to provide the necessary evidence about these non-market practices. Also, to avoid creating trade disruptions, these instruments should not impose an undue reporting burden on companies.

Key recommendations:

(1) **Terminate the steel safeguard measures** as soon as possible and avoid their replacement by other instruments after their expiry date of June 2026.

(2) **Ensure any future trade defence measure has a clear rationale rooted in economic evidence and is preceded by a thorough impact assessment** of potential negative impacts on downstream industries.

(3) **Make full use of the FSR and IPI** to ensure a level playing field, while also minimising administrative costs for companies.

3. Ensure access to raw materials and manufacturing inputs at competitive prices

Address the negative impact of CBAM on competitiveness

Technology companies often have extremely complex supply chains spanning multiple countries worldwide. They typically source CBAM goods both on the EU and on third country markets, to use them as inputs for manufacturing a wide range of downstream goods. CBAM, together with the progressive phaseout of free allocation under the EU ETS, will significantly increase the cost of primary manufacturing inputs for our members. Technology companies across Europe will, therefore, experience a major loss of competitiveness vis-à-vis third country manufacturers, who can access raw materials at more competitive prices. This is covered in the Commission's impact assessment with an expected decrease in GDP of 0.2% and a decrease in consumption of 0.5% in all eight different scenarios that were covered in the study. Since CBAM only applies to raw materials but not to finished products, third country manufacturers will enjoy an advantage on both the EU market (as their exports will not be subject to CBAM) and on third country markets to which the EU technology industries export.

Key recommendation:

(1) **Implement appropriate solutions to address the negative impact of CBAM** on the competitiveness of our industries, on both the EU market and on international markets.

Negotiate international partnerships on critical raw materials

In the years to come, our industries will require massive additional supplies of critical raw materials (CRM), from aluminium to lithium and rare earth elements, to support Europe's green transition. Domestic production of CRMs alone, from either primary or secondary sources, will not be nearly enough to cover our industries' demand. Trade will therefore play an essential role in securing a stable and reliable supply of CRMs for Europe, without which the EU will fall short of achieving the green transition.

Orgalim supports the signing of targeted international partnerships to ensure Europe has access to a steady and reliable supply of CRMs from a wide network of partners worldwide. Notably, the amount of export restrictions on CRMs more than quintupled between 2009 and 2020[4]. According to a recent study[5], supporting diversification of production in raw materials via non-trade policy appears the most feasible/effective option as tariffs on raw materials tend to be low. The Global Gateway Initiative is well suited to support investments in improving infrastructure and strengthening industrial capacity locally.

Recent positive examples of partnerships that we support include those signed with Canada in June 2021, with Kazakhstan in November 2022 and with Australia in May 2024.

[4] https://www.oecd-ilibrary.org/docserver/c6bb598b-en.pdf?expires=1718625308&id=id&accname=guest&checksum=4C1210C2FC2193541CA612851D9D304C

[5] https://www.europarl.europa.eu/RegData/etudes/STUD/2022/740058/IPOL_STU(2022)740058_EN.pdf

Key recommendation:

(1) **Conclude additional international partnerships** to ensure security of supply for CRMs with key trading partners worldwide.

4. Foster economic security by allowing market-driven diversification

Orgalim takes note of the Commission's increasing focus on economic security, and of the publication of the "European Economic Security Strategy" (EESS) in June 2023. While acknowledging the importance of economic security, we stress that the process of de-risking European industrial value chains should remain primarily market-driven.

Any legislative intervention aimed at promoting the EU's economic security should create the best framework conditions for market operators to build resilient value networks, safeguarding an open and rules-based international trade environment. "Protective" measures should only be used as a last resort, whereas the "promote" and "partner" approaches should be the starting points for enhancing economic security. This is why our industries urge the Commission to accelerate ongoing negotiations on FTAs with third countries and the entry into force of concluded FTAs. We call on the Commission to adopt a cautious approach when considering or implementing "protective" measures such as inbound or outbound investment screening mechanisms, or revising the EU dual-use export controls regime.

The Commission's draft Regulation on the screening of foreign investments, published in January, could create lengthy delays for foreign investments by targeting an excessively broad and loosely defined range of technology sectors. This could undermine the EU's competitiveness and reduce European companies' access to advanced technologies.

Regarding the potential future initiative on outbound investment screening (OIS), such a mechanism would be unprecedented in the EU. Orgalim wishes to stress that investments abroad are necessary to improve the local or global market position of investors, and they are an important means for technology companies to survive in a competitive international environment. If implemented, an OIS mechanism would certainly generate a significant administrative burden for technology companies and hinder their ability to diversify and invest abroad, at a time when they are increasingly committing to establishing local production sites in other countries to serve foreign markets, as part of wider de-risking efforts. Furthermore, in the light of the EU's existing dual-use export control regime, which already prevents technology outflows in safety-critical areas, the added value of an OIS mechanism is far from proven. For these reasons, Orgalim remains fundamentally critical of a potential OIS mechanism, which we consider unnecessary

Concerning export controls, in light of the new geo-strategic environment and the blocking of necessary decisions in some export control regimes, we recognise that necessary and agreed export controls need to be adopted regardless of existing multilateral arrangements. If decisions in multilateral export control regimes are blocked by Russia, it is reasonable to seek alternative methodologies to adopt the export controls deemed necessary. We therefore welcome the proposal to amend Annex I of the Dual-Use Regulation to include items on which all members of the Wassenaar Arrangement except Russia have agreed to impose export controls.

The Commission is due to carry out an evaluation of Regulation (EU) 2021/821 on dual-use export controls between 2026 and 2028. We do not see any need to bring forward such an evaluation in Q1 2025, as envisaged by the Commission in the White Paper on Export Controls published in January 2024[6]. Our industries are already confronted with the huge regulatory burden arising from the unprecedented number of new regulations enacted under the last EU legislative cycle.

[6] https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=COM:2024:25:FIN

We would therefore warn against such an early review of the EU export controls framework, which has the potential to generate further complexity and increase the administrative burden for our industries, and SMEs in particular.

In general, we would like to stress that overly restrictive export controls could lead to major disruption and uncertainty in our value networks. Moreover, restrictive export controls also risk depriving European companies of opportunities for international expansion, undermining their ability to invest in RD&I and supply chain resilience. Therefore, we call on the Commission to strictly follow targeted and evidence-based methodologies in any potential future revision of the EU's dual-use export control regime. Any potential future attempt to harmonise national export control regimes and create a level playing field for companies should be considered only after a thorough evaluation of the performance of the current framework. In any case, it must absolutely not generate additional and unnecessary regulatory burdens for companies, which would further detract from the competitiveness of Europe's industrial base.

Key recommendations:

(1) **Refrain from bringing forward the evaluation of the dual-use export controls regulation in Q1 2025.**

(2) **Ensure any future revision of the EU dual-use export controls framework does not generate additional and unnecessary regulatory burdens for companies.**

(3) **Ensure that the Regulation on the screening of inbound foreign investments is specifically designed** to target only high-risk transactions and does not unnecessarily delay investments that are vital for the EU's competitiveness.

(4) **Exercise extreme caution in evaluating a potential future outbound investment screening mechanism** to avoid increasing the regulatory burden for Europe's technology industries.

Striving for barrier-free trade with our most important partners

1. United States

The US is our largest export market and the second largest overall trading partner for our industries. EU-US trade in machinery and electrical equipment was worth over €168 billion in 2023, surpassing the bilateral trade value of pharmaceutical products, mineral fuels, vehicles, and aircraft.[7] Since the collapse of the negotiations for the Transatlantic Trade and Investment Partnership (TTIP) under the Trump administration in 2016, EU-US trade relations have been more turbulent than in previous years. In fact, part of the "tectonic shift" in EU trade policy described above was the result of "mirroring" the approach adopted by the US under former President Trump. However, despite such changes, EU-US bilateral trade and investment flows have continued to grow, building value networks that are more and more intertwined. It is therefore of the utmost importance to continue to engage with the US to foster the growth of such interconnected value networks. From the perspective of Orgalim, the ultimate objective is to create a true "Transatlantic Single Market", as envisioned by Professor Enrico Letta in his recent report on the future of the EU single market[8].

Orgalim welcomed the establishment of the EU-US Trade and Technology Council (TTC) in 2021, but notes that, while a valuable forum for regulatory exchanges, the TTC has so far failed to deliver commercially meaningful outcomes for our industries. We call on the EU and US decision-makers to renew the mandate of the TTC, but to transform it into a real "engine" for transatlantic market integration, with greater involvement of the business community. It is fundamental that the TTC continues to promote EU-US cooperation on emerging technologies such as AI, but our industries would also welcome a broader focus on removing trade barriers for a wide range of industrial products, including machinery and electrical equipment, for example through the conclusion of an agreement on conformity assessment.

Key recommendations:

(1) **Conclude an agreement on conformity assessment** to increase the number of EU-located certification bodies that can certify for US standards and enabling US-located certification bodies to certify for EU standards, thereby reducing costs and waiting times associated with conformity assessment.

(2) **Work on harmonisation of standards** based on international standards, such as ISO, ITU and IEC standards, both for emerging technologies such as AI and for a wide range of industrial products, including machinery and electrical equipment.

(3) **Remove remaining tariffs** on industrial products.

(4) **Find a permanent solution to ongoing trade** disputes, such as that involving Airbus-Boeing and the dispute concerning steel and aluminium, to avoid the reinstatement of harmful retaliatory tariffs on both sides.

(5) **Develop new instruments to facilitate transatlantic digital trade**, including through alignment on technical standards (e.g. cybersecurity certification).

(6) **Conclude a critical minerals agreement** to improve supply chain resilience and to enable all critical minerals listed in the US Inflation Reduction Act (IRA), which are extracted or processed in the EU, to count toward IRA tax credits.

[7] https://ecipe.org/wp-content/uploads/2024/02/ECI_24_PolicyBrief_04-2024_LY03.pdf
[8] https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf .

2. China

China is our second largest export market and the largest overall trading partner for our industries. EU-China trade in machinery and electrical equipment was worth over €328 billion in 2023. Over the past decade, China has emerged as a systemic rival for the EU, with an increasingly politicised business environment that creates huge challenges for our industries. The EU should develop a comprehensive and forward-looking China strategy – updating the current strategy from 2021 – speaking with one voice and avoiding a fragmentation of national approaches. The new reality requires the EU to take firm action to address China's discriminatory practices (e.g. excessive subsidies), while exploring avenues for constructive cooperation on relevant issues.

Key recommendations:

(1) **Promote market-driven diversification**. Given the importance of the Chinese market as an export destination for our industries and China's central position in technological value chains, full de-coupling is not an option. On the other hand, technology companies across Europe are actively implementing strategies to diversify and reduce harmful dependencies on China. Orgalim wishes to stress that such processes should remain primarily market-driven. The Commission should focus on promoting an ambitious free trade agenda to open up new market opportunities worldwide, allowing companies to diversify and to address harmful dependencies on China.

(2) **Ensure a level playing field for EU companies**. Our industries face discrimination when accessing the Chinese market, particularly in the area of public procurement. In addition, they have to compete on the EU market with heavily subsidised Chinese companies that are able to market products at artificially low prices. Orgalim encourages the Commission to continue to make use of the Foreign Subsidies Regulation (FSR) and the International Procurement Instrument (IPI) to create a level playing field for EU companies vis-à-vis their Chinese competitors. On the condition that a level playing field is ensured, the EU should explore opportunities to revive the EU-China Comprehensive Agreement on Investment (CAI) or negotiate other types of trade agreements with China.

(3) **Promote cooperation on standardisation**. The adoption of international standards in China has been declining in recent years and this creates harmful divergences. The EU should work together with China to promote adoption of international standards and continued Chinese participation in international standardisation activities. The EU should also work with China to ensure open access for European stakeholders to Chinese national standardisation bodies. Whenever a Chinese standard deviates from international standards, it should be made readily available in English.

3. United Kingdom

The UK is our third largest export market and third largest overall trading partner for our industries. EU-UK trade in machinery and electrical equipment was worth over €92 billion in 2023.

The EU-UK Trade and Cooperation Agreement (TCA), concluded in 2021, provides a solid basis for a stable and rules-based trading relationship between the EU and the UK in the years to come. It is essential for the EU and the UK to promote continued cooperation on addressing trade barriers and maintaining a frictionless business environment for exporters on both sides.

Key recommendations:

(1) **Ensure permanent recognition of CE marking in the UK** for all product categories to provide full legal certainty for EU exporters and avoid harmful barriers to the flow of goods.

(2) **Conclude an agreement on conformity assessment** allowing UK-located conformity assessment bodies to certify for EU standards and EU-located conformity assessment bodies to certify for UK standards.

(3) **Strive for the highest degree of regulatory alignment**, for example when it comes to the Machinery Regulation (applying from 2027).

4. EFTA States and Türkiye

The value of EU trade with Türkiye and the EFTA states (Iceland, Liechtenstein, Norway and Switzerland) combined would make them the third largest trade partner for the EU, after the US and China. There is overwhelming economic evidence that the value of trade between two countries is inversely proportional to the distance between them. Maintaining frictionless trade relationships with close partners should therefore be of the utmost priority for the EU.

Key recommendations:

(1) **Finalise negotiations with Switzerland** on the modernisation and deepening of the current set of agreements that govern EU-Swiss trade relations.

(2) **Maintain a constructive dialogue with the other EFTA** states to safeguard the European Economic Area (EEA) agreement and the free movement of people, goods, services and capital across borders.

(3) **Engage with Türkiye to remove existing market access barriers and modernise the customs union.**

Links to Orgalim publications

Orgalim policy proposals for the upcoming EU legislative period 2024-2029

Orgalim Policy Agenda for a European high-tech manufacturing base for the 2024-2029 legislative cycle
Orgalim key recommendations on the circular economy
Orgalim key recommendations on energy and climate
Orgalim key recommendations on the single market
Orgalim key recommendations on digital policy
Orgalim key recommendations on investments
Orgalim key recommendation on European standardisation

Orgalim publications on trade

Orgalim recommendations for the CBAM transition period
Orgalim recommendations on the European Economic Security Strategy
Orgalim recommendations on the European Critical Raw Materials Act
Orgalim call for an EU-US Mutual Recognition Agreement on Conformity Assessment for Machinery and Electrical Equipment

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