



**Mr Charles Michel**  
President  
European Council  
Rue de la Loi / Wetstraat 175  
1048 Brussels  
Belgium

11 January 2023

Dear President,

Many European companies are fighting for their very survival. Soaring energy bills, high inflation, disrupted supply chains, diminishing consumer demand are too many and too serious challenges to face all at once. There is no single silver bullet to solve all these numerous issues. We appreciate the efforts from the European Council to address these challenges and find the best tools to support competitiveness and maintain investments in Europe. We believe that increasing diversification through new free trade agreements would be one of the key actions to improve the situation and address many of the current challenges.

Businesses are currently trying to cope with these multiple crises by seeking to become more efficient, while at the same time remaining competitive and increasing their resilience. That is why diversification is key. This is true for both imports – think critical raw materials – and exports – think new markets where economic opportunity abounds and demand is growing. This is necessary because of increasing uncertainty regarding many of the EU's largest trading partners, including China and the UK, and the effects of the war in Ukraine. Even with the U.S., recent legislation has caused friction, while past disputes have not been fully resolved, with a risk that tensions may flare up again despite the more positive EU-US relations of recent years.

This is where diversification through new free trade agreements offers at least some of the solutions so acutely needed. To support companies' efforts to adapt to a rapidly changing geo-political and economic reality, the EU and its Member States must collectively and rapidly focus on their market-creating role. This entails opening opportunities for trade and investment and building bridges that are both important for broader strategic reasons and for economic reasons. As such, 2023 must be the year when trade agreements between the EU and Mexico, Chile, New Zealand all see the light. A deal with Mercosur, the largest and most protected market to ever negotiate an agreement with the EU, would be the most important for the European Union and we need to see progress towards its adoption.



In this context, the EU must adopt a pragmatic approach to trade – trading with a wide diversity of partners to help increase supply chains resilience and sustainability. Modern trade agreements, equipped with robust sustainable development rules, are an indispensable tool to create a level playing field with third countries, fuel investments that are critical for the green and digital transitions, generate economies of scale that incentivise innovation and help fight climate change.

Especially in these times of extraordinary economic and energy crises, the EU must open more market opportunities to prevent loss of competitiveness and attract investment. We should not wait longer, now it is time to support our economy, our companies, and our citizens.

Yours sincerely,

Fredrik Persson  
President

Markus Beyrer  
Director General