



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 24 March 2014

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NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Partial summary record of the meeting of the European Parliament **Committee on International Trade (INTA)**, held in Brussels on 19 and 20 March 2014
- Items 1 to 8, 10 to 11, 13 to 17 and 20

The Committee discussed the draft report on the reduction or elimination of customs duties on goods originating in Ukraine, adopting it the following day without amendment. The Committee also adopted without amendment the outcome of the trilogue negotiations on the update of the regulation on the establishment of a FLEGT licencing scheme for imports of timber, as well as a draft recommendation for second reading concerning the EU's framework for export control of dual-use items.

The meeting was chaired by Mr STURDY (ECR, UK) for items 1 to 7 and Mr MOREIRA (S&D, PT) from item 8 onwards.

Item 1 on the agenda

Adoption of agenda

The agenda was adopted.

Item 2 on the agenda

Approval of minutes of meetings of

- 20-21 January 2014
- 12-13 February 2014

The minutes were approved.

Item 3 on the agenda

Chair's announcements

The Chairman announced that:

- The Commission proposed on 11 March to give a unilateral and temporary commercial preference to Ukraine on goods only, with that item being included on the agenda of the meeting.
- On 5 March the Commission adopted a draft regulation proposing to set up a supply chain due diligence self-certification scheme for responsible importers of minerals originating in conflict areas. The draft regulation had been referred to INTA.
- The 7th round of talks for a comprehensive FTA with Vietnam was taking place in Hanoi on 17-21 March. Following this round the Commission was expected to be in a position to state whether the prospect of concluding the talks by October 2014 was realistic.

Item 4 on the agenda

Amendment of Regulation (EC) No 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items

INTA/7/15372

***II 2011/0310(COD)

Rapporteur: Mr FJELLNER (PPE, SE)

- Consideration of Council position
- Consideration of draft recommendation for second reading

Mr WINKLER (EPP, RO), who spoke on behalf of the rapporteur, as well as Mr LANGE (S&D, DE), who spoke on behalf of the shadow rapporteur, and the Commission welcomed the agreement reached at the final informal trilogue meeting on 17 December, stressing that it paved the way for a long due update of the EU's framework for the control of exports of dual-use items. There were no other statements.

The deadline for amendments was set at 12h, with the vote in the Committee scheduled to take place the next day and the vote in the plenary on 2 and 3 April in Brussels.

Item 5 on the agenda

State of play of ongoing trilogue negotiations

INTA/7/04325

- Exchange of views

Mr STURDY announced that regarding the proposal for a decision providing macro-financial assistance to Tunisia (rapporteur Mr MOREIRA), the Council had agreed to the amendments adopted in INTA on 13 February and hence there was no need for a trilogue meeting. The file is scheduled to be adopted at the plenary session taking place on 14 to 17 April in Strasbourg.

Regarding the ISDS financial responsibility regulation (rapporteur Mr ZALEWSKI), the Committee had received a draft text from the Greek presidency on Articles 8, 9 and 22. The next trilogue meeting will take place on 20 March.

Item 6 on the agenda

Monitoring Groups Activities

INTA/7/08162

- Exchange of views

The Chair announced that since the last meeting of INTA in February, meetings of the Monitoring Groups (MG) with three of the EU's key commercial partners had taken place. The MG on Japan held an exchange of views with stakeholders, the mission of Japan to the EU and the Deputy Chief Negotiator of the Commission on 11 March. The Russia MG, chaired by Mr STURDY, met on

18 March, with virtually all the meeting concentrated on the situation in Ukraine. As regards trade issues, the stakeholders were concerned about possible retaliatory action by Russia in response to EU's measures. The MG on the US held an exchange of views with the EU Chief Negotiator for TTIP, Mr BERCERO on 19 February, and was briefed by Mr BERCERO on the 4th round of TTIP negotiations on 18 March.

Item 7 on the agenda

Protocol to the Free Trade Agreement between the European Union and its Member States, of the one part, and the Republic of Korea, of the other part, to take account of the accession of Croatia to the European Union

INTA/7/15161

*** 2014/0019(NLE)

Rapporteur: Mr STURDY (ECR, UK)

Responsible: INTA –

Opinions: AFET

- Consideration of draft recommendation (consent)

Mr STURDY introduced the draft recommendation, which he considered uncontroversial.

The Commission gave an overview of the key steps in the procedure. The Transport Council on 14 March decided to request this consent from the EP. It also decided to authorise the signing of this protocol, which will take place on 25 March, as well as its provisional application. On the Korean side the protocol will be put to a vote in its national assembly in April, so that by the end of April this protocol could be provisionally applied, with a retroactive effect from 1 July 2013. The customs duties paid by Croatian exporters since then will be reimbursed to them by the Korean authorities.

Item 8 on the agenda

Reduction or elimination of customs duties on goods originating in Ukraine

INTA/7/15470

***I 2014/0090(COD)

Rapporteur: Mr ZALEWSKI (EPP, PL)

Responsible: INTA –

Opinions: AFET –

- Consideration of draft report

Introducing his report, Mr ZALEWSKI stressed the importance of the measure in the context of the current political developments in Ukraine. He recalled that he had supported such unilateral measures already earlier, when Russia was putting pressure on the former government not to sign the EU agreement. He stressed that the measure had a limited scope, came with conditions and also important political commitments from Ukraine. He therefore urged the Committee members to adopt the report without amendment, as the adoption of an amendment would imply a trilogue, and would derail the possibility to see this measure enter into force already in April.

In the discussion that followed Mr CASPARY (EPP, DE), Mr KAZAK (ALDE, BG) and Mr RINALDI (ALDE, IT) agreed with this approach on the grounds that this was an exceptional situation. Mr PIRILLO (S&D, IT) and Mr LANGE (S&D, DE), on the other hand, regretted that human rights, social and environmental standards had not been included as a condition in the text, with Mr PIRILLO reserving his position in terms of amendments regarding this point.

Mr MOREIRA then took the floor, expressing his strong criticism towards the measure under discussion on the grounds that he had always been reserved about using trade policy as a foreign policy instrument. Secondly, for him, this was a case of autonomous trade preferences, with no waiver of the WTO. It could not be regarded as an ex ante application of the DCFTA, there is not yet agreement nor any clear commitment by Ukraine to sign the agreement. Moreover, the EU was not requiring Ukraine to give the same preferences to the EU to have some reciprocity. In addition, Mr MOREIRA was frustrated with the procedure, given that the Commission had not agreed earlier to split the agreement with Ukraine into a political part and separate trade part, which INTA could have discussed, while now this separation had become possible. Also, INTA was now called upon to rubber-stamp the Commission's proposal, with the signing of the FTA postponed indefinitely. Finally, he stressed that since the coming into force of the Lisbon treaty, trade preferences had never been given without environmental, labour and human rights conditionality, adding that this was a treaty obligation and that he did not see a why Ukraine should not be subject to those conditions in this case.

The Commission representative replied by stressing that the measure was part of a broader economic support package that was very important for the credibility of the EU. It had a very clear end date, related to an absolutely exceptional situation, and would not create a precedent for the future. He explained that the agreement with Ukraine was split in the context of Russia's claims that the current government was illegitimate. As the FTA creates long term obligations for Ukraine, it was considered better for the new government of Ukraine to sign the agreement. Given that the agreement would have to be ratified by the Ukrainian parliament, the conditions for the provisional application of the agreement could be in place by 1 September. The Commission would therefore hope for the autonomous trade preferences to be applied less by 1 November, with the provisional application of the DCFTA beginning before that.

On the WTO legal basis, it was the understanding of the Commission, which it was ready to defend in the WTO, that this was an autonomous advance application of a GATT Article XXIV compatible FTA for a very limited period of time. The partial agreement was going to be signed and there was going to be a text in which both sides clearly expressed their intention to sign the full agreement as soon as the conditions were in place.

On conditionality, the Commission argued that the environmental, labour rights and human rights conditions in the DCFTA in its current form could not be called conditionality in the strict sense. Under the structure of the agreement, Title IV, i.e. the DCFTA part has its own freestanding dispute settlement procedure, which would need to be used before any kind of actions by the EU. While this system would not be applicable in case of the autonomous trade preferences under discussion, these nevertheless included important conditions combined with a temporary suspension clause, as well as a safeguard clause.

Mr CASPARY and Mr ZALEWSKI reinforced this view in support of the measure, stressing that this was a case where the EU was called upon to deal with the real life situation rather than matters of principle. Mr ZALEWSKI in particular stressed the strategic nature of the situation, considering that it was very important for the EU to take some concrete measures and urging colleagues to show solidarity to the Ukrainians in their European aspirations.

The deadline for amendments was set at 19h the same day.

Item 10 on the agenda

Exchange of views with Arancha González, Executive Director of the International Trade Centre (ITC)

Ms GONZÁLEZ gave an overview of the work of the ITC, which is a joint agency of the WTO and UN, with a mandate to help SMEs in developing countries to benefit from international trade. Bringing examples from the work of the ITC, she stressed that her aim was to leave the message to the EP that trade agreements should be accompanied with development assistance to support the private sector and SME competitiveness. She also called on the EP to ensure that the EU delivers on the commitments it has given to assist developing countries, and in particular the LDCs, in implementing the trade facilitation deal reached in Bali. Finally, she underlined that it was very important from the ITC's perspective that the EU would support having a robust Aid for Trade component in the post-2015 development agenda.

Item 11 on the agenda

Presentation of an external study by Lorand Bartels, University of Cambridge, on "The European Parliament's role in relation to human rights in trade and investment agreements" (with the presence of Members of the Subcommittee on Human Rights)

Mr BARTELS presented his study in which he analysed how the human rights clauses in EU trade and investment agreements could be improved and what role the EP could have in the process.

In the long discussion that followed, several comments concerned the feasibility of enhancing human rights clauses in EU trade agreements. Mr CAMPBELL BANNERMAN (ECR, UK) and Mr DARTMOUTH (EFD, UK) maintained that trade agreements should be about trade and jobs only and pointed out that human rights clauses had already made entering into trade agreements more difficult for the EU, due to resistance of some of its partners. In reply, Mr MOREIRA, Mr BARTELS and the Commission held that the Lisbon treaty had created in Article 21 TEU a binding obligation for the EU take account of human rights in trade. Mr MOREIRA nevertheless agreed that strengthening human rights clauses could also have some undesirable consequences.

On the scope and wording of the human rights clauses, the Commission agreed that the study contained interesting ideas, while stressing that the exact wording is an outcome of the negotiations with the partner country. Finally, several comments and questions concerned the recommendations of Mr BARTELS that all agreements containing human rights clauses should provide for permanent human rights committees, which include representatives from the EP and civil society, as well as the adoption of a regulation mandating the Commission to start an investigation into alleged violations brought to its attention by the EP or civil society. In reply Mr BARTELS explained that the EP's role currently stops with getting the human rights clauses in the agreements. Although the Commission has received complaints from civil society on human rights abuses and acted upon them, this has not been systematic. Therefore, for him monitoring and enforcement were the areas where the effectiveness of human rights clauses could be improved the most.

Item 13 on the agenda

EU-Mexico Economic and Trade Relations

INTA/7/12421

- Exchange of views with the Ambassador of Mexico to the EU

The Ambassador of Mexico to the EU, H.E. Juan José GÓMEZ CAMACHO gave an overview of the large-scale reform process currently taking place in Mexico, as well as of its trade policy, giving background to Mexico's interest in a possible modernization of the trade chapters of the Economic Partnership, Political Coordination and Cooperation Agreement between the EU and Mexico.

In the discussion that followed Mr CUTAŞ (S&D, RO), Ms CORREA ZAMORA (EPP, ES), Ms McCLARKIN (ECR, UK), Mr SCHOLZ (GUE, DE), as well as Mr MOREIRA wondered whether the country was ready to accept the obligations that come with the EU's new generation FTAs, such as those related to human rights, labour and environmental standards, as well as those in the fields of investment and public procurement. In reply, Mr GÓMEZ CAMACHO confirmed that the political elite of Mexico was fully behind updating the agreement. The Mexican representative at the exploratory talks added that all topics had been on the table at this stage, and that at the moment she could confirm that the agreement would contain a chapter on sustainable development, with the

concrete clauses in it depending on the negotiations. Also, the questions of investment and dispute resolution system would be covered, given that Mexico has them already in its bilateral agreements with the Member States. There are also arrangements in place for state investment, for the rest Mexico would discuss with the EU what the options are. She stressed that Mexico regarded an update of the EU agreement as a win-win situation for both sides.

***** Voting time *****

Item 14 on the agenda

Amendment of Council Regulation (EC) No 2173/2005 on the establishment of a FLEGT licensing scheme for imports of timber into the European Community

INTA/7/11726

*****I 2013/0010(COD)**

Rapporteur: Mr WINKLER (PPE, RO)

Responsible: INTA –

Opinions: DEVE – Ms STRIFFLER (PPE, FR)

ENVI – Decision: no opinion

AGRI – Decision: no opinion

- Consideration and adoption of the outcome of the trilogue negotiations with the aim of reaching a first reading agreement

The compromise text resulting from the trilogue negotiations was unanimously adopted without amendment.

Item 15 on the agenda

Amendment of Regulation (EC) No 428/2009 setting up a Community regime for the control of exports, transfer, brokering and transit of dual-use items

INTA/7/15372

*****II 2011/0310(COD)**

Rapporteur: Mr FJELLNER (PPE, SE)

- Adoption of draft recommendation for second reading
- Deadline for tabling amendments: 19 March 2014, 12.00

The draft recommendation was adopted without amendment, with 22 votes in favour and 3 abstentions.

Item 16 on the agenda

Reduction or elimination of customs duties on goods originating in Ukraine

INTA/7/15470

***I 2014/0090(COD)

Responsible: INTA –

Opinions: AFET –

- Adoption of draft report

The draft report was adopted without amendment with 22 votes in favour, 2 votes against and 1 abstention.

The report will be voted on in the plenary session taking place on 2 and 3 April in Brussels

*** End of vote ***

Item 17 on the agenda

State of Play on Economic Partnership Agreements

INTA/7/01640

- Exchange of views with Commission representatives

The Commission representative began by giving an overview of the state of play at the negotiations with two regions with which progress is currently being made. In the coming week the Commission was going to have a meeting with the EAC partners, in a further attempt to wrap up the seven items that were still on the table, including three big ticket items: the MFN clause, export taxes and the non-execution clause. Ahead of the EU-Africa summit there would also be yet another attempt to conclude the EPA with the SADC, with export taxes being the most important item in this case. On other important elements, such as market access and in particular agriculture, these negotiations were getting to a good stage. Turning to implementation, the Commission said it was going ahead

with the CARIFORUM review, hoping to be able to present some results by the time that the EP would reconvene after the elections. As regards the Pacific, Papua New Guinea was a success story, with its agreement being vital for the country but possibly also for the region, should the other countries ratify and implement it. Finally, the Commission thanked the EP for its contribution to the adoption of an amended market access regulation, stressing that the 1 October 2014 deadline was not going put an end to the negotiations.

In the subsequent debate, Mr MOREIRA asked about the breakthrough with ECOWAS, wondering whether the EU had not agreed to lowering too much the level of liberalisation in this case. Mr SCHOLZ, the EP's rapporteur for the EAC, expressed his criticism of the EPAs, in particular with regard to his region, taking the view that there was a reality of subdividing the regions as all the partner countries didn't conclude the EPA together. He also wondered what would happen to Kenya and Namibia after 1 October. The Commission defended the deal with ECOWAS, saying that it was important to look at it overall and pointing out that it had a very good clause on export taxes. It did not agree that Kenya or Namibia would be sources of concern with regard to the 1 October deadline, taking the view that countries like Côte d'Ivoire had much more to loose in that sense than for example Kenya, where in practice only some 3% of its exports would be impacted. Finally, it strongly argued the case that EPAs had a positive impact on regional economic integration, bringing ECOWAS, in addition to CARIFORUM, as an example of a very positive effect in that sense. For it, the EU could introduce a dynamics, but it couldn't wish it to be stronger than what the region itself wanted it to be.

Item 20 on the agenda

Next meeting(s)

The next meeting of the Committee will be held on 1 April 2014 in Brussels.