



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Summary record of the meeting of the European Parliament Committee on
International Trade (INTA), Brussels, 20-21 February 2013

**1. EU-China Agreement (Articles XXIV and XXVIII of GATT 1994) relating to the
modification of concessions in the schedules of Bulgaria and Romania in the course of their
accession to the EU**

INTA/7/11162 2012/0304(NLE) COM(2012)0641
Consideration of draft recommendation (consent)

Referring to the previous debate on this issue (see 5834/13 item 18), the rapporteur, Mr SCHOLZ (GUE), announced that in his draft recommendation he proposed giving consent to this technical agreement. The final plenary vote would however need to wait for the formal transmission of the agreement by the Council. The representative from the Commission clarified that close contacts with the Chinese authorities were ongoing but that no date of signature had been agreed so far.

2. The EU's External Aviation Policy - Addressing Future Challenges

INTA/7/11252 2012/2299(INI) COM(2012)0556

Consideration of draft opinion

The rapporteur, Mr STURDY (ECR) , referred to the first exchange of views INTA had had on the Commission's Communication (5834/13 item 11) and welcomed the inclusion in the report of certain issues raised by the shadow rapporteurs which addressed the crucial importance of aviation in creating jobs and growth, the role of regional airports and the strengthening of the wording on ETS. He considered however that including a reference to aircraft noise would fall outside the remit of the INTA Committee.

The latter point was contested by Mr SCHOLZ (GUE) who said that this issue concerned a competitive aspect of aviation since citizens were to be involved in decisions on the location of airports. Mr JADOT (Greens) dwelled on the ETS which not only constituted a competitive element but could also be an important source of income for Member States. The EU should claim leadership in this respect. Mr MARTIN (S&D) highlighted the key role of regional airports in regional trade development.

In his reply, the representative of the Commission welcomed the support for the Commission's Communication and emphasised the EU's strong record on air transport. This included important hubs, large companies and a significant manufacturing industry which was a major employer. He warned however against national fragmentation and pointed out that the growing globalisation of the sector was creating new challenges to be addressed. He said that the EU decision to include aviation in ETS had been heavily contested around the world but that the EU was now being encouraged by the progress on a global market-based mechanism.

The deadline for amendments was 26 February 2013.

3. Trade between the Community and third countries in drug precursors

INTA/7/10782 2012/0250(COD) COM(2012)0521 – C7-0316/2012

Consideration of draft report

The rapporteur, Mr PROUST (EPP), informed the Committee that in his report he proposed extending the scope of the Commission's proposal to medicines, that he favoured the creation of a more flexible fourth category of products and that some changes were suggested as regards delegated and implementing acts.

Whereas Ms ANDRES BARREA (S&D) requested some clarifications as regards the closure of alleged loopholes, Ms KELLER (Greens) expressed doubts as to the proportionality and practical consequences of the proposal. Mr MURPHY (GUE) asked for the issue to be considered in a wider societal context, particularly since drug users swiftly reacted to market changes. The representative of the Commission emphasised the need to strike the right balance between trade facilitation and the prohibition of drugs. She said that medicines were not included in the scope of the proposal since another community instrument, requiring registration of production and trade, already existed for this category. She replied to Members' comments by explaining in detail the procedures to be followed, highlighting the compulsory nature of export notification and the low additional costs involved. The options chosen for delegated and implementing acts were those already contained in other customs instruments and were the most appropriate to ensure the flexibility and reactivity required in this volatile area.

Deadline for amendments was 28 February 2013.

4. EU-Central America Economic and Trade Relations

INTA/7/11823

Exchange of views with Ambassador Tomás Dueñas, on behalf of the Costa Rican Presidency of the Central American Integration System (SICA)

The Ambassador welcomed the EU- Central America Association Agreement, which had already been ratified by Nicaragua and Honduras, and announced that the registering procedure for EU geographical indications was well under way, so as to enable the provisional entry into force of the trade chapter by 1 June 2013. He reported on the plan to strengthen SICA and complete the regional integration process by the establishment of a customs union which should contribute to improving the living conditions of all citizens. The Ambassador also emphasised the aim of his country to become an OECD Member and the candidacy of one of his citizens for the vacancy of Director-General of the WTO.

The representative of the Commission confirmed that 1 June 2013 was a realistic date for the provisional entry into force of the trade chapter of the agreement but that much work still needed to be done. Linking the cooperation and political chapters of the agreement with the trade chapter would create a broad and coherent partnership.

Replying to a number of critical comments and questions from Members, including Mr ZALBA (EPP), Mr SCHOLZ, Ms DE SARNEZ (ALDE) and Mr LEICHTFRIED (S&D), the Ambassador reassured the Committee that the Association agreement with the EU, together with similar agreements with other countries such as the US, Mexico, Singapore and others, was in full compliance with WTO rules and social requirements centred on the rule of law. Capacity building through the strengthening of the institutional framework would further contribute to political dialogue and ensure broad support for sustainable development. He considered that the implementation of the safeguard clause, which had been thoroughly discussed, would not create new problems.

The Chair, Mr MOREIRA, concluded that it was mainly up to EU partners to assess whether or not an agreement was favourable to them and announced that he would make a proposal to the meeting of coordinators to engage in a procedure to involve the Committee in the decision-making process on the appointment of the new WTO Director-General.

5. Monitoring Group Activities

INTA/7/08162

Exchange of views

Members responsible for the different monitoring groups reported on recent meetings of those groups which included:

Chile: (Ms CORREIA, S&D) A meeting with Commission and Chilean representatives indicated the willingness to engage in a possible overhaul of the 2003 agreement after the failure of the 2006 sectoral negotiations.

Japan (Mr KAZAK, ALDE) Commission representatives confirmed progress in Japanese actions to lift NTB but more needed to be done in particular as regards car manufacturing, public procurement and foodstuffs. The change of government in Japan would not affect its position since the EU was still a priority and the first round of negotiations could start in April 2013.

Taiwan (Mr PROUST) The constituent meeting had taken place on 30 January with an exchange of views with representatives of the EEAS and Taiwanese authorities. Taiwan appeared very open to the EU and there was scope for reducing NTB in particular since many products were not competing. Mr SCHOLZ reminded those present, however, that the formal EU position was "one China" and this should be reflected in further deliberations.

Russia (Mr STURDY): A meeting had taken place with Commission representatives and the Russian Ambassador. Concern had been expressed as regards the Russia's adherence to WTO rules and the Commission was envisaging launching the appropriate WTO procedures. The Ambassador had replied that many Members of the Duma had opposed Russia's WTO Membership and that further reflection was needed. A new meeting in particular on energy services (with GAZPROM invited to participate) was being planned.

At the end of this agenda item the Chair concluded that the monitoring groups were functioning well, collecting information and expertise that otherwise would not have been possible, but the Chair called in particular for shadow rapporteurs to be more involved.

6. Improving Access to Public Procurement Markets - Opportunities and Risks of the New EU Instrument

Hearing

In two panel discussions, representatives from the academic world, the WTO, public authorities and the private sector, debated on the merits of the Commission proposal for a regulation on third countries' access to the internal market for public procurement.

A first theme was the risks and benefits of opening up public procurement markets. Panel members considered amongst other things that insufficient data were available to judge whether or not the EU public procurement market in general was more open than others, that little work had been done on assessing potential costs and benefits, that by adopting the new Community instrument the perception could be created that the EU was taking a more restrictive approach, that the new GPA (under WTO rules) could encourage more members to join and that the EU should maintain its leadership in this area.

A second theme dealt with the experience of the EU in participation in public procurement markets. For the representative of a local authority, procedures were getting more and more complex, required high level expertise and were considered time consuming. For the representative of the private sector it was of key importance that reciprocity be introduced not only to get access to emerging markets but equally to compensate for losses on the European market created by the growing involvement of third country competitors.

In the subsequent debate, questions from Members addressed issues such as the marginal impact of third country competition in EU public procurement markets, the possible overlap with the new Directives under negotiation, the detrimental impact on LDC, the need for public procurement to serve job creation and growth, the means to assess reciprocity and public procurement as an industrial-policy tool.

The Commission representatives replied to the concerns expressed by the experts and Members, emphasising that the possibility of excluding third country participants would be used with a maximum of prudence, that the EU should indeed encourage other countries to live up to EU standards, that new procedures should not lead to more red tape and costs, that the Commission proposal already had an impact on ongoing negotiations and that even if third country competitors were not very often awarded a contract at least they had an opportunity that EU companies did not have abroad.

7. Reindustrialising Europe to promote competitiveness and sustainability

INTA/7/11640 2013/2006(INI) COM(2012)0582

First exchange of views

The rapporteur, Ms DE SARNEZ, introduced the issue, for which INTA would prepare an opinion for ITRE, by highlighting the need for appropriate action to invest in Europe's reindustrialisation. Key sectors such as aviation, cars manufacturing and energy should be fostered and new sectors for sustainable development should be explored. She considered that research and innovation, financing of SMEs, the creation of European "giants", origin marking and better use of Trade Defence Instruments (TDI) could all contribute to these goals. She said that unfortunately the MFF did not offer adequate funding.

Mr PROUST questioned the definition of "European company" in this context and advocated the need for a coherent approach, better defence of intellectual property rights and the definition of European defensive and offensive interests. Mr LANGE criticised the fact that whereas past commitments such as a better coordination between Member States had not been fulfilled, no concrete actions were being proposed. Mr STURDY warned against a more extensive use of TDI and spoke in favour of a long term industrial strategy based on new technologies. Mr JADOT called for a reorientation of European industry, which could not become more competitive on the basis of a reduction of salaries but on increasing knowledge and innovation. Mr MURPHY considered that the slowing down of growth and job losses were created by a decline in private sector investment. Evidence for this was provided in a McKinsey report which illustrated that from 2007 to 2011 there was a tremendous fall in private investment which was in contrast to the large amounts of cash retained by companies. He therefore advocated public intervention. Ms BEARDER (ALDE) was in favour of flexible funding and structures and improved education to tackle future challenges. Mr DARTMOUTH considered that the increase in energy prices had caused a decrease in investments. The representative of the Commission explained that the Commission Communication was an update of the 2010 programme but that the longer-term objectives had not changed. For the six areas identified by the Commission, a task force with stakeholders had been set up to assess the creation of market conditions for development and incentives for investment in these sectors. This included the improvement of IPR protection and activities of SMEs abroad.

In her closing remarks, the rapporteur questioned the competence of the Commission to select six sectors for future development and summed up the suggestions of Members.

8. Stepping-stone Economic Partnership Agreement between the EC and Central Africa
INTA/7/00113 2008/0139(NLE) 14757/2012 – C7-0369/2012
First exchange of views , with the Cameroonian Ambassador

The rapporteur, Mr MARTIN (S&D) briefly recalled the background and history of this interim EPA with Central Africa, which only Cameroon had signed in 2009, while other neighbouring countries which had started negotiations were less interested, given their already favourable status as LDC.

The Ambassador said that Cameroon wanted the EPA but also had to take account of regional aspects and was counting on the EU to convince other partners. The full EPA had therefore not been ratified since further concessions were expected.

Members including Mr MURPHY and Ms KELLER asked about the regional integration principle of EPAs when only one out of eight countries had signed, questioned the impact on manufacturing and income and the diverging positions inside Cameroon itself. Mr CAMPBELL (ECR) asked why so few EPAs had in the end been signed and whether these instruments were not rather indicative of neo colonialism.

The representative from the Commission replied that the Commission had always applied the interim EPA in a flexible way since 2009 and that the regional aspects were a choice for the countries concerned. The door was still open for new entries but the negotiating mandate had been withdrawn from the Central African side two years ago. Replying to a question from the Chair, he said that formal transmission by the Council had taken so long for translation reasons.

In his reply, the Ambassador said that flexibility could be interpreted in different ways and that the development aspects had not been well considered in the context of regional integration.

9. Exchange of views with Karel De Gucht, Commissioner for Trade, on the final report by the EU-US High-Level Working Group for Jobs and Growth and the way ahead.

Commissioner DE GUCHT informed the Committee on the successful outcome of the work of the EU-US working group, which in its final report recommended starting up historical negotiations on a comprehensive and ambitious Transatlantic Trade and Investment Partnership. This would address a broad range of bilateral trade and investment issues, including making regulations compatible to cut costs. Concluding this agreement could increase EU GDP by 0.5% (up to 1% in the longer term) which represented 2/3 of the EU budget and which he considered to be a cheap stimulus package for EU business. He explained that the Commission was preparing a recommendation for a negotiating mandate that would be submitted to the Council in early March with a view to starting negotiations after the EU-US summit in mid-June. Negotiations would not be easy, but problematic areas such as non-tariff barriers were well known and should be tackled immediately. He expected that negotiations could be finalised within two years. INTA would be the natural interlocutor but other EP Committees would also have an interest, particularly as regards regulatory issues.

During two question and answer rounds, the Commissioner replied to Members that:

- on the US side there was currently no "fast track" procedure for approval of the negotiations but the US Congress had 90 days to formulate observations,
- work on regulatory convergence was already ongoing,
- there was a clear willingness from both sides to negotiate and there was no "plan B",
- agriculture and SPS rules would form an integral part of the negotiations,
- no new EU legislation could be introduced by way of bilateral negotiations, so EU human rights, IPR and data protection principles would remain unaffected,
- EU standards would not be watered down but common procedures should be developed for future review,
- geographical indications would be difficult for the US but would be on the table,
- "Buy America " has no place in partnership negotiations,
- differences between State and federal level in all areas would need to be addressed as had already been the case for negotiations with Canada and India for example,
- cultural differences might indeed be the underlying reasons for some NTB but the cultural coherence of the US should not be overestimated nor should the cultural divergence in the EU be underestimated,
- values of the US were closer to those of the EU than were those of some other trading partners with whom agreements had been successfully concluded,
- negotiations would indeed affect EU agreements with e.g. Mexico and Canada but were not linked,
- the Commission recommendation for a negotiating mandate would also be submitted to the European Parliament which could adopt a resolution,
- the CETA with Canada had not been finalised since the text was not fully satisfactory and some further steps needed to be taken,
- the final report of the High Level group had been somewhat delayed simply because of the transition between US Ministers, and the language used for SPS standards complied with WTO rules.

At the end of the debate, the Chair informed the Committee that he had contacted other Committee Chairs to discuss the practicalities of cooperation on this comprehensive and important matter.

10. Establishing a framework for managing financial responsibility linked to investor-state dispute settlement tribunals established by international agreements to which the EU is party

INTA/7/09876 2012/0163(COD)COM(2012)0335 – C7-0155/2012

Consideration of draft report

Referring to the previous debate in the Committee (see 5834/13, item 15), the rapporteur, Mr ZALEWSKI (EPP) presented his amendments, which essentially fell into three categories: those clarifying certain issues; those aiming to achieve a better balance the division of responsibilities between Member States and the Commission; and those establishing the European Parliament's right to be kept informed.

Mr MARTIN said that his group had some reservations on the principles of the proposal itself. Its implementation could affect EU instruments in the field of public interest, such as the Tobacco Products Directive, against which third-country companies could take action. That would also mean that third-country companies were granted more rights than EU companies who could not bypass the ECJ by arbitration. On the current text he considered two items to be of key importance, namely increasing transparency and enhancing the role of the European Parliament by receiving information on an equal footing with Member States and the Council. Mr SCHOLZ expressed similar concerns and considered that courts should be in charge, instead of having an additional legal system which lacked transparency and the right to appeal. His group would table an amendment to reject the Commission's proposal. Ms KELLER said that she had major problems with the assumption that the EU would be financially responsible and would require validation by the ECJ, that the possibility of state to state dispute settlement was already provided and that there were some contradictions with the investment grandfathering instrument. Mr KAZAK called for a clear, legally certain instrument that should ensure a better balance between the Commission and Member States and assign responsibilities clearly. Mr DARTMOUTH questioned the exclusive competence of the EU in this area and asked why an impact assessment had not been provided. He considered that the proposal undermined the integrity of the nation states.

The representative of the Commission exhaustively replied to all comments saying, *inter alia*, that no impact assessment was needed since the proposal was about internal EU rules, that the instruments were important to defend EU investors' rights in third markets, that the relationship with the ECJ was similar to that of other international instruments (e.g. WTO rulings), that the proposal had been subject to long and careful preparation, and that it was therefore welcome that the report did not suggest changing the architecture. She also commented on a number of detailed amendments.

Deadline for amendments was 26 February.

11. Reinstatement of Myanmar/Burma's access to generalized tariff preferences

INTA/7/10682 2012/0251(COD)COM(2012)0524 – C7-0297/2012

Consideration of draft report

and

INTA/7/11545 2012/2929(RSP)

Consideration of draft motion for a resolution

After the meeting with a representative of the ILO and the debate that followed (see 17969/12, item5), the rapporteur presented his draft report which endorsed the Commission proposal. In spite of this positive approach he said that there was a need for the European Parliament to emphasise the need for sustainable changes and improvements, in particular in the area of Corporate Social Responsibility (CSR) applicable to European companies. He therefore proposed voting on a resolution.

Whereas Ms KELLER fully agreed, Mr FJELLNER wanted the resolution to focus more on the role and actions expected from Myanmar itself and said he would propose some amendments going in this direction. Mr MURPHY considered that not enough progress had been made to reinstate access to the GSP.

The representative of the Commission explained that the proposals on CSR and transparency were already being followed up by several ongoing initiatives, some of which Myanmar was involved in (e.g. on extractive industries).

Deadline for amendments was 26 February 2013.

12. Amendment of Council Decision 2000/125/EC ('parallel agreement')

INTA/7/09486 2012/0098(NLE) COM(2012)0201

Amendment of Decision 97/836/EC ('revised 1958 Agreement')

INTA/7/09490 2012/0099(NLE) COM(2012)0202

Consideration of draft recommendations (consent)

Postponed until next meeting

13. First annual report from the Commission to the European Parliament on the activities of Member States' Export Credit Agencies

INTA/7/11265 2012/2320(INI)

First exchange of views

The rapporteur, Mr JADOT, announced the receipt of a provisional Commission document which gave evidence that some Member States were indeed making efforts to comply with the reporting requirements of the relevant Regulation, although overall it seemed difficult to report on non-financial aspects of credit export conditions. To clarify the process, a mini hearing would be organised at the next INTA meeting.

Mr MURPHY claimed that the document was wholly unacceptable since it merely represented a box-ticking exercise, and suggested that the Commission would do better to develop a methodology of its own instead of using the OECD common standard approach. The representative of the Commission explained that since it was the first exercise of the kind, the practical implementation and understanding, including with Member States, should be improved by further discussion.

14. Votes

The following acts were adopted with amendments:

Trade and investment-driven growth for developing countries

INTA/7/08738 2012/2225(INI) COM(2012)0022[02]

Adoption of draft report

Current Challenges and Opportunities for Renewable Energy in the European Internal Energy Market

INTA/7/10970 2012/2259(INI) COM(2012)0271

Adoption of draft opinion for ITRE

15. Date, time and place of next meeting:

- 20 March 2013, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
 - 21 March 2013, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
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