



**COUNCIL OF
THE EUROPEAN UNION**



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PRESS RELEASE

3154th Council meeting

Foreign Affairs

TRADE

Brussels, 16 March 2012

President

Ms Pia Olsen Dyhr
Minister for Trade and Investment of Denmark

P R E S S

Main results of the Council

*The Council endorsed the approach outlined by the presidency for a comprehensive review of the EU's **generalised scheme of tariff preferences** (GSP) for developing countries.*

The GSP, in force since 1971, will be adapted to the changed global landscape and made more efficient so as to better respond to the needs of beneficiary countries. Preferences will be concentrated on the countries in greatest need.

The Council agreed on a compromise focusing on five key areas in the Commission's proposal. On this basis, the presidency will prepare a mandate for negotiations with the European Parliament on the draft regulation establishing the new GSP (to be endorsed by the Permanent Representatives Committee).

*The Council reached a political agreement on the signing and provisional application of a free trade agreement with **Colombia** and **Peru**, subject to formalisation of the decision at a subsequent Council meeting.*

The agreement sets out to eliminate high tariffs, tackle technical barriers to trade, liberalise services markets, protect EU geographical indications and open up public procurement markets. It includes commitments on the enforcement of labour and environmental standards, as well as effective and rapid dispute settlement procedures.

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- Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
- Documents for which references are given in the text are available on the Council's Internet site (<http://www.consilium.europa.eu>).
- Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's Internet site or may be obtained from the Press Office.

PARTICIPANTS

Belgium:

Mr Didier REYNDERS

Deputy Prime Minister and Minister for Foreign, External Trade and European Affairs

Bulgaria:

Mr Ivo MARINOV

Deputy Minister for the Economy, Energy and Tourism

Czech Republic:

Mr Martin TLAPA

Deputy Minister for Industry and Trade

Denmark:

Ms Pia Olsen DYHR

Minister for Trade and Investments

Germany:

Ms Anne Ruth HERKES

State Secretary, Federal Ministry of Economics and Technology

Estonia:

Mr Matti MAASIKAS

Permanent Representative

Ireland:

Mr Rory MONTGOMERY

Permanent Representative

Greece:

Mr Ioannis DRIMOUSSIS

Secretary General, Ministry for Development, Competitiveness and Maritime Affairs

Mr Konstantinos PAPAPOPOULOS

Secretary General for International Economic Affairs and Development Cooperation

Spain:

Mr Jaime GARCÍA-LEGAZ PONCE

State Secretary for Trade

France:

Mr Pierre LELLOUCHE

Minister of State with responsibility for Foreign Trade, attached to the Minister for Economic Affairs, Finance and Industry

Italy:

Mr Ferdinando NELLI FEROCI

Permanent Representative

Cyprus:

Ms Praxoula ANTONIADOU-KYRIACOU

Minister for Commerce, Industry and Tourism

Latvia:

Mr Daniels PAVĻUTS

Minister for the Economy

Lithuania:

Mr Egidijus MEILŪNAS

Deputy Minister for Foreign Affairs

Luxembourg:

Mr Christian BRAUN

Permanent Representative

Hungary:

Mr Péter GYÖRKÖS

Permanent Representative

Malta:

Mr Tonio FENECH

Minister of Finance, the Economy and Investment

Netherlands:

Mr Henk BLEKER

Minister for Agriculture and Foreign Trade

Austria:

Mr Walter GRAHAMMER

Permanent Representative

Poland:

Mr Andrzej DYCHA

Undersecretary of State, Ministry of Economy of the Republic of Poland

Portugal:

Mr Miguel MORAIS LEITÃO

State Secretary attached to the Minister for Foreign Affairs, with responsibility for European Affairs

Romania:

Mr Mihnea MOTOC

Permanent Representative

Slovenia:

Mr Rado GENORIO

Permanent Representative

Slovakia:

Mr Peter JAVORČÍK

Deputy Permanent Representative

Finland:

Mr Jan STORE

Permanent Representative

Sweden:

Ms Ewa BJÖRLING

Minister for Trade

United Kingdom:

Mr Norman LAMB

Minister for Employment Relations, Consumer and Postal
Affairs**Commission:**

Mr Karel DE GUCHT

Member

.....

The Government of the Acceding State was represented as follows:

Croatia:

Mr Denis ČAJO

Head of the State Office for Trade Policy

ITEMS DEBATED

BILATERAL INVESTMENT TREATIES

The Council took stock of negotiations with the European Parliament on a draft regulation establishing transitional arrangements for bilateral investment agreements between member states and third countries.

It welcomed progress made so far, in particular the confirmation that the Commission services were in the process of establishing a new informal compromise that could bridge remaining differences between Parliament and Council.

The draft regulation is aimed at ensuring a smooth transition from the current system of bilateral investment treaties (BITs) between member states and third countries to a system whereby EU BITs are negotiated by the Commission under EU competence for foreign direct investment, as introduced by article 207 of the Treaty of Lisbon as part of the EU's common commercial policy.

A negotiating mandate was approved in June 2011 by the Permanent Representatives Committee ([10908/11](#)). Since then, five informal trilogue meetings have been held with the Parliament, the latest on 28 February. The parties are aiming for an early second reading agreement.

The so-called "grandfathering" regulation, tabled by the Commission in July 2010, seeks to clarify the status of more than 1 000 BITs concluded between EU member states and third countries. It would set the conditions for continued application of investment agreements currently in force, as well as the conditions for member states to modify existing agreements and negotiate and conclude new ones.

The Council has two objectives with this proposal: to ensure legal certainty to the fullest possible extent, together with maximum protection for EU investors, and to maintain the EU as a preferred destination for foreign direct investment.

Beyond the scope of the draft regulation, an EU investment policy, based on the EU's new exclusive competence in the field of foreign direct investment, will gradually be developed in line with the Treaty of Lisbon.

The European Parliament adopted its position at first reading on the proposed regulation on 10 May 2011.

GENERALISED SYSTEM OF PREFERENCES

The Council endorsed the approach outlined by the presidency for a comprehensive review of the EU's generalised scheme of tariff preferences (GSP) for developing countries.

It agreed on a compromise focusing on five key areas in the Commission's proposal. On this basis, the presidency will prepare a mandate, to be approved by the Permanent Representatives Committee, for negotiations with the European Parliament on the draft regulation establishing the new GSP.

The EU's GSP has been in force since 1971. Trade preferences granted to developing countries contribute to their integration into the global trade system and to their sustainable development, whilst providing support (under GSP+) as an incentive to improving governance, the quality of life and the protection of human rights.

The review of the GSP is aimed at adapting the system to the changed global landscape and making it more efficient so that it responds better to the specific needs of the beneficiary countries. Preferences would be concentrated on the countries in greatest need (least developed, low income and lower middle-income countries), taking account of changing economic and trade patterns and acknowledging that the economic crisis and preference erosion have hit the poorest countries hard. The selection of beneficiaries would be largely income-based, with countries already enjoying preferences under free trade agreements or autonomous arrangements being excluded from the scheme.

The five main areas covered by the proposal are:

- country coverage;
- preference margins and product coverage;
- product graduation;
- "GSP+" (special incentive for sustainable development and good governance); and
- special safeguards.

The EU's current system of generalised preferences is based on regulation 732/2008, supplemented by decision 2008/938/EC setting out the list of beneficiaries of "GSP+".

The EU GSP consists of a general arrangement and two special incentives:

- The general arrangement provides for tariff reductions or suspensions for goods imported from developing countries which are not classified by the World Bank as high-income countries and which are not sufficiently diversified in their exports;
- The first special incentive, "GSP+", provides for further tariff reductions for developing countries that sign, ratify and effectively implement a set of core UN and International Labour Organisation conventions on human and labour rights, environmental protection and good governance;
- The second special incentive, the "Everything But Arms" (EBA) arrangement, provides for full duty-free and quota-free imports of all goods from the least developed countries with the exception of arms. Under the Commission proposal, the EBA arrangement would not be changed.

EU-COLOMBIA/PERU FREE TRADE AGREEMENT

The Council reached a political agreement on a draft decision approving the signing and provisional application of a multipartite free trade agreement with Colombia and Peru. This decision will be adopted at a forthcoming meeting, once the text of the agreement has been finalised, and the consent of the European Parliament will be requested for conclusion of the agreement.

The agreement, initialled in March 2011, sets out to eliminate high tariffs, tackle technical barriers to trade, liberalise services markets, protect EU geographical indications and open up public procurement markets. It includes commitments on the enforcement of labour and environmental standards, as well as effective and rapid dispute settlement procedures. It would ensure a level playing field with competitors in the region such as the United States.

Based on the principle of regional integration, it remains open for signature by Ecuador and Bolivia, the other two members of the Andean Community. Negotiations on a region-to-region association agreement, including political dialogue, cooperation and trade, were suspended in June 2008. In January 2009, the Council authorised the Commission to negotiate a multiparty trade agreement with the Andean countries.

EU-SINGAPORE FREE TRADE AGREEMENT

The Council was informed by the Commission on the most recent developments in negotiations with Singapore on a free trade agreement.

It discussed certain key outstanding issues, notably related to financial services, geographical indications, rules of origin (regional cumulation), tariffs and non-tariff barriers, with a view to finalising negotiations during the first half of this year.

The negotiations are at an advanced stage. The last round took place on 17-20 January. The agreement is aimed at creating new opportunities in Singapore's market, paving the way for FTAs with other ASEAN countries.

A meeting between commissioner Karel De Gucht and Singapore's trade minister Lim Hng Kiang is scheduled to take place in the margins of the EU-ASEAN economic ministers meeting in Cambodia at the end of the month.

EU-ASEAN trade on goods and services is expected to have surpassed EUR 200 billion in 2011, and ASEAN remains the EU's third largest trading partner outside Europe. Singapore accounts for a third of EU trade with ASEAN, and it is the EU's main investment partner within the bloc.

Following the suspension of talks on a region-to-region FTA with the ASEAN countries, the Council in December 2009 decided to pursue negotiations bilaterally, in particular with Singapore, whilst preserving the strategic objective of a region-to-region FTA with ASEAN.

TRADE, GROWTH AND DEVELOPMENT

The Council adopted conclusions on the EU's approach to trade, growth and development for the next decade.

It emphasised that openness to international trade is key to sustaining inclusive growth and poverty reduction in developing countries, just as keeping its markets open is key to Europe's economic growth and welfare. The growing economic diversity of developing countries calls for greater differentiation in the design and implementation of EU trade, investment and development policies in order to sharpen the focus on least developed countries and other developing countries most in need.

The Council underscored the importance of the multilateral approach in fighting protectionism and resolving outstanding issues on the international trade agenda. It called on the Commission to report on the follow-up in 2015.

The conclusions can be found in [7412/12](#).

OTHER BUSINESS

– *Trade relations with the United States*

The Council briefly took stock of trade relations with the United States.

– *ACTA*

The Council took stock of the situation regarding the signature and ratification of the anti-counterfeiting trade agreement (ACTA)¹ between the EU and Australia, Canada, Japan, the Republic of Korea, Mexico, Morocco, New Zealand, Singapore, Switzerland and the United States.

ACTA establishes an international framework for improving the enforcement of intellectual property right laws and creating improved international standards for action against large-scale infringements of intellectual property. Negotiations were concluded in November 2010 and the agreement was signed by the EU and 22 member states in Tokyo on 26 January 2012.

On 22 February, the Commission decided to refer ACTA to the Court of Justice to verify its compatibility with the EU treaties and in particular with the Charter of Fundamental Rights.

– *Export of live animals to Russia*

At the request of the Latvian delegation², the Council discussed a ban announced by Russia, as of 20 March, on imports of cattle, small ruminants and swine from the EU.

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Over lunch, ministers discussed possible approaches to the liberalisation of trade in **environmental goods and services**. They held an exchange of views on an on-going "scoping exercise" exploring the prospects for launching free-trade negotiations with **Japan**, and discussed trade relations with **India**.

¹ [12196/11](#)

² [7578/12](#)

OTHER ITEMS APPROVED**ECONOMIC AND FINANCIAL AFFAIRS****Syria - EIB financing**

The Council confirmed its intention not to object to a delegated act by the Commission removing Syria from the list of countries eligible for European Investment Bank (EIB) financing under EU guarantee.

The Commission submitted the delegated act on 8 February. This follows the adoption of Council conclusions in May 2011 inviting the EIB not to approve new financing operations in Syria for the time being.

Credit rating agencies

The Council confirmed its intention not to object to a delegated act by the Commission, which specifies the fees that the European Securities and Markets Authority will charge credit rating agencies for supervision, registration and certification.

The Commission submitted the delegated act on 7 February. According to a regulation on credit rating agencies, the Council has three months to object to a delegated act, following its notification, unless it and the Parliament speed up the process by informing the Commission of their intention not to raise objections.
