



**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's Committee on International Trade (INTA), Brussels, 17 -18 September 2012

- 1. Further macro-financial assistance for Georgia**
INTA/7/09075 2010/0390(COD)COM(2010)0804 – C7-0019/2011
Consideration of Council position

The Chair, Mr MOREIRA (S&D), announced that no solution had been found to the issue of implementation and comitology during the trilogues with the Council. As the deadline for second reading was the December plenary, he therefore proposed to continue trilogues with the aim of finding an interim solution which would not, however, jeopardise the forthcoming review of the macro-financial assistance Regulation.

- 2. Presentation of the Commission Staff Working Document on “External sources of growth - Progress report on EU trade and investment relationships with key economic partners”**

The Commission representative gave a detailed presentation of the working document, which aimed to assess the economic value of the trade agenda already negotiated or under negotiation by compiling the results of a number of relevant studies. The main findings were

as follows: the growth of EU trade was directly linked to the trade growth of our main partners; the supply side of trade was important; 30 million jobs in the EU depended on trade with partners outside the EU; the potential economic gains of ongoing negotiations could boost growth by 2 %, thus creating 2 million jobs; and the bilateral agenda should support the multinational trading system.

Mr MARTIN (S&D), Ms DE SARNEZ (ALDE), Ms KELLER (Greens) and Mr WEBER (S&D) raised issues such as regulatory, economic and political fragmentation, the divergences in the trade performance of the different Member States and job losses caused by Free Trade Agreements (FTAs).

The Commission representative replied that the working document was based on scientific estimates, that specific bilateral regulations should be stepping stones for multilateral initiatives and that the exact calculation of the distribution of gains was a complex matter.

3. Trade and investment-driven growth for developing countries

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

First exchange of views

The rapporteur, Ms SAÏFI (S&D), informed the committee that this own-initiative report was a reaction to an earlier Commission communication jointly prepared by DGs TRADE and DEVCO to detect synergies between trade and development aid, aiming at reducing poverty in the least developed countries (LDCs). She said that, although the economic crisis was resulting in a substantial reduction of direct development aid, public/private partnerships and direct investment could reduce dependence. Aid for trade, GSP and GSP+ were also contributing to this objective.

Ms KELLER regretted the absence of references to the green economy and to low- and middle-income countries, and would have liked to see a clear definition of "growth". She argued that some developing countries which were less closely linked to the US or the EU were better off now in times of crisis, and she criticised the fact that, although the Commission was in favour of multilateral agreements, in actual practice more and more bilateral agreements were being concluded. Mr SCHOLZ called for the longer-term aims to be examined and advocated stronger policy coherence. Mr DARTMOUTH (EFD) regretted

that there was creeping politicisation of good schemes such as GSP+, going beyond development aims.

The Commission representative explained that the Commission communication was aimed inter alia at increasing policy coherence, that there were good results for some LDCs but that in general those countries as a whole were further marginalised despite the EU's major contribution, which amounted to more than that of all its major trading partners put together. Aid for trade, for example, had doubled over the last ten years. She concluded that trade had proved to be a condition for long-term sustainable development, coupled where necessary with domestic policy changes and the necessary diversification.

4. 1 year of implementation of the EU-South Korea Free Trade Agreement
INTA/7/10588

Exchange of views with Kim Chang-Beom, Ambassador of the Republic of Korea to the European Union

The Ambassador welcomed the anniversary of the strategic partnership based on a political agreement and a Free Trade Agreement (FTA).

He said that, although it was too early to make a final assessment, the new opportunities for trade, investment and consumer choices resulting from the FTA were obvious. He demonstrated with concrete figures that, whereas EU exports to South Korea had increased by 13.1 % compared to the previous year, reverse exports had decreased by 12.12 %. This could be explained by the shrinking demand at a time of economic crisis in Europe. He considered the FTA to be a "flagship", a model for economic growth and job creation and a strong signal against protectionism. The Ambassador said that the agreement could be upgraded in the future in the areas of industry, science and technology, the green economy, human rights and the environment.

Mr STURDY (ECR), Mr SUSTA (S&D), Mr WEBER and Ms KOCH - MEHRIN (ALDE) raised the problems of the car industry, for which a Member State had asked the Commission to trigger the surveillance mechanism. In this sector, imports counted for only a fraction of the global sales since most Korean cars were produced in Europe and non-tariff barriers (NTBs) apparently still existed. Mr MARTIN asked whether the FTA condition that

four important ILO Conventions should be ratified had already been met, and Ms KELLER and Mr DARTMOUTH raised questions about the protection of intellectual property rights.

The Commission representative informed Members that, although an interim report had already been presented in June, work on the final first implementation report was ongoing. A large number of Working Parties and committees were monitoring the agreement, but it was already clear that it had yielded hundreds of millions of euros' worth of additional benefits. He confirmed that cars produced in Europe were not covered by the safeguard clause, that a surveillance request for the car sector was indeed under examination but that the car industry had to realise that it was not a homogeneous sector.

The Ambassador confirmed the latter statement and recommended a broader perspective. He said that South Korea was working on an upgrade of its working standards and that a workshop with the TUC would be organised later this year. There was an ongoing dialogue between his country and the EU to discuss developments on intellectual property rights (IPR), and consultations on intermediary liability and NTBs were continuing.

In conclusion, the Chair pointed out that a more comprehensive workshop on the anniversary of the partnership would be held with the South Korean Trade Minister and Commissioner DE GUCHT on 16 October.

5. State of Play on International Trade Negotiations

INTA/7/01417

Exchange of views with Jean-Luc Demarty, Director General, DG Trade, Commission

This item was discussed *in camera*.

6. Trade and Economic Relations with the United States

INTA/7/09767 2012/2149(INI)

Consideration of draft report

The Chair, who was also the rapporteur, explained that his report was based on the work undertaken by the INTA monitoring group after consultation of mainly EU stakeholders. The aim was to adopt a resolution setting out the European Parliament's concerns before the start of actual negotiations.

Ms QUISTHOUDT - ROWOHL (EPP) proposed looking more closely at the way the US opened its borders to its neighbours and suggested that the report should not be issued until the US presidential elections had taken place. Ms SCHAAKE (ALDE) suggested that progress should be made before the end of the Commission's mandate and that the focus should be on standardisation, jurisdiction (e.g. in the field of data retention), modern trade rules to prevent the emergence of new NTBs, IPR (in the light of ACTA) and the participation of SMEs in public procurement. Mr DARTMOUTH also wanted to concentrate on this latter issue, taking into account reciprocity. He opposed a statement in the report that the US and the EU had similar legal systems, which in his view was untrue. He also claimed that the Stockholm programme was trying to remove all common law from EU territory. Mr KAMAL (ECR) also spoke about standardisation and IPR as key areas, and recommended that close attention be paid to the nature of the agreement to be negotiated (FTA or mixed).

The Commission representative agreed on the importance of the issues raised and confirmed that there was also increased interest from the US side in a comprehensive and ambitious agreement. Although not all regulatory differences could be overcome, he emphasised the need for input from stakeholders to arrive at an integrated transatlantic market, and refuted suggestions that an EU-US agreement would have a negative impact on the DOHA round. He pledged to inform Parliament on a regular basis of the progress of negotiations.

The Chair concluded that the EU would have to make concessions in certain sectors but that all trade barriers should be addressed and that the agreement should go beyond market access. He pointed out that the EP should make its voice heard before any decisions were taken.

7. **Union Customs Code (Recast)**

INTA/7/09109 2012/0027(COD)COM(2012)0064 – C7-0045/2012

Consideration of draft opinion

The Chair and the rapporteur for opinion, Ms MUSCARDINI (EPP), raised the problem of competence between IMCO and INTA on customs issues and urged that a final decision be taken before the end of the parliamentary term.

The rapporteur said that INTA was dissatisfied with the draft recast since no precise, uniform implementation rules had been specified and varying levels of border controls would continue, which endangered the protection of importers and customers.

Mr SUSTA, Ms KOCH-MEHRIN, Mr STURDY and Mr SCHOLZ raised issues such as the protection of EU competitiveness, the reform of IPR, increased traceability and the need to maintain the European Parliament's powers over implementation.

The Commission representative described some of the amendments in the report as "revolutionary" and explained that customs rules covered various different policy fields. He told the committee that the proposal was a recast, the limited scope of which had been agreed between the legal services of the different institutions. Progress on some customs issues was slow since not all Member States agreed on everything. Implementing acts and delegated acts were needed to ensure flexibility to react promptly to developments without affecting the basic act.

The rapporteur concluded by saying that it was Parliament's role to improve legislation and that the Commission needed to be aware of the new powers under the Lisbon Treaty since Council and Commission had already made mistakes in the past.

8. State of play of ongoing trilogue negotiations

INTA/7/04325

Exchange of views

The Chair recalled the series of successfully concluded negotiations but expressed great irritation and dissatisfaction at the delay in the transmission of the Council position on the Trade Omnibuses and on the proposals for macro-financial assistance to Georgia and Moldova. He said it was unacceptable that Parliament's new powers under the Lisbon Treaty were not yet recognised, and announced that Parliament would take a firm stance and, if need be, retaliatory measures (i.e. non-cooperation) in the negotiations on the safeguard clauses of the agreements with Central America, Peru and Columbia which would be starting the next day.

The Council position in first reading on the review of the Market Access Regulation was also awaited.

9. Monitoring Group Activities

INTA/7/08162

Exchange of views

The Chair briefly referred to his report under item 6 and to the meeting that had taken place recently with EU business organisations to discuss the agreement with Japan.

10. EU-Canada Agreement on customs cooperation with respect to matters related to supply chain security

INTA/7/09236 2012/0073(NLE) COM(2012)0144

First exchange of views

The rapporteur and the Commission representative briefly presented the uncontroversial agreement aimed at expanding customs cooperation between the EU and Canada in areas such as mutual recognition of security controls and trade programmes, exchange of information, risk standards etc. The agreement would be complementary to the CETA agreement. The draft report would be examined at the October meeting of the INTA committee.

11. Amendment of the Annexes to Protocols 1 and 2 of the Euro-Mediterranean Agreement establishing an association between the European Communities and their Member States, of the one part, and the State of Israel, of the other part

INTA/7/08403 2011/0457(NLE) 07433/2012 – C7-0157/2012

Consideration of draft recommendation (consent)

The Chair, who was also the rapporteur, and the Commission representative explained that this was a technical agreement to correct material errors in the basic agreement, and had nothing to do with the CAA agreement that had been voted on earlier (see item 15). It was therefore proposed that Parliament should give its consent. The only Member who spoke, Mr MURPHY (GUE), proposed that Parliament should withhold consent in order to express the EU's dissatisfaction with the worsening situation of Palestinians in Israel.

12. Joint debate

Corporate Social Responsibility: promoting society's interests and a route to sustainable and inclusive recovery

INTA/7/09588 2012/2097(INI) COM(2011)0681[01]

Corporate Social Responsibility: accountable, transparent and responsible business behaviour and sustainable growth

INTA/7/09598 2012/2098(INI) COM(2011)0681[02]

Exchange of views

In the absence of the rapporteur, Mr DESIR (S&D), who was preparing to take up his duties as first secretary of the French Socialist Party but who would remain an MEP and a member of INTA, Mr LANGE took the floor to comment on the opinion which was being prepared for EMPL and JURI respectively, as a reaction to the Commission communication on this issue.

He felt that the Commission position had altered slightly, now moving from voluntary CSR schemes towards more binding ones, based on incentives, as already suggested in an INTA report drawn up in 2010. Some companies already followed the benchmark ISO standard but did not always apply it in international trade. He suggested that the whole production chain should be considered and that EU companies, like Swiss multinationals in Colombia, should make contractual arrangements for binding standards.

Ms KELLER, Mr MURPHY, Mr ZALEWSKI (EPP) and Mr WEBER all advocated binding CSR rules, saying that voluntary schemes were not working and that only a very small fraction of companies took them up.

The Commission representative said that he was not as pessimistic as Members about the results of voluntary codes. CSR standards could be met by complying with the law and by including certain human rights, environmental and social standards in companies' policies. A Commission proposal requiring the disclosure of non-financial information was being developed but would not impose CSR obligations. Similarly, some human rights standards based on UN guidelines were being developed to be applied in three industrial sectors.

The acting rapporteur expressed his disappointment with the Commission's explanation, which once again favoured ineffective soft law. He called for strong and clear rules to be introduced in all FTAs.

The draft opinion would be debated on 6 November.

13. Joint debate

Implementation of the Agreements concluded by the EU following negotiations in the framework of Article XXVIII of GATT 1994, amending and supplementing Annex I to Regulation (EEC) No 2658/87 on the tariff and statistical nomenclature and on the Common Customs Tariff

INTA/7/09165 2012/0054(COD)COM(2012)0115 – C7-0079/2012

Modification of concessions with respect to processed poultry meat between the EU, Brazil, and Thailand (Article XXVIII of the General Agreement on Tariffs and Trade 1994)

INTA/7/09179 2012/0046(NLE) 07883/2012 – C7-0171/2012

Consideration of draft reports

The Chair, who was also the rapporteur, explained that this technical agreement and its implementing act were intended to close some gaps and prevent possible tariff circumventions in the poultry sector which were negatively affecting the EU sector. He recommended that Parliament should give its consent quickly.

14. Award of concession contracts

INTA/7/08528 2011/0437(COD)COM(2011)0897 – C7-0004/2012

Further consideration of draft opinion

The rapporteur for opinion, Mr. SUSTA, welcomed the work undertaken by the IMCO committee on this complex issue, which would benefit from the reorganisation, simplification, control and transparency being introduced under the current proposal. He said that the reciprocity principle with third countries should be differentiated according to the nature of the partner (depending on whether they were LDCs, emerging economies, etc.) and that the threshold of EUR 5 million for in-house service concessions should be lowered to EUR 2.5 million.

The Commission representative explained that the proposal was in full compliance with existing case-law and would result in equal treatment, transparency and legal certainty for public authorities. She reassured the rapporteur that environmental and social considerations could be included in the criteria and that the Directive would only apply to future contracts.

15. Votes

The following acts were adopted with amendments:

Establishing a financing instrument for development cooperation

INTA/7/08335 2011/0406(COD)COM(2011)0840 – C7-0493/2011

Adoption of a draft opinion

Procedures for applying the EC-Serbia Stabilisation and Association Agreement and the EC-Serbia Interim Agreement

INTA/7/08613 2011/0465(COD)COM(2011)0938 – C7-0010/2012

Adoption of a draft report

Measures to protect the EU market from abnormally low priced imports of Chinese origin, especially photovoltaic panels

INTA/7/10055 2012/2766(RSP)

Adoption of question for oral answer

Public procurement

INTA/7/08514 2011/0438(COD)COM(2011)0896 – C7-0006/2012

Adoption of a draft opinion

Procurement by entities operating in the water, energy, transport and postal services sectors

INTA/7/08502 2011/0439(COD)COM(2011)0895 – C7-0007/2012

Adoption of a draft opinion

A Digital Freedom Strategy in EU Foreign Policy

INTA/7/09575 2012/2094(INI)

Adoption of a draft opinion

Recommendations to the Council, the Commission and the EEAS on the negotiations for an EU-Kazakhstan enhanced partnership and cooperation agreement

INTA/7/10057 2012/2153(INI)

Adoption of a draft opinion

Interim report in the interests of achieving a positive outcome of the Multiannual Financial Framework 2014-2020 approval procedure (2011/0177(APP))

INTA/7/09825 2011/0177(APP) COM(2011)0398

Adoption of a draft opinion

Additional Protocol to the Euro-Mediterranean Agreement establishing an Association between the EC and Israel on an Agreement between the EC and Israel on Conformity Assessment and Acceptance of Industrial Products (CAA)

INTA/7/02427 2009/0155(NLE) 05190/2010 – C7-0126/2010

Adoption of draft recommendation (giving consent)

Agreement establishing an Association between the EU and its Member States, on the one hand, and Central America on the other

INTA/7/09663 2011/0303(NLE) 16395/1/2011 – C7-0182/2012

Adoption of draft opinion

The following act was adopted without amendments:

Agreement between the EU and the Republic of Moldova on the protection of geographical indications of agricultural products and foodstuffs

INTA/7/09218 2012/0069(NLE) 08741/2012 – C7-0173/2012

Adoption of draft recommendation (giving consent)

16. Date, time and place of next meeting:

- 10 October 2012, 15.00 – 18.30 (Brussels)
- 11 October 2012, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
