



**COUNCIL OF THE
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AGRI 109
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COMER 49
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NOTE

from: General Secretariat of the Council
to : Delegations

Subject: Meeting of the European Parliament's **Committee on International Trade (INTA)** on 12 February 2014 - Partial summary record (items 1-6)

The meeting was chaired by Mr. Moreira, S&D, PT.

1. Adoption of agenda

The agenda was adopted.

2. Chair's announcements

The Chair indicated that the steering committee of the Parliamentary Conference to the WTO had adopted a resolution.

He further referred to a plurilateral negotiation to start soon on environmental goods (or green goods) on a non-preferential basis between the EU, US, China and Japan.

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

The Rapporteur Mr Winkler (EPP, DE) explained the background to his report and recommended supporting the Council's position unchanged.

The Chair indicated that the vote would take place on the following day.

4. The WTO and the post-Bali agenda

- Exchange of views with Roberto Azevêdo, Director-General of the World Trade Organization

With the participation of the Members of the Steering Committee of the Parliamentary Conference to the WTO

M. AZEVEDO delivered the speech in ANNEX. He particularly stressed the historic importance of the conclusion of the Bali package, which had been the outcome of a truly inclusive process, and outlined action to be taken with a view to its actual implementation.

On behalf of political groups, Mr CASPARY (EPP, DE) asked whether the EU negotiations with the ACP countries towards the conclusion of Economic Partnership Agreements (EPAs) could help implement the Bali agenda. Both he and Mr STURDY referred to Russia's accession to the WTO and asked whether the WTO could offer assistance to its new members towards better implementation of WTO common rules. He also asked how the WTO could help strengthen other international organizations and whether it was working with other bodies (ILO, WIPO) on dispute settlement procedures.

Both he and M. LANGEN (S&D, DE) asked how trade could help develop environmental and social standards and whether the WTO was working with the ILO on this issue. M. LANGEN said that trade was not an end in itself and that some thinking should take place with the ILO on possible institutional reforms, on ways to improve the process etc. Finally, he asked whether the TTIP process was influencing the multilateral process and the WTO.

M. RINALDI (ALDE, IT) stated that the EU had played a crucial role in making Bali a success. He welcomed the reference by Mr Azevedo to the parliamentary dimension, which in Mr Rinaldi's view was ensuring direct accountability on the WTO process. He considered however that this was not enough, and that more effort should be made to ensure a better link between the WTO, bilateral agreements and the general public. He advocated a WTO communication strategy to "sell a much more appealing world trade" and to improve the public perception and acceptance of WTO decisions in a context of suspicion by the public on those processes.

Mr STURDY (ECR, UK) recalled that agriculture had been the deal breaker last time and wondered where things stood now. He expressed concern at the deal allowing some India to stockpile grains and considered that this could threaten the food security of other countries in the region, such as Bangladesh.

Mr SCHOLZ (GUE, DE) joined Mr RINALDI on the communication issue. He advocated a reorientation of the world economy towards more sustainable sources of energy than fossil fuels. He asked about the state of play on fair trade exchanges and currencies.

Questions by individual MEPs focused on concerns about the insufficient involvement of MEPs and the parliamentary dimension, interactions between the WTO agenda and plurilateral or bilateral agreements, especially the TTIP. Ms BEARDER (ALDE, UK) asked about the impact on the UK's influence of a UK decision to leave the EU. Mr CAMPBELL (ECR, UK) asked about the role of WTO and international committees. Concerns were also expressed on the Dispute Settlement rules, which according to Mr RINALDI should be used as the last resort. A representative of Developing countries considered that there was insufficient information access available in this regard.

In reply, Mr AZEVEDO said the following:

- the EPAs will help the integration of DCs in global trade and supply chains;
- on Russia, the focus is on implementation of WTO rules, the commitments are significant, Russia is engaged, but time was needed. Participating and understanding the WTO culture is a process. Russia showed clear commitment and support in Bali. China is also a big supporter of the WTO and multilateralism;

- social and environmental issues and standards are critical in the field of trade policy. Talks are taking place with ILO. Trade is often seen as threatening jobs, which is not true. But trade is not the solution to all problems either;
- so is the issue of communication: critical. Myths have to be dispelled, based on an intelligent and informed discussion;
- on institutional reforms, this has taken place to the extent that we now have a truly inclusive process, for the first time in WTO's history. Greater inclusiveness dispels mistrust. Trust is the key to reaching agreements;
- on the parliamentary dimension, the WTO tries to be as forthcoming as possible, that is why we are here today, but relaying to the constituencies is clearly the task of MEP, since the WTO does not have the means to do that.
- Dispute settlement, agriculture and food at affordable prices: all this will continue to be discussed. The negotiations address these issues, but not in a structured way.
- The food security of some is the food insecurity of others. There is a need to strike the right balance on those issues and a holistic and in-depth discussion has to take place at some point on this. India has a big population and we have to be mindful of their difficulties in this field
- on green goods, this is part of the discussion and of the trust-building measures needed
- on the TTIP, it is potentially complementary to the WTO process and the multilateral agenda, but we have to avoid the proliferation of requirements for the marketing of products and the "spaghetti ball" effect which, instead of making trade cheaper, would make it more expensive at global level. Both the TTIP and the multilateral processes have therefore to work in parallel. We should avoid the creation of trade fortresses via the bilateral/plurilateral processes. These have instead to be supportive of the WTO multilateral process.
- on UK, always better to pool forces together to gain influence;

- on the Dispute Settlement Understanding and Developing countries, it a big challenge. True that it is rather conceived for big players rather than regular members. The problem is the financial resources that a member can mobilize for a process which is costly and not symmetrical. There is therefore a need to assist developing countries. 90% of concerns are addressed to the committees before there is a settlement procedure.

The Chair expressed satisfaction at the outcome of what he qualified as a very important event for the INTA committee and referred to the upcoming WTO public forum as a good opportunity for communicating with the general public on trade.

5. Ad hoc delegation to the 9th WTO Ministerial Conference and to the session of the Parliamentary Conference on the WTO, 2-6 December, Bali

There was a brief presentation of the mission report.

6. Exchange of views with Business Europe and the European Trade Union Confederation on the EU trade policy

Ms Segol on behalf of the ETUC said that the ETUC was traditionally supportive of trade negotiations, which have gained in importance in recent years. She regretted however the resistance of a large number of WTO Member States towards a social dimension to trade. She welcomed the Parliament's extension of powers as a result of the entry into force of the Lisbon treaty. She noted that the EU had more leverage and was more efficient through its trade policy than via other external policies. She recalled the provisions of Article 21 TEU stating that "the Union's action on the international scene shall be guided by the principles which have inspired its own (...) development...". She stated that trade could help create jobs, but did not necessarily do so. She said that ETUC was against protectionism, but also against a trade liberalization that would not be respectful of collective social preferences. She therefore welcomed the Parliament's resolve to screen the agreements on the basis of social and environmental criteria. On TTIP, she was not convinced by the figures provided by the Commission evaluating the growth and jobs to be created as a result of the conclusion of the TTIP, and considered these data as not credible. She called for

EU investments and for an EU industrial policy to foster sustainable growth. An impact assessment of the TTIP was needed, as well as adjustment mechanisms. She invited the Commission to be more transparent on information and wondered why the negotiating mandate had not been made public. She welcomed the consultations on the Dispute settlement proposals, but expressed some concerns. She said that the provisions to be agreed via the TTIP should be exemplary in order to be used as a model for future agreements. She insisted on preserving the REACH framework and on applying working standards based on ILO norms. In reply to MEPs' questions, she referred to contacts with their US counterparts and stressed the importance of the social dimension of trade agreements to ensure public support.

Ms Santos on behalf of Business Europe (B.E.) agreed with ETUC on the need for an industrial policy and stated that her organisation had offensive interests on trade. She expressed a preference for the multilateral approach, and said that where no agreements existed, the conditions should be provided for EU firms to operate and export. She called for effective market access strategies, expressed the expectation that the Bali package be implemented and the WTO-DDA agenda be concluded. She said that apart from social and environmental standards, important issues were investment , competition, raw materials; She warned against a "spaghetti ball" of bilateral and multilateral agreements. She stressed the importance of concluding other bilateral negotiations, with Japan, the ASEAN and Canada. She argued that Business Europe did not want a lowering of standards, but was in favour of convergence and the elimination of duplications in standards. she expressed support for the modernization of trade defence instruments. In reply to questions by MEPs, she clarified that B.E. was supportive of the inclusion of a sustainability chapter on social and environmental standards into the agreements and was advocating the WTO working more closely with the ILO on those issues.

Speech by Mr AZEVEDO, Director-General of the WTO at the INTA committee of the European Parliament on 12 February 2014

Good morning ladies and gentlemen — it is a pleasure to be here.

I want to thank you for inviting me to speak to you today — particularly Professor Vital Moreira as Chairman of INTA and Mr Krister Örnfjäder as co-chair of the Steering Committee.

The work of the Committee on International Trade and the "Parliamentary Conference on the WTO" is very important for the multilateral system.

As parliamentarians, not only do you ratify or approve the results of the negotiations that take place in Geneva and explain them to the domestic audience; you also connect the WTO as an organization to the people that we exist to serve: the people of your constituencies.

We rely on you, through your Governments and through forums like this, to pass on the cares and concerns of the people in your community. It is an important link — and an important way of ensuring that our global trading system works at the local level.

That's why we have worked to build strong relationships with parliamentarians in Europe and around the world.

And, as this is our first meeting since Bali, I am delighted to be able to formally report back to you, for the first time, on the success of that Ministerial Conference.

Some of you were there, and so I would like to take this opportunity to thank you for the support shown for our efforts to deliver the WTO's first multilateral agreement since its creation in 1995.

Bali was clearly an historic moment for the WTO.

It brought significant gains for the global economy — for developed, developing and least developed countries alike. Economists forecast that the Bali package will provide a significant boost to the global economy, delivering much-needed growth and jobs.

But Bali was truly historic because it proved, for the first time, that we can deliver negotiated outcomes.

In this sense it heralded a new era for the multilateral trading system — and a new era for the WTO.

But — of course — Bali has not finished the job — far from it.

We have two very significant tasks before us.

- First and foremost, we need to implement the decisions and agreements reached in Bali.
- Second, the Bali Declaration instructs us to prepare a clearly defined work program on the remaining Doha Development Agenda issues by the end of 2014.

So the real work starts now.

These two tasks will form the bulk of our work over the course of this year — and this is what I want to talk about this morning.

IMPLEMENTING THE BALI PACKAGE

First, let's focus on implementation.

The true significance of the Bali package, and the tangible realization of its benefits, will only be achieved as a result of the actions that WTO Members take over the coming months.

This is an important test for the system — and one which we must pass if we want to move forward and see the benefits of Bali made real.

This challenge is particularly pressing in the agreement on Trade Facilitation, given its scope and the complexity of the commitments undertaken.

This decision sets out to simplify and modernize customs procedures, and make them more transparent, thereby reducing transaction costs.

Significantly the Agreement also ensures the provision of technical assistance to support developing economies and the least-developed economies to implement these modernizing reforms, and therefore help them integrate better into global trade flows.

Work has already started in Geneva to ensure the entry into force of the Trade Facilitation Agreement with the first meeting of the Preparatory Committee on 31 January.

This Committee will swiftly commence the execution of the tasks Ministers gave it in Bali — specifically, to ensure the entry into force of the Trade Facilitation Agreement and prepare for its efficient operation.

We will need your help as parliamentarians to ensure that the agreement completes the necessary ratification processes so that it enters into force in good time.

But our ability to move the whole of the WTO agenda forward hinges on our ability to fulfil those promises to provide timely and effective technical assistance for developing and least-developed countries.

To support those countries the Secretariat will continue its needs assessment program to help identify what support they need as early as possible.

Donor Members and various donor organizations are also getting ready to provide vital comprehensive support on Trade Facilitation.

I met with over 25 countries and organisations last week for an initial conversation about the importance of working cooperatively in the provision of support to developing countries.

The WTO will of course help to facilitate the interaction between the donors and the beneficiaries. And parliamentarians on both sides can help to maintain momentum here. So there is important — and urgent — work ahead.

Of course Trade Facilitation was just one of ten ministerial decisions taken in Bali.

There were four decisions on Agriculture.

This is an important pillar of the Doha Development Agenda, which the WTO has been working on since 2001. So it was important to take a step forward on agriculture — but members were realistic and pragmatic as to how this was best done.

This was clear in Europe's willingness to make a contribution on Agriculture commensurate with what was happening in other areas like trade facilitation. I think this kind of pragmatism was appreciated by other WTO members.

Important steps were taken at Bali, for example on the issue of export subsidies and measures of similar effect. And there was practical progress towards better implementation of the tariff quota commitments assumed in the Uruguay Round.

There was also a reaffirmation and a deepening of the political commitments assumed in Hong Kong on cotton — a very important issue for the African countries that grow the crop.

The Package also provided for negotiations concerning food security programs in developing countries, which allow for the stockpiling of grain for subsequent distribution to the poor.

Finally there were also a series of decisions taken on Development issues. Within this there is a specific package for the least-developed countries which was a key achievement at the Bali Ministerial — representing a very significant step towards the better integration of LDCs into the multilateral trading system.

It includes:

- reforms that would create new export opportunities for LDC service providers in developed country markets;
- improvements in preferential schemes which extend exemption from tariffs and quotas to LDC exports.
- and simplification of the accompanying rules of origin, which will improve the market access opportunities for the LDCs.

But, here too, Bali represents a beginning, not an end. A significant amount of work is needed to convert these decisions into concrete gains for LDCs — requiring continued effort and focus from all Members to take them forward.

More broadly, and affecting all developing countries — including LDCs — there was also the decision to introduce a monitoring mechanism to provide for the review and strengthening of special and differential treatment provisions. This achievement is vital for the equilibrium and efficacy of the multilateral system.

Together these ten decisions represent real progress.

All WTO members worked very hard last year to conclude the negotiations and deliver the Bali package. So now let's make it count, by delivering the benefits of the package. And I ask again for your help in keeping up the pressure and momentum that we will need to make it happen.

DDA WORK PROGRAMME

But, as I say, implementation is only the first task.

The second is to get talks going again and prepare a clearly defined work program on the remaining Doha Development Agenda issues by the end of 2014.

I've been listening to Members very carefully on how we should go about this, and I think one thing is clear: in order to look forward, we must also look back.

We must learn from the mistakes of the past — and also, now, from the success in Bali.

Bali offered us a number of good lessons in how to be successful multilaterally.

But I believe it will be very difficult to replicate the approach where we avoided the core issues — agriculture, industrial goods, services — and found harvests elsewhere.

The large majority of Members have been pointing out that any future multilateral engagement will require outcomes in agriculture.

However, if agriculture comes into discussion, then so do the other two legs of the tripod: industrial goods and services.

I know this is the position of the EU and I think discussing these issues collectively, mindful of the sensitivities inherent in each of them, will be an important step we need to take in finding a way forward.

Agriculture, for example, will need to be handled carefully. I do not see us replicating what was tried before as this has not been successful. But in looking for any new approaches there will need to be a real appreciation of the sensitivities that exist on this issue, including here in Europe.

We must aim at meaningful outcomes — but we must also be aware of the political limitations of each issue in each country. This balance will have to be found in all negotiating areas.

If we don't do this then I doubt we will be able to make progress.

Even though we can't replicate Bali precisely, there are lessons learned that we must keep in mind.

And I believe that some parameters have already emerged which seem to be framing the discussion.

I will talk through some of these parameters now, as I perceive them — though I stress that this is not an exhaustive list, nor is it arranged in order of priority or importance. It is intended merely to provide some inspiration in the discussions we'll have.

- **First**, development has to be preserved as the central pillar of our efforts. Above all, we must have tangible results for the poorest members.
- **Second** is that we must be realistic and focus on those things which are doable. Instead of abstract goals, let's look at what we can do and set goals that are reachable. We must find a balance between ambition and realism.

- The **third** parameter is that the big issues in the DDA are interconnected, and therefore they must be tackled together. So, again, as it was in Bali, balance is key. We must find an approach in which all members contribute and all members benefit. Bali worked because all members wanted it — and no-one was faced with impossible demands.
- **Fourth**, in order to make headway in these areas, we must be ready to be creative and keep an open mind to new ideas that may allow members to overcome the most critical and fundamental stumbling blocks. This creativity, however, has to be coherent with the DDA mandate, which is flexible enough to accommodate new paths.
- **Fifth**, the process must continue to be inclusive and transparent, engaging all members at all stages of the negotiations. This was a very important factor in Bali.
- **Sixth**, our efforts must have a sense of urgency. This was also an essential element of the success in Bali and we cannot afford to wait another 18 years for a result. We must be careful, however, not to rush recklessly into another cycle of failures due to bad planning.

Finally, I think that, as well as being open-minded to new ideas, we should also be open-minded about how far-reaching our next steps will be.

Of course what we want to do is to find a path towards the conclusion of the Round. It may be that it can be done in one step — or we may need more than one step. Again, that is something that we will have to discuss.

And the conversation has started. I addressed the Trade Negotiating Committee of the WTO last week to outline the tasks ahead of us. Over 30 delegations took the floor in response — and I was very pleased with the positive, constructive and purposeful tone.

Over the coming weeks the Chairs of the Negotiating Groups will meet with members to discuss issues that we may be able to take forward — using the parameters that I just mentioned as a guide for discussions.

REGIONAL & BILATERAL DEALS

Of course, a further issue on the trade agenda at present is that of other trade initiatives, whether plurilateral, regional and bilateral.

The EU is involved in a number of such initiatives. Over recent years the EU has:

- signed a series of bilateral agreements...
- entered into negotiations with the US on the TTIP...
- and been an active participant in plurilaterals such as the Trade in Services Agreement and the expansion of the Information Technology Agreement.

So before I conclude let me just say a word on this topic.

My view is that these initiatives are positive and are to be welcomed — but they can only ever be one part of the wider picture.

Agreements such as this cannot be sufficient on their own to ensure globalizable gains. In fact, the proliferation of regulations and standards tends to multiply costs rather than reduce them.

As we all know, the multilateral trading system was never the only option for international trade negotiations.

It has always co-existed with, and benefitted from, other initiatives. They are not mutually exclusive alternatives.

After-all, the EU itself is one such initiative — and clearly it is one which bolsters the multilateral system, rather than detracting from it.

I think it is true that WTO disciplines need to evolve to reduce the gap that will exist between multilateral regulations and the new generation of regulations negotiated outside Geneva.

The two processes must move forward together to reduce costs effectively and to curb protectionism. Otherwise, we could see results that are exactly the opposite of what we are seeking.

In addition, many of the deals that are currently being discussed ignore the most important and dynamic frontier of international trade: the big emerging players. This is one of the central facets of the evolution currently taking place in global trade and global governance mechanisms.

Nor should we forget that the poorest economies are usually excluded from the negotiating table when bilateral or plurilateral agreements are negotiated.

Finally, the multilateral trading system assumes even more critical importance given the fragility of growth in the global economy. We have already seen that economic conditions have generated protectionist pressures in some areas.

The multilateral system has a unique role in responding to these challenges — another reason why we must ensure that it goes from strength to strength.

CONCLUSION

In closing, Bali represents not just a huge achievement for all of us — but also a huge opportunity.

There is real political momentum and we must build on it.

The work has only just begun.

2014 should be the year that we implement our first negotiated outcomes — and the year that the Doha Round is put back on track.

It will not be easy, but it is achievable.

We all have a role to play — and so we will need your help.

Thank you for listening — I look forward to our discussion.