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NOTE

from: General Secretariat of the Council
to: Delegations

Subject: Partial summary of the meeting of the European Parliament **Committee on International Trade (INTA)** held in Brussels on 24 September – Items 5 to 8, 10 to 14 and 16 on the agenda
Chair: Mr Lange (S&D, DE)

During a one-day meeting, INTA discussed and proposed the endorsement of the Association agreements with Georgia and Moldova and called on the Commission to facilitate the regular and detailed monitoring of the implementation of both agreements by the EP. Several exchanges of views were held on the WTO, EU-Russia trade sanctions, the state-of-play of Economic Partnership Agreements and on the trade negotiations with Ecuador. The EU Ambassador to the WTO, Angelos PANGRATIS said that the current standstill in the WTO could be viewed as a transformative crisis and an opportunity to bring the organisation into the 21st century, while in the exchange of views on EU-Russia trade sanctions, opinions diverged over the effectiveness of trade sanctions against Russia.

Joint debate

5. Association Agreement between the EU and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Georgia, of the other part

INTA/8/00388 2014/0086(NLE)

Rapporteur for the opinion: Olli Rehn (ADLE)

- Consideration of draft opinion

6. Conclusion of an Association Agreement between the European Union, of the one part, and Georgia, of the other part

INTA/8/01055 2014/2816(INI)

Rapporteur for the opinion: Olli Rehn (ADLE)

- Consideration of draft opinion

Points 4 and 5 were treated jointly. Mr REHN (ALDE, FI) listed the Association Agreement key elements and benefits for both sides. He supported the agreement and proposed that the Committee on Foreign Affairs (AFET), as the committee responsible, gave its consent. He underlined the fact that the success of the Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Georgia was subject to the thorough implementation by both parties of the commitments set out in the agreement. Moreover he believed that parliamentary scrutiny was essential and therefore called on the Commission to facilitate the regular and detailed monitoring of the implementation of the DCFTA by the European Parliament (EP).

The EPP and S&D coordinators supported the rapporteur. Mr MOISĂ (S&D, RO) underlined the political significance of the endorsement of the agreement and the absence of costs for the EU. Despite being ‘in principle’ in favour of the agreement, Mr KATROUGALOS (GUE/NGL, EL) feared it could undermine relations between the Russian Federation (RF) and the EU as it could be perceived as an attempt by the EU to isolate the RF.

The Commission representative welcomed the draft opinion and expressed the Commission’s willingness to keep the EP informed about the DCFTA implementation.

Consideration of amendments: 6 October 2014.

Joint debate

7. Association Agreement between the EU and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part

INTA/8/00391 2014/0083(NLE)

Rapporteur for the opinion: Ionel-Sorin Moisă (S&D)

- Consideration of draft opinion

8. Conclusion of an Association Agreement between the European Union, of the one part, and Georgia, of the other part

INTA/8/01057 2014/2817(INI)

Rapporteur for the opinion: Ionel-Sorin Moisă (S&D)

- Consideration of draft opinion

Mr MOISĂ (S&D, RO) outlined the main elements of the Association Agreement as well as the benefits and opportunities it will create for both sides, therefore recommending its endorsement.

Mr LANDSBERGIS (EPP, LT), on behalf of Mr WINKLER (EPP, RO), called for the acceleration of the ratification procedure. Mr SCHOLZ (GUE/NGL, DE) opposed these calls on the grounds that it could polarise Moldovan society ahead of the general elections planned for November. He also feared the government procurement provisions in the agreement could compromise Moldovan public services.

The Commission representative welcomed calls for the swift ratification of the agreement which would signal the EU's support for stronger ties with Moldova, and would alleviate the significant damages suffered by the Moldovan economy following the import bans imposed by the Russian Federation. He underlined provisions granting a transitional period for Moldovan sensitive products and downplayed the fears expressed by Mr SCHOLZ on the question of public services.

Vote in INTA: 7 October 2014.

10. Exchange of views with the EU Ambassador to the WTO, Angelos Pangratis

Ambassador PANGRATIS underlined the importance, inclusiveness and uniqueness of the World Trade Organization (WTO) as a multilateral forum in the global architecture of trade negotiations (160 members + 23 candidate members) and in particular in multilateral negotiations. He referred to the state of play of the Trade Facilitation Agreement, to Bali and post-Bali, to the Doha Development Agenda (DDA), and to the current standstill in the WTO which he believed could be used to promote profound changes in the negotiation processes and methodology of the WTO in order to deliver much-needed common rules and solutions. He underlined the EU's commitment towards multilateralism and the unique role it played in the WTO by delivering one message with one voice on behalf of all Member States which resulted in additional efficiency and influence. Despite the current standstill, he viewed Bali as the only success story in terms of multilateralism since the creation of the WTO, which in his view had injected flexibility and innovation into the negotiation process. He explained that the current standstill was due to India's refusal to implement a key component of the agreement by establishing a link between Trade Facilitation (TF) and food security. He pointed out that the Bali pledge on the TF Protocol was very clear and therefore felt that it was not wise to review it. Finally, he stressed that the WTO could not fall into a frozen status again.

Ms McCLARKIN (ECR, UK) asked if it would be feasible to reform the rule of unanimity and Ms KELLER (Greens/EFA, DE) questioned the seriousness of the EU's commitment towards multilateralism as it had engaged in several bilateral and plurilateral negotiations. Mr SCHOLZ (GUE/NGL, DE) expressed sympathy for India's position on food security, whereas Mr ZALBA BIDEGAIN (EPP, ES) and Ms RODRÍGUEZ-PIÑERO FERNÁNDEZ (S&D, ES) enquired about the existence of a plan B to tackle the current standstill in Bali. Finally, Ms SCHAAKE (ALDE, NL) wondered about the prospects of multilateralisation of the Trade in Services Agreement (TiSA) and of China's accession.

Mr PANGRATIS underlined the WTO's democratic nature. He did not think that it would be possible to alter the unanimity rule in the WTO but remained convinced that the WTO's decision-making and working methods could be improved. He reiterated the EU's commitment towards multilateralism and said that the EU supported China's entry into TiSA provided it responded to the anxieties of others regarding various plurilateral efforts.

Mr PANGRATIS agreed that finishing the DDA was a big challenge but claimed that there was no alternative, noting that it would be extremely unfortunate if the WTO members reverted to plurilateralism.

*** *Voting time* ***

11. 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/8/00366 2014/0019(NLE)

Rapporteur: Jan Zahradil (ECR)

- Adoption of draft opinion
- Adoption of budgetary amendments

The draft opinion was approved, with 33 votes in favour, three against and two abstentions.

*** *End of vote* ***

12. Exchange of views on EU-Russia trade sanctions

In his opening remarks, Mr EMERSON from the Centre for European Policy Studies said that of all the sanctions imposed so far (diplomatic, targeted, economic and financial), those against the financial sector were the most effective. Despite these measures he noted that Russian policy towards the Ukraine remained the same and was not expected to change in the near future. He considered the impact of Russian economic reprisals against the EU, particularly its ban on EU agricultural products, to be minimal, but expressed concerns over the effect of sanctions against the Ukraine which he claimed could be further incremented. He also advised the EU to pay special attention to current events in Moldova where power could be seized by pro-Russian politicians.

Opinions diverged over the validity and effectiveness of sanctions. Mr PABRIKIS (EPP, LT) and MR ZELLER (EPP, DE) said that sanctions could only be effective if they were implemented correctly. Additionally, Mr PABRIKIS called for widening the spectrum of sanctions against the RF. Mr WAŁĘSA (ECR, UK) disagreed with Mr EMERSON's assessment of the lack of efficiency of EU trade sanctions. He felt that the RF was paying a substantial price which could deter it from further involvement in the Ukraine. Ms LE PEN (NI, FR) criticised the EU strategy of trade sanctions which she considered ineffective and conducive to an approximation between Russia and China.

She also underlined the negative impact of the RF trade ban on agricultural products on the French farming industry. The Earl of DARTMOUTH (EFDD, UK) underlined the political nature of sanctions and regretted the fact that the current situation was promoting nationalism and undermining democracy in Russia. Mr REHN (ALDE, FI) enquired about the possible effect financial sanctions could have on the Russian energy and banking sectors and called for the EU to reduce its dependency on Russian energy supplies. Mr BOȘTINARU (S&D, RO) supported the policy of trade sanctions which he considered to be the only viable line of action at present against the RF's violation of international law in Ukraine. He therefore urged the EU to establish a common defence mechanism. Mr ZAHRADIL (ECR, CZ) agreed with Mr EMERSON's remarks on the minimal impact of the Russian ban on EU agricultural products. Moreover he considered the latest concessions to Russia and in particular the decision to postpone the Deep and Comprehensive Free Trade Agreement between the EU and Ukraine to be correct. Mr SCHOLZ (GUE/NGL, DE) wondered whether the EU was entering a long-term economic war, while Mr JADOT (Greens/EFA, FR) welcomed the halt of the sale of Mistral by France to Russia.

Mr CLARKE from DG AGRI at the Commission told the Committee that approximately five per cent of EU exports to Russia were affected by Russian trade sanctions and that the EU was taking the necessary measures to address the situation, particularly in the agricultural sector (perishable food and dairy sectors). Moreover he explained that the EU was considering additional measures to support the agricultural sector such as speeding up Free Trade Agreements and opening new markets for EU products. Ms AMILHAT from DG TRADE at the Commission claimed that the Russian ban on agricultural products was essentially protectionist. She noted it was the Council that had decided to apply sanctions against the RF and therefore that it was chiefly up to the Council to assess their effectiveness.

Mr EMERSON concluded that if necessary the Russian Central Bank would support its banking and financial sectors. He pointed out that Russia did not yet fear a halt of EU imports of energy. He did not consider the Association Agreement with the Ukraine to be a provocative act towards Russia and the sanctions against Russia to be effective since it had not disengaged from the Ukraine.

13. Exchange of views on the State of Play of the negotiation and implementation of Economic Partnership Agreements

Ms GALLINA from the Commission listed the state-of-play in the negotiations on several Economic Partnership Agreements (EPAs). She referred in particular to the end of negotiations in West Africa (WA) and with the Southern African Development Community (SADC). She predicted that the WA EPA would be signed before the end of 2014 after the legal scrubbing of the text. She noted that the text on the SADC EPA had been initialled and that legal scrubbing was ongoing. She held that EPAs should be viewed as a 'long-term process' demanding substantial involvement from both the EU and partner countries and asserted the need for the EU to support the partner countries in their process of reforms. She expressed satisfaction with the fact that 12 least-developed countries (LDCs) in WA and 2 in the SADC had opted for an EPA instead of remaining subject to EU unilateral preferences. Lastly, she explained that the current stalemate in the EPA negotiations with the Eastern African Community (EAC) were due to differences over the non-execution clause.

Mr MARTIN (S&D, UK) enquired about the reasons why the Cariforum Consultative Committee had not met and asked if the EPA with Fiji would encourage other islands in the region to opt for the same type of agreement. Mr SCHOLZ (GUE/NGL, DE) did not understand why an EPA was possible with the SADC but not with the EAC and highlighted the need for additional transparency in negotiations. Ms ARENA (S&D, BE) underlined the need to involve civil society during negotiations while Mr LANGE (S&D, DE) enquired about the absence of provisions on International Labour Organization conventions and tangible commitments on sustainable development in certain EPAs. Finally, Ms SCHAAKE (ALDE, NL) asked how the Commission intended to enforce human rights conditionality.

In response, Ms GALLINA referred to the weak nature and fabric of Caribbean civil society and to disagreements among stakeholders on representation to explain why the meeting of the Cariforum Consultative Committee had not taken place. She considered the EU to be fairly transparent with regard to negotiations with stakeholders in partner countries and lamented the fact that partner countries did not do the same. She noted that the EU did not force EPAs on countries and underscored the EU's preference for dialogue with partner countries on human rights instead of binding rules. As a final point, she mentioned the existence of a development chapter in the EPA with the SADC as well as a 'rendezvous' clause for future negotiations with WA.

14. Exchange of views on the conclusion of the trade negotiations with Ecuador to join the EU Free Trade Agreement with Peru/Colombia

The Commission representative, Mr JORGENSSEN revealed that the Free Trade Agreement (FTA) with Ecuador would have very few amendments and would be, by and large, identical to the FTA with Peru and Columbia. He expected the legal scrubbing of the text to be concluded by the end of November and that the entire process by late 2015/early 2016. He told the Committee that Ecuador would lose its Generalised Scheme of Preferences (GSP) by the end of 2014 which would affect some of its exports and consequently that the EU was planning to introduce new tariffs on quotas for the intermediate period until the entry into force of the FTA to reduce the negative impact on some Ecuadorian exports, adding that the Commission proposal was expected to be approved by the Commission in October

MEPs supported the FTA with Ecuador including Mr FISAS (EPP, ES). However, Mr SCHOLZ (GUE/NGL, DE) said that the European Parliament (EP) ought to have enough time to analyse the Commission proposal to bridge the time lapse between the end of the GSP and the implementation of the FTA with Ecuador. Ms KIRTON-DARLING (S&D, UK) defended the existence of clauses on sustainable development and human rights, whereas Ms SÁNCHEZ CALDENTEY (GUE/NGL, ES) deplored the fact that many EU companies were not fully observing their environmental responsibilities and called for the suspension of the agreement with Columbia based on the disregard of human rights obligations. Ms KELLER (Greens/EFA, DE) wondered if the FTA would have to be approved by EU Member States.

Mr JORGENSSEN confirmed that Member States would have to ratify the agreement with Ecuador using the standard legislative practice and that Ecuador would have the same sustainable development clause as Peru and Columbia subject to monitoring and reporting. He reassured the Committee that the EU had received assurances from Columbia that the implementation of the FTA would not be hampered.

16. Date of next meeting

The next meeting would be held in Brussels on 6-7 October 2014.