



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 7 November 2013

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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, 5 November 2013

The meeting was chaired by Mr STURDY (ECR) who, at the start of the meeting, announced that the second round of TTIP negotiations would be held in Brussels from 11 to 15 November. The Commission would be briefing the monitoring group the following day. He also referred to the political agreement on the CETA with Canada whereby 99 % of tariffs would be eliminated.

1. Presentation of the World Bank's Doing Business Report 2014

Mr Augusto LOPEZ CARLOS, Director of the World Bank, presented the annual "Doing Business" report which assesses worldwide reform in 11 areas of business regulation from start-up to insolvency. Reform to facilitate business had increased by 18% last year, and the gap between developed and developing countries is getting smaller. In particular, Eastern Europe, Central Asia and Sub-Saharan Africa are catching up. APEC, an organisation to stimulate Asia Pacific Economic Cooperation, had set the ambitious target of a 25% reform to make business cheaper, faster and easier by 2015. Its experience in exchanging best practice could also be useful in an EU context. Replying to questions from Members, the representative of the World Bank said amongst other things that the favourable ranking of countries such as Ukraine, Russia and Rwanda was due to the methodology used, i.e. data recorded "improvements" in the areas measured which did not mean that those countries did not have a long way to go.

2. Exchange of views with the President of the Federal National Council of the United Arab Emirates on the state of play of EU-United Arab Emirates trade and investment relations

INTA/7/14371

cancelled

3. Autonomous trade preferences for the Republic of Moldova

INTA/7/14089 2013/0325(COD) COM(2013)0678 – C7-0305/2013

Consideration of draft report

The rapporteur, Mr WINKLER (EPP) introduced his draft report by emphasising that, pending the entry into force of the DCFTA , the Commission had reacted speedily to the Russian ban on imports of Moldovan wine by liberalising its EU imports. Altogether these imports would represent only 0.6 % of EU wine imports and would ensure the continuity of trade flows from Moldova and legal certainty for economic operators.

The few Members intervening all agreed to the approach taken by the Commission and the draft report which proposed two technical amendments dealing with the WTO waiver.

The deadline for amendments was 7 November, with the vote in Committee scheduled to take place on 27 November 2013.

4. Action Plan for a competitive and sustainable steel industry in Europe

INTA/7/13723 2013/2177(INI) COM(2013)0407

Consideration of draft opinion

In the absence of the rapporteur for ITRE's opinion, Mr KAZAK (ALDE), Ms SCHAAKE highlighted the importance of a strong competitive steel industry for Europe's industrial base. She deplored the fact that some trading partners had imposed trade barriers, such as export restrictions, export duties on raw materials, investment limitations and public procurement preferences protecting domestic steel industries, which were all unduly hampering the EU's steel industry. The Commission should therefore ensure that all commitments made in existing and future trade negotiations and agreements are effectively fulfilled and that Trade Defence Instruments procedures be used where appropriate.

EU standards regarding corporate social responsibility (CSR) and employee participation should also be implemented by European companies in third countries. A strategic vision of the EU's industrial policy to help those industrial sectors affected by structural overcapacity should be developed as a matter of urgency. Amendments would be tabled to strengthen the core elements of the Commission's Communication.

Mr LANGE (S&D) referred to increasing production outside the EU and imports from countries such as China, Turkey and Abu Dhabi as a threat to the EU steel industry. These countries did not always comply with EU production criteria and values and social and environmental dumping was an important issue. Likewise, Mr MURPHY (GUE) and Ms MUSCARDINI (ECR) considered that weak labour conditions in third countries were leading to unfair competition. Mr DARTMOUTH (EFD) questioned why energy prices were not being tackled in the draft report. High energy prices, which he said were three times higher in Germany than in the US, were increasing the costs of steel production and undermining the EU's competitiveness.

The Commission representative commented on the wording of the report, which stated *inter alia* that there was insufficient evidence to speak of "structural overcapacity". This may be true for some products, but not in general terms.

The deadline for amendments was 7 November, with the vote in Committee scheduled to take place on 27 November 2013.

5. Revised memorandum of understanding with the United States of America regarding the importation of beef from animals not treated with certain growth-promoting hormones and increased duties applied by the United States to certain products of the European Union

INTA/7/14151 2013/0324(NLE) 14374/2013 – C7-0377/2013

Consideration of draft recommendation (consent)

The Chair, speaking on behalf of Mr MOREIRA, who was the rapporteur for this proposal, briefly recalled the history of the long-running dispute between the EU and the US on this issue. The signing in May 2009 of a Memorandum of Understanding had paved the way for a definitive resolution. However, with the countries not yet being able to reach a permanent

agreement terminating the WTO dispute, the Memorandum expired on 1 August 2013, with the mutual obligations remaining in place until 1 February 2014. The revised memorandum would now extend the initial period by another two years and the rapporteur proposed to give his consent to this.

All the Members who spoke agreed on the need for this instrument as a means of building confidence with the US, not least in the light of the ongoing TTIP negotiations.

The Commission representative explained that these additional two years were needed in order to give the US industry an opportunity to assess how best to take advantage of the quota which had so far not been fully exploited.

The deadline for amendments was 7 November, with the vote in Committee scheduled to take place on 27 November 2013.

6. Agreement between the European Union and the Swiss Confederation concerning cooperation on the application of their competition laws

INTA/7/09719 2012/0127(NLE) 12418/2012 – C7-0146/2013

Consideration of draft opinion

Again acting on behalf of Mr MOREIRA, the Chair welcomed this "first second-generation" agreement with Switzerland, which will contribute to more effective enforcement of competition law. The rapporteur considered that anticompetitive behaviour, such as abuse of a dominant market position or cartels, also constitute NTBs to trade and that WTO rules on competition are insufficient. He therefore proposed that Parliament give its consent to this bilateral agreement.

Mr LANGE and Mr CUTAS (S&D) also called the agreement "innovative" with improved protection mechanisms. As rapporteur for the lead Committee (ECON), Mr CUTAS added that an oral question and draft resolution would be tabled to address specific issues relating to similar future agreements.

The deadline for amendments was 5 December, with the vote in Committee scheduled to take place on 17 December 2013.

7. Situation and Future Perspectives of the European Fishing Sector in the Context of the Free Trade Agreement between the EU and Thailand

INTA/7/13727 2013/2179(INI)

Consideration of draft opinion

Mr WALESA (EPP), who was the rapporteur for this opinion for PECH, highlighted the main issue of the own-initiative report, i.e. imports of canned tuna from Thailand. Such imports could be liberalised under the FTA and had the potential to disrupt the EU's production and market for these products. Spain, France and Portugal were the main competitors. He therefore called for these products to be treated as sensitive products with an appropriate transitional period. Imports of fish products should also be subject as far as possible to the same competitive conditions as those applicable to EU fish products, including compliance with international labour standards, which according to an ILO report were considered to be very poor. Strict rules of origin should be maintained.

Mr MARTIN (S&D) said that negotiations were at an early stage but that the ASEAN approach, favouring regional integration, ought to be respected. Fish was a sensitive product for both partners but other market players such as Papua New Guinea and the Philippines were also important competitors. The sustainable development chapter, including ILO labour standards, was vital for any FTA. Ms CORREA (EPP) advocated a level playing field and additional requirements for food safety. Mr MURPHY said that the labour situation in the Thai fishery sector should in any event be addressed independently of the EU's defensive interests. While forced labour and labour abuse were widespread, trade unions were non-existent.

The Commission representative said that she was aware of the sensitivity of the issue, but that the exact impact on the EU market was difficult to assess since other major players were also involved. She said it was also difficult to negotiate without being flexible. Whereas Thailand already had a consultation mechanism in place, sustainable development and adherence to ILO conventions were key elements to reaching agreement on the FTA.

In his closing remarks, the rapporteur questioned the need for too much flexibility in negotiations and insisted on the need to stand firm with regard to the rules of origin.

The deadline for amendments was 20 November, with the vote in Committee scheduled to take place on 17 December 2013.

8. Access of third-country goods and services to the Union's internal market in public procurement and procedures supporting negotiations on access of Union goods and services to the public procurement markets of third countries

INTA/7/09334 2012/0060(COD) COM(2012)0124 – C7-0084/2012

Consideration of amendments

The rapporteur, Mr CASPARY (EPP), informed the Committee that he himself had tabled 42 amendments, that more than 230 amendments had been received from Committee Members, that the IMCO as an associated Committee had adopted 24 amendments and that further amendments had been adopted by JURI, DEVE and EMPL . This proposal was very controversial and many amendments called for a rejection. Whereas Art. 7 had been fully dealt with by IMCO, four other categories of amendments could be identified:

- those dealing with Articles 6 and 8;
- those dealing with Article 13 (exceptions);
- the issue of existing national regulations and
- a sunset "yes or no" clause and under what conditions.

Except for the amendments requesting the rejection of the proposal, the rapporteur considered that the other amendments may be negotiable. He therefore proposed that the INTA secretariat prepare a single language version of all amendments, and that shadow rapporteurs meet the following week in order to finalise their compromise amendments during the Strasbourg week.

Mr LANGE recalled that the Council was also split on the issue and that a firm stance by the European Parliament could therefore be welcomed. Local authorities should benefit from flexibility without too much bureaucracy. Whereas a functional reciprocity mechanism was needed, national legislation should comply with EU law but a framework should be established for complementary legislation. Mr JADOT (Greens) favoured a more pragmatic approach as applied by our trading partners, who consider public procurement to be part of

their industrial policy. He called on the Commission to withdraw its proposal and to table a simpler project. Access restrictions should be based on strategic economic interests and local authorities needed flexibility based on legitimate objectives. Likewise, Mr SCHOLZ requested the withdrawal of the proposal, which was superfluous for a majority of public procurement contracts. Mr FJELLNER (EPP) considered that the rapporteur's amendments would turn "very bad" legislation into "bad" legislation. He challenged the Commission's opinion that third markets could be opened up by closing the EU's own markets and considered that local exceptions would be detrimental for the single market. For the ECR, Mr HANNAN recalled the Treaty provisions which called for "global trade" rather than the closure of markets; he also considered that many amendments added to the complexity of the proposal.

The Commission representative, paraphrasing Mr FJELLNER, said he was confident that after this debate a good proposal would become a very good proposal. He was aware of the sensitivities of certain provisions but concluded that the core elements were not being questioned by the majority of Members. Whereas a sunset clause seemed workable, local exceptions should indeed not affect the internal market principles. In general he considered progress feasible.

The rapporteur concluded that a vote in the Committee and the plenary would be welcome and had the potential to move things forward at Council level.

The vote in Committee was scheduled to take place on 27 November 2013.

9. Voluntary Partnership Agreement between the EU and the Republic of Indonesia on forest law enforcement, governance and trade in timber products to the EU

INTA/7/13086 2013/0205(NLE) 11767/1/2013 – C7-0344/2013

Exchange of views

In this first exchange of views, the rapporteur, Mr JADOT (Greens) emphasised the importance of the forest law and trade in timber (FLEGT) agreement, and in particular its relevance to Indonesia. However the state of play of FLEGT, circulated by the Greens group the day before, caused some concern. In spite of monitoring, half of the timber originating in Indonesia seems unlawful, thereby demonstrating the failure of the monitoring system. The European Parliament should not simply rubberstamp an agreement which is inefficient, and the rapporteur therefore expressed some reservations on giving consent.

Ms KÖSTINGER (EPP) considered FLEGT to be a useful agreement in respect of which Indonesia has moved a long way into the right direction. Likewise, Mr CUTAS said that the agreement was a good example of FLEGT implementation in a country where forest exploitation should go hand in hand with sustainable protection. Mr MURPHY suggested that this agreement may be the right opportunity to look beyond the agreement itself and call for better monitoring and sanctions. Even if there had been progress from 80% to 50 % in terms of illegal logging, there was no prosecution of infringements.

The Commission representative explained at length the complexity of the agreement of over 150 pages which was just a first step in combating the illegal timber trade. Both sides needed to agree on the certification system, which would be self-supporting, before its entry into force. He said that the Commission had been impressed by the process of involving and consulting all stakeholders (industry, indigenous people, NGOs, ...) since the first day of negotiations. Refusal to consent to the agreement could have an adverse effect. The alignment of FLEGT on the post-Lisbon provisions would give the European Parliament a proper role in amending the FLEGT annexes.

The deadline for amendments was 4 December 2013.

10. State of play of ongoing trilogue negotiations

INTA/7/04325

Exchange of views

The acting Chair informed the Committee of past trilogues which included:

- the MFA to Jordan, in respect of which all the institutions accepted the Committee's report and
- two alignment Regulations on which a compromise had been found.

The outcome of these trilogues will be discussed at the next Committee meeting

11. Monitoring Groups Activities

INTA/7/08162

Exchange of views

Members responsible for the Monitoring Groups reported on the following events:

China: Mr SCHOLZ reported briefly that in the light of the forthcoming investment negotiations, the monitoring groups had discussed general economic relations with China

South Caucasus: Ms ANDRIKIENE (EPP) said that the monitoring groups had assessed the state of play before the Vilnius summit, which will be decisive for the Eastern partnership. Meetings with representatives from the countries concerned had provided further evidence that Russia was exercising pressure and that Armenia, which had acceded to the customs union with Russia and Belarus, disqualified from a DCFTA.

Mercosur: Mr CUTAS informed Members about his mission to Brazil, which seemed eager to assume leadership in the region and to reach agreement with the EU. However, the reluctance of other Mercosur countries and the forthcoming elections in Brazil would make it difficult to put together a negotiation team. Nevertheless, it was expected that the offer to be made by Mercosur by December to unlock negotiations, would be meaningful to the EU.

Canada: In addition to the information already provided by the Chair at the start of the meeting, Mr STATSTNY invited Members to a debriefing by the Commission's chief negotiator for CETA next Thursday, 7 November.

12. Votes

The draft motion for a resolution, objecting following delegated act taken by the Commission was **rejected** 12 votes in favour, 17 against, 1 abstention:

Establishment of Annex III of Regulation (EU) No 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences

INTA/7/13646 2013/2815(DEA) C(2013)05541

13. Date, time and place of next meeting

- 27 November 2013, 9.00 – 12.30 and 15.00 – 18.30 (Brussels)
 - 28 November 2013, 9.00 – 12.30 (Brussels)
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