



## CIVIL SOCIETY DIALOGUE

# IMPLEMENTATION OF THE EU TRADE AGREEMENTS

**Date: 21.11.2019, 15:00-17:00**

**Location: Conference Centre Albert Borschette, Room 1.B, Brussels**

### AGENDA

- 1. Presentation of the Annual Report on FTA Implementation 2019.**
- 2. Open discussion with stakeholders.**

The Commission (DG TRADE) opened the meeting by welcoming the civil society representatives, highlighting that the high number of participants demonstrates the importance of the issue of implementation of trade agreements.

### **Presentation of the Annual Report on FTA Implementation 2019**

The Commission (DG TRADE) gave a short overview of the 2019 report on implementation of EU trade agreements adopted on 14 October ("the report"), stressing the increased importance of trade agreements for the EU. The share of EU trade with preferential partners keeps growing and should soon reach 40% of total EU external trade, once pending agreements with Singapore, Vietnam and Mercosur will apply. The Commission explained that trade kept growing in 2018 by 3.3% (plus 2% in exports to preferential partners, plus 4.6 % in imports from preferential partners), while at a rate lower than in 2017 (plus 7%). This was inter alia due to the tense global economic climate as well as a falling demand in South Korea, where 50% of all EU exports under modern trade agreements go, and trade restrictions erected by Turkey, the EU's fifth largest trading partner overall.

The Commission provided a short overview of trade barriers removed in 2018 by using the dense network of committee and working groups that trade agreements offer to discuss any implementation issue with our partners. The Commission emphasised that for the first time, the EU made use of bilateral dispute settlement to enforce EU rights by launching cases against South Korea, Ukraine and the South African Customs Union.

With respect to trade and sustainable development chapters in modern trade agreements, the Commission provided examples of progress made in the course of the negotiations, during ratification and in the early implementation of some of its more recent trade agreements. The participants were also updated on the state of the play of dispute settlement with South Korea concerning the absence of ratification of some ILO conventions and on the steps the Commission has taken to engage with Peru on the respect for core labour rights, following a submission by CSO.

The Commission provided also an overview of the progress made with respect to Economic and Partnership agreements (EPAs) with its ACP partner countries.

The Commission provided information on the evolution of the EU-Canada agreement (CETA) during the first full calendar year of implementation.

The attention of participants was also drawn to the new SME section in the report, which provides an overview of the Commission's work to support SMEs and help them benefit more from EU trade agreements. This includes implementation of SME chapters that foresee SME contact points in the Commission and in the administration of the partner country, as well as an obligation for the parties to make accessible information catering to SME needs on specific websites. Commission also added that it is preparing the launch of a new improved online portal on imports and exports, which will contain more accessible, user-friendly information for SMEs on the opportunities EU trade agreements offer.

### **Discussion Highlights / Questions and Answers**

- While acknowledging the success of agri-food exports, **SOL** (alternatives agroécologiques et solidaires) stressed the importance to look at the impact of agri-food trade on small farmers, including South Korean farmers, on human rights and in more general terms on the sustainable development goals and climate commitments. SOL also asked an update on the upgrading of interim agreements with Cote d'Ivoire and Ghana.

On impacts of the EU-South Korea FTA and TSD chapter enforcement, the Commission referred to its first 5 years ex post assessment published in March 2019, which also looks at sectors and has some conclusions on climate change. On human rights, the Commission referred to binding provisions in its trade agreements on trade and sustainable development, which also promote human rights and strengthen international conventions. The Commission reminded it has intensified its collaboration with international bodies notably the UNHCHR, ILO and the OECD. The incoming Commission and the EP can be expected to put the emphasis on implementing TSD chapters. As for the interim EPAs with Ghana and Cote d'Ivoire, they will be substituted by the regional EU-West Africa EPA once the latter enters into force.

- Citing the example of fat filled milk powder **Both ENDS** asked whether a change in tariff classification could be integrated into the tariff schedules of existing agreements.

The Commission replied that attempts to change the tariff heading along these lines are very old. As such all existing products are covered in one way or another by agreements and that includes new products not existing at the time of signature. Whether classification of Milk powder as Starch is legitimate is a matter for the local (customs) authorities. If they consider the Starch classification as legally unacceptable, they can insist on usage of the original Skimmed Milk Powder tariff line. If the Starch classification cannot be contested, the authorities of the importing country will have to use the provisions of the agreement (safeguard or other) to seek modification of the agreed tariff schedule.

- The **Irish farmer Association** stressed the importance of enforcement of bilateral commitments including climate commitments and asked whether these commitments were binding or not.

The Commission reminded that the commitments under the TSD chapters are binding. The Commission also explained that each case requires a careful weighing of the various instruments available to address the issue at stake, including technical discussions, legal and diplomatic interventions, and political pressure. The Commission added that it is using all means at its disposal

to enforce its trade agreements, including when it comes to trade and sustainable development provisions, as can be seen from the case against South Korea and the Commission's engagement with Peru.

- **AVEC** (the Association of poultry processors) thanked the Commission for the work and progress made for the poultry meat sector but stressed that the EU should be more forceful in enforcing EU rights at international level.

The Commission confirmed that it is taking this seriously and continues to work towards the removal of trade barriers in the poultry sector (recent examples include the dispute settlement case against the SACU and the solution negotiated with Ukraine to address unlimited imports of poultry meat).

- **Eurogroup for animals** noted that the staff working document still contains little information on progress made in the area of animal welfare and reminded that it is important to show to the public that cooperation can deliver in this area.

The Commission replied that the point was well taken. Commission added that trade agreements can help further cooperation between the parties to improve animal welfare and a level playing field for EU producers. EU trade agreements, especially modern ones, aim to contribute to these objectives in different ways, ranging from legal approximation under the DCFTAs to regulatory cooperation in the remit of the CETA Regulatory Cooperation Forum. Commission also referred to the recent study by DG Sante on the impact of animal welfare activities on competitiveness of the EU livestock producers.

- Referring to the EU dispute settlement case against the Southern African Customs Union, **Brot für die Welt** asked whether this case means that the EU will now attack all safeguard measures taken by African countries to protect their farmers. They also asked whether it would be possible to add information per volume of trade, and not only value of trade.

The Commission clarified that the issue concerned mostly South Africa and the safeguard measure had the effect of replacing imports of frozen bone-in chicken cuts from the EU with products of other third country producers. The Commission also clarified that this cannot be understood as an attack against the concept of safeguard measures as such, which are included in many agreements. In regard to the use of trade volumes versus values, the Commission clarified that publication of trade volumes as opposed to values would be possible. They pointed out, however, that the current set of statistics is already quite voluminous and publication of trade volumes would double the size. Furthermore, publication of statistics by major product groups in volume terms would imply, quite literally, to add up apples and pears or led and feathers, which seems less useful.

- **COPA COGECA** welcomed the positive impact of trade agreements on EU agri-food exports but stressed that some farmers have not seen the impact at farm gates. Furthermore, they noted the importance to monitor the fill rate of tariff rate quotas granted to the EU.

The Commission confirmed that TRQs fill rates including for EU exporters are being reported, where relevant, as part of the country sheets in the Staff Working Document. Where there are problems (eg as recently seen from the management of the cheese quota by Canada) the Commission acts swiftly and raises the issue with the trade partner concerned to work towards a solution. The Commission insisted that it is closely monitoring TRQs and their utilisation.

- **ORGALIM** thanked the Commission for their work, insisting that we should never forget that the Commission does all this work of negotiating for European SMEs and for companies. They also asked about the future role of the chief trade enforcement officer and the possible link with the Market Access Advisory Committee.

The Commission replied that it is working very closely with business associations and Member States to help SMEs not only to learn about new FTAs but also to acquire the tools in order to be able to use the preferences and the other advantages offered by these FTAs. The Commission added that the precise tasks of the CTEO still need to be determined.

- **European Coordination Via Campesina** stressed the importance to also look at the social impact of trade agreements in particular on small farmers. It also noted that in Colombia, the peace process is very fragile with still many murders and no progress in land reform.

The Commission noted that according to its 2018 study 36 million EU jobs depend on exports outside the EU, the share of EU jobs supported by exports of goods and services rose by 20% in the years between 2000 and 2017. At the same time, one has to acknowledge that not everybody benefits in the same way and it is important to ensure negative effects are mitigated. In regard to human rights violations in Colombia, the Commission replied that it was acutely aware of the political situation and referred to a number of steps taken by the EU to strengthen protection of human rights defenders and social leaders, such as the campaign “Defendamos la vida”, which was launched in June in collaboration with several Member States. In general, trade agreements like the one between the EU and Colombia, are useful as they provide further channels of communication and dialogue with the partner country.

- **Eurochambres** congratulated the Commission for the report but stressed that more efforts by the Member States are needed and called for increased leadership by the Commission to improve the uptake of agreements by SMEs. Eurochambres stressed in particular the need for information in several Community languages; the need for a tool to facilitate the use of rules of origin, such as a calculator. Eurochambres asked also for an update on the work on SMEs with Canada (following the recently adopted recommendation on SMEs).

The Commission replied that the new online portal would offer information in all EU languages. The Commission informed that the implementation of the solution found on RoO with the Japanese authorities was closely monitored by the Commission and EU Delegation. The Commission and Canada continued to roll out their 4 points action plan on SMEs, in line with the EU-Canada joint recommendation on SMEs agreed in 2018. In April, both sides presented their respective websites to help SMEs navigate CETA.

- **Spirits Europe** noted that the European spirits sector, which exports mostly geographical indication products, is a major beneficiary of trade agreements. They suggested looking at the evolution of market shares of EU products in partner countries, possibly via case studies. In addition, they stressed the importance of the preparatory work prior to implementation notably on customs related issues to ensure a smooth implementation.

The Commission confirmed the importance it attaches to early information about new agreements, inter alia by publishing fact sheets, guides and organising training such as webinars and supporting Member States’ outreach to businesses (eg Market Access Days in capitals) by providing

Commission experts. The Commission stressed that it is also engaging with interested Member States and sectors when it comes to data on trade flows and utilisation of tariff preferences.

- **Cooperativas Agro-alimentarias de España** congratulated the Commission in particular for including non-tariff issues in trade agreements, notably trade and sustainable development matters. It reminded the importance of reciprocity, single entity and call for more use of trade defense instruments when necessary for the agri-food sector. They drew also the attention of the Commission to the fact that some agri-food sectors do not appear to benefit from trade agreements. From their perspective, this is the case of the citrus fruit sector, which has been negatively affected by the agreement with Southern African Development Community.

In regard to the complaint on citrus fruit imports from South Africa and the link with the difficult situation of Spanish producers in the last season, the Commission referred to previous conversations with Commission experts, showing that the impact of external trade appeared to be limited.

- **MEDEF** asked for details on the future role of the Chief trade enforcement officer and whether this person will also interact with the civil society.

The Commission confirmed that the intention is to nominate a senior official in the Commission (DDG) to work with all relevant constituencies towards strengthening implementation and enforcement of international trade commitments. The specific tasks of the CTEO remain to be determined.

- The **BDI** asked whether the new carbon boarder adjustment would also apply to FTA partner countries.

The Commission replied that it is too early to discuss any impact on FTA partners.

- **Transitiegroep Stroopwafel** asked for clarification about the role and functioning of the CETA regulatory cooperation forum.

The Commission confirmed that the role of the RCF is not to propose amendments to EU or Canadian legislation or regulations but to offer a forum for voluntary regulatory cooperation between the regulatory authorities of both sides. The RCF's agenda and reports are made public on DG TRADE's website. Meetings (first one took place in December 2018) are followed by engagement with civil society.

- **Amfori** stressed the importance of trade and sustainable development chapters to alleviate public concerns over trade agreements.
- **Post Europe** asked for more information on services, in particular financial services.

The Commission referred to the Staff Working Document reflecting statistics on the development of trade flows in services and investment flows for each agreement. The Commission acknowledged the difficulty to obtain information to gauge the impact of trade agreements on services exports. At the same time, the Commission noted the rise of services exports in 2017 to South Korea (plus 7%), as well as to Chile (plus 17%). Services trade represented almost 35% of all trade value between the EU and Canada in 2017.

- The **European sugar refiner association** asked about the possibility to re-open the discussion on tariff rate quotas in existing agreements since from its perspective, these quotas hinder trade.

The Commission reminded that TRQs serve to protect sensitive products (mostly agricultural products) on both sides and offer an alternative to full liberalisation. The Commission remains vigilant to monitor how quotas are being administered by our partner countries, to avoid unnecessary hurdles and any discriminatory measures which may affect EU producers.