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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 23 and 24 February – Items 4 to 9 and 11 to 18 on the agenda
Chairs: Mr Lange (S&D, DE), Ms Saïfi (EPP, FR) and Mr Winkler (EPP, RO)

- **INTA held a public hearing on TiSA. MEPs expressed the need for more transparency, while panellists argued over the benefits and drawbacks of liberalisation.**
- **It approved the repeal of Council Regulation (EEC) No 3030/93 on common rules for imports of certain textile products from third countries by a large majority.**
- **It considered its draft report on conflict minerals, with differences subsisting between the political groups over the approach to be adopted. EPP and the ECR backed a voluntary approach, S&D, the Greens/EFA, GUE/NGL and EFDD preferred a mandatory method and the ALDE a mixed one.**

- **It held an exchange of views on the FTA negotiations with Vietnam, with both the Vietnamese Ambassador and the EU chief negotiator expressing confidence about a swift agreement.**
 - **It also considered its draft reports on macro-financial assistance to Ukraine (UA), on the recommendations to the Commission on TTIP, and on the suspension of trade preferences with Bosnia and Herzegovina (BiH). It supported the Commission proposal for further macro-financial assistance to UA, reiterated calls for further transparency in TTIP and called for a mutually acceptable solution between the EU and BiH.**
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4. Union system for supply chain due diligence self-certification of responsible importers of tin, tantalum and tungsten, their ores, and gold originating in conflict-affected and high-risk areas

INTA/8/00381 2014/0059(COD)

Rapporteur: Iuliu Winkler (EPP)

- Consideration of draft report

Mr WINKLER (EPP, RO) aimed to ensure a high level of company participation, to make the regulation more efficient, to ensure proper parliamentary control, to improve the definition of importers, to avoid double auditing, and to have a two-year transitional period for Member States to set up their certification systems and for firms to arrange their internal management systems.

Shadow rapporteurs reiterated their positions on the draft regulation and in particular on the nature of the approach to be adopted. Whereas EPP and the ECR backed a voluntary approach, S&D, the Greens/EFA, GUE/NGL and EFDD preferred a mandatory method and ALDE a mixed one (mandatory for the key players and voluntary for the others). They also focused on the scope of the regulation, the transitional period, reviews, incentives, supervision, Organisation for Economic Co-operation and Development (OECD) guidelines, SMEs and recycled materials.

The Commission supported an integrated approach to stimulate both the production of and demand for responsibly sourced minerals. The proposal focused on the smelters since it was very difficult to trace the source of the minerals. Its voluntary nature was based on market incentives and designed to avoid a negative impact on conflict regions. The regulation should also be accompanied by additional measures such as the identification of funding needs and instruments to implement development cooperation actions on the ground.

Mr WINKLER pointed out that his proposal for a phasing-in period of two years was based on previous discussions with the Council and the Commission and he disagreed with suggestions to create an EU agency due to the current economic and political context.

Consideration of amendments: 18/19 March 2015. Vote in INTA: 13/14 April 2015.

5. Macro-financial assistance to Ukraine

INTA/8/02513 2015/0005(COD)

Rapporteur: Gabrielius Landsbergis (EPP)

- Consideration of draft report

The Commission explained that a macro-financial assistance (MFA) package was being put together to replace the current standby arrangement with a larger and longer fund facility that would run until 2018, totalling EUR 1.8 billion. The proposal would take the form of loans subject to a number of conditions, such as political pre-conditions, a satisfactory track record in the International Monetary Fund (IMF) programme and a number of conditions to be agreed between the EU and the Ukrainian authorities in a memorandum of understanding. The Commission noted that the bulk of the estimated financial needs for Ukraine (UA) were concentrated in 2015 and called for a swift adoption of the proposal by the co-legislators in order to disburse two tranches in 2015 and one in 2016.

During the exchange of views the rapporteur, Mr LANDSBERGIS (EPP, LT), underlined the existing consensus among the political groups on the Commission proposal and stressed the need to approve it swiftly without amendments. He also welcomed the preparation by the Council of a declaration addressing the issue of potential further assistance to UA. Shadow rapporteurs focused on the extraordinary nature of the current situation in UA (Mr BOȘTINARU - S&D, RO), on the need to assist UA in its reform process (Mr van BAALEN - ALDE, NL), on MFA conditionality and adequate supervision (Mr SCHOLZ - GUE/NGL, DE), on the payment of loans (Mr BUCHNER - Greens/EFA, DE) and on the EU neighbourhood policy's 'more for more' principle (Ms SCHAAKE - ALDE, NL).

The Commission considered that the political situation justified the risks. It referred to its intention to strengthen internal/external audits and financial controls and mentioned the existence of a comprehensive fiscal framework which tended to limit the misuse of funds. It admitted there were risks regarding the repayment of the loans but pointed out that UA's debt levels were not that high yet.

Vote in INTA: 18/19 March 2015. Vote in plenary: March II or April I 2015.

6. European Energy Security Strategy

INTA/8/01753 2014/2153(INI)

Rapporteur for the opinion: Helmut Scholz (GUE/NGL)

- Consideration of draft opinion

Mr SCHOLZ (GUE/NGL, DE) reiterated some of the points made during an earlier exchange of views¹. He saw energy security as a global challenge; reduction in consumption as a way to diminish energy dependency and negative trade balances in the EU; and new energy-related technologies as a significant export opportunity for the EU.

Political groups broadly restated the positions expressed during the first exchange of views. In addition they referred to the creation of an EU-US energy market and to the role of indigenous fossil fuels (Mr FJELLNER - EPP, SE); to the inclusion of energy chapters in all future trade agreements (Mr MARTIN - S&D, UK); to greater coherence between trade and energy policies, and to less reliance on a single supplier/point of transit (Mr ZAHRADIL - ECR, CZ); and to a long-term energy policy (Mr REHN - ALDE, SE).

The Commission announced the imminent release of its document on energy strategy.

Vote in INTA: 18/19 March 2015. Vote in plenary: May 2015.

7. Trade in certain goods which could be used for capital punishment, torture or other cruel, inhuman or degrading treatment or punishment

INTA/8/00332 2014/0005(COD)

Rapporteur: Marietje Schaake (ALDE)

- Exchange of views

Ms SCHAAKE (ALDE, NL) welcomed the Council Presidency's willingness to push forward with the proposal. She underlined the need to ensure compatibility and coherence among export mechanisms, as well as flexibility to meet technological developments, and expressed her desire to make sure that ancillary services such as transport, financial services, insurances, advertisement and promotion were excluded.

¹ See 5837/15 page 5.

She said that in order to ensure a coherent system which maintained a level playing field it was important to have strong cooperation between Member States. Moreover, she stressed the need to ensure transparency, to secure an urgency procedure and proper oversight and to allow some flexibility in terms of export licences and restrictions.

MEPs welcomed the proposal but felt there was room for improvement. They centred their interventions on the need to ensure effective export controls and proportionate measures which should not prevent the export of medicines used for medicinal purposes (Mr CASPARY - EPP, DE and Mr LOONES - ECR, BE); on the inclusion of brokering products as well as the scope and coverage of the proposal (Mr MARTIN - S&D, UK, on behalf of Ms RODRÍGUEZ-PIÑERO FERNÁNDEZ - S&D, ES); on the need to focus on riot police methods and instruments such as electric batons as well as on the inclusion of a catch-all clause to enable Member States to ban products that were not part of the list but that could be used for torture or capital punishment (Ms FORENZA - GUE/NGL, IT); and on the oversight of operators that transport those goods within the EU in transit without having information on their final destination (Ms BEGHIN - EFDD, IT).

The Commission said that discussions in the Council appeared to show that Member States preferred a system of prior authorisation similar to export controls. It favoured uniform rules and would accept the Council's proposal if this condition was met. It noted that the proposal had become obsolete as regards delegated powers and advocated an urgency procedure provision to allow the EU to adjust to the appearance of new products on the market.

8. Strategy for the protection and enforcement of intellectual property rights in third countries

INTA/8/01642 2014/2206(INI)

Rapporteur: Alessia Maria Mosca (S&D)

- Exchange of views

Ms MOSCA (S&D, IT) called for consistency between internal and external EU policies and felt it was important to include all stakeholders, to establish an order of priorities based on data and impact assessments, to differentiate between physical and digital goods and to have an intellectual property rights (IPRs) chapter in all bilateral treaties negotiated by the EU.

Ms McCLARKIN (ECR, UK) viewed stakeholder engagement as key and felt it was important to have the right measures in place to educate people and to help third countries to enforce IPRs in their own territories. Mr SCHOLZ (GUE/NGL, DE), on behalf of Ms MINEUR (GUE/NGL, DE), noted that the internet had opened a Pandora's box with respect to copyright and proposed the creation of a private copying levy or blank media tax. Ms BEGHIN (EFDD, IT) said that the EU had lost EUR 8 billion in one year in counterfeiting and proposed distinguishing between the appropriate protection of copyright and the protection of consumers.

The Commission explained that every two years it carried out an IPR survey to identify the biggest IPR problems in third countries in order to establish a priority list, and that it would soon publish its priority list for the next two years.

Consideration of draft report: 18/19 March 2015. Vote in INTA: April/May 2015.

9. Monitoring Groups' Activities

INTA/8/01441

- Exchange of views

Ms REDING (EPP, LU), chair of the monitoring group on the Trade in Services Agreement (TiSA) referred to the exchange of views with the chief negotiator on the eleventh round of negotiations during the third meeting of the group held on 23 February. The monitoring group also discussed the latest issues coming out of the negotiations and in particular those relating to the most favoured nation provisions and to the horizontal standard for market access. The Commission experts had provided the monitoring meeting with presentations on specific sectors (telecoms, e-commerce, data and postal flows, and financial services). The Commission had also stressed the need to set a clear perimeter for the negotiations and to focus on a limited number of subjects, such as financial services and telecoms. The EU would chair the next round in April.

Mr ZHRADIL (ECR, CZ), chair of the monitoring group on Vietnam, announced that the next round of negotiations would take place in March and that there would be a trip to Vietnam at the beginning of April.

11. Repeal of Council Regulation (EEC) No 3030/93 on common rules for imports of certain textile products from third countries

INTA/8/02125 2014/0334(COD)

Rapporteur: Bernd Lange (S&D)

- Exchange of views

The Council Presidency said that the proposal had been endorsed without amendments by the Trade Policy Committee and expressed its readiness to go to COREPER after INTA's vote.

***** Voting time *****

12. Repeal of Council Regulation (EEC) No 3030/93 on common rules for imports of certain textile products from third countries

INTA/8/02125 2014/0334(COD)

Rapporteur: Bernd Lange (S&D)

- Vote on simplified procedure (Rule 50(1) – without amendments): report

The draft report was adopted with 25 votes in favour, 0 against and 0 abstentions.

***** End of vote *****

13. Hearing on Trade in Services Agreement: what's at stake for Europe?

INTA/8/02423

Rapporteur: Viviane Reding (PPE)

Ms REDING (EPP, LU) called for transparency and for a constructive debate.

In the first panel, Mr IRUARRIZAGA DIEZ, Head of the Trade in Services Unit in DG TRADE, underlined the magnitude of services in the EU economy (70%) and the large surplus in trade in services (EUR 150 billion a year). He said that TiSA replicated the basic parameters of the General Agreement on Tariffs and Trade (GATT) to enable its multilateralization once a critical mass was reached. He mentioned the EU's proposal on government procurement to prevent discrimination for EU operators, its consistent line on public services to allow for monopolies and exclusive rights in all public utilities, the absence of EU commitments on publicly funded areas (i.e. water and audiovisual), and the EU's opposition to the inclusion of health insurance mobility in TiSA.

Professor KRAJEWSKI from Erlangen-Nuremberg University noted that most proposals on the table remained secret, that TiSA had a hybrid list approach, that Turkey's proposal on insurance portability remained part of the trade agenda, that there were no horizontal general public exclusions in any of the current EU trade agreements, that it was important to look at exemptions for local measures to safeguard existing and future local governmental measures and that references to local measures should be in annex two instead of annex one.

Ms CLARKE, Deputy General Secretary and Head of EU Policy of the European Federation of Public Service Unions, said that it was key to safeguard the special role of public services and called for a levelling up in this field and for a carve-out on health services.

Mr KERNEIS, Managing Director of the European Services Forum, preferred a negative list approach and minimum standards to speed up the liberalisation process. He supported the Commission's push on public procurement rules, more openness and reciprocity, international standards in services, greater focus on mobility, the inclusion of a dispute settlement mechanism and the exclusion of public services and data protection.

MEPs backed greater transparency and public scrutiny (Ms KIRTON-DARLING -S&D, UK) and expressed concerns about people's mobility and public services, with Mr SCHOLZ (GUE/NGL, DE) calling for their exclusion from negotiations. Mr JADOT (Greens/EFA, FR) did not think TiSA would develop into a multilateral agreement and did not understand the link between bilateral and plurilateral trade agreements, while Mr LANGE (S&D, DE) called for greater coherence between trade agreements. Ms ARENA (S&D, BE) preferred a positive list approach and asked if sides could remove part of their offers during negotiations.

Mr IRUARRIZAGA DIEZ noted that the EU offer had been made public but that it could not force other countries to do the same. He explained that the hybrid system was the result of a constitutional agreement and that private services could be brought back into the public realm.

Professor KRAJEWSKI held that the provisions within GATT on renegotiation could be applied in TiSA. On the subject of coherence, he said that it was technically complicated.

Ms CLARKE thought the exclusion of public services was possible but that the concept of public services should be broadened to include public general interest.

Mr KERNEIS preferred a negative list and noted that TiSA focused on temporary mobility and mode 4.

In the second panel, Mr STONE, President, Group Public and Government Affairs, British Telecom, felt the EU could export its current digital single market and e-commerce thinking internationally and that TiSA could develop into a broad World Trade Organisation accord. He hoped TiSA could increase broad alignment to open market access and fair market regulatory conditions in the telecom service sector, including for business customers, and reinforce the need for free and open transport of data flows in the interest of trade for all business sectors, while respecting national and regional data protection and privacy regimes. He also referred to studies suggesting large benefits from a robust telecoms chapter (EUR 19 billion per year).

Mr Edward BOWLES, Regional Head of Corporate and Public Affairs, Europe, at Standard Chartered Bank, and Member of the TTIP Advisory Group, supported TiSA and its multilateralization. He held that TiSA was about binding current practice and ensuring a level playing field. He favoured scrapping foreign equity caps in financial services and supported data hubbing; he did not think that data protection would be jeopardised in TiSA.

Mr Dimitri THEODORAKIS, Policy Officer, Post & Logistics, at UNI Global Union Europe, urged governments to abandon TiSA talks, on the grounds of the erosion of democratic processes and the secretive nature of negotiations. He noted that the liberalisation of the postal and logistics sector had been going on for two decades and had disrupted the provision of universal postal services. The liberalisation of the sector had not delivered better postal services at lower prices; instead, it had triggered market fragmentation and a race to the bottom on wages and conditions. TiSA also posed major deregulatory threats for the bulk of services and limited the ability of public authorities to re-regulate in the public interest.

Mr ZALBA BIDEAIN (EPP, ES), from the Economic and Monetary Affairs Committee, said that several obstacles remained in the path of an ambitious financial services chapter and that the financial crisis had eroded the willingness to tackle international barriers. He pointed out that the different negotiating parties had very different levels of financial development and that any regulatory harmonisation between a subset of large countries could be seen as undermining the efforts of a standard-setting international organisation, especially since certain emerging countries such as China or India were not represented in TiSA.

Ms KIRTON DARLING (S&D, UK) said that mode 4 was the international dimension of the Posting Directive and therefore relevant to services, while Mr FJELLNER (EPP, SE) stressed that mode 4 was far more modest compared to the principle of free movement of people existing in the EU. Mr KOCH (EPP, DE) favoured sensible liberalisation, which should factor in geographical coverage and universal service, while Mr JADOT (Greens/EFA, FR) asked if the EU had a consistent position on services.

14. Recommendations to the European Commission on the negotiations for the Transatlantic Trade and Investment Partnership (TTIP)

INTA/8/01962 2014/2228(INI)

Rapporteur: Bernd Lange (S&D)

- Consideration of draft report

Mr LANGE (S&D, DE) said that the EU had offensive interests in terms of market access, particularly in the procurement market. He referred to the possibility of having an EU standard using mutual recognition or having reciprocal information, and did not consider it appropriate at the moment to go straight for common standards given the existing differences on both sides of the Atlantic. He stressed the need to avoid double certification and to protect EU geographical indications in the US, and pointed out that the regulatory cooperation provisions put forward by the Commission were not sufficiently clear or satisfactory in terms of democratic prerogatives. He also viewed investment protection as a contentious issue and called for greater transparency.

Mr CASPARY (EPP, DE), on behalf of Ms QUISTHOUDT-ROWOHL (EPP, DE), said that transparency should be improved.

Mr CAMPBELL BANNERMAN (ECR, UK), on behalf of Ms McCLARKIN (ECR, UK), stressed the absence of a joint text and concluded that it was not yet adequate to draw red lines. He noted that in almost all Member States a majority of people supported TTIP, stressing that only two Member States had a majority against TTIP. He called for a single undertaking and preferred a negative list or a mixed list approach to a positive one. He wanted a clear reference to the exclusion of public services and applauded the fact that the rapporteur had not explicitly ruled out the Investor State Dispute Settlement (ISDS) mechanism. He rejected state-to-state arbitration and acknowledged the need to ensure adequate transparency.

Ms SCHAAKE (ALDE, SE) said that the resolution called for a broad and ambitious TTIP. She was pleased with the increased commitment from the Commission on transparency and with references in the report to an explicit commitment to the multilateral system. In addition, she proposed a focus on the global component – more specifically on high global standards in trade – and questioned the adequacy of state-to-state arbitration.

Mr SCHOLZ (GUE/NGL, DE) welcomed greater transparency and urged the EP to establish a clear position of the EP.

Mr JADOT (Greens/EFA, FR) warned against the use of negative lists and called for greater focus on environmental issues. He demanded that the existing level of transparency be improved and reiterated his opposition to ISDS and private supranational jurisdictions.

Ms BEGHIN (EFDD, IT) supported multilateralism in trade agreements and questioned the need for a bilateral agreement with the US. But in the event that TTIP negotiations were to go ahead, she viewed it as essential to include a comprehensive SME chapter and called for more commitment to the safety of consumers and the comprehensive involvement of stakeholders.

Vote in INTA: May 2015. Vote in plenary: May 2015.

16. Exchange of views on the negotiations for an EU-Vietnam FTA, with the Ambassador of Vietnam and the EU chief negotiator

The EU chief negotiator for Vietnam Mr Mauro PETRICCIONE said that both sides had concurred that an early conclusion to the agreement was valuable but that substance prevailed over speed. On the substance, he said that Vietnam had shown a very high level of ambition on tariff negotiations and that it was likely that almost 100% tariff liberalisation could be reached. On services, he said that Vietnam's commitments under the General Agreement on Tariffs and Trade (GATT) were of particularly good quality. On investment and other sectors, he stated that Vietnam was committed to achieving the same level of liberalisation obtained on services in the World Trade Organization (WTO). As regards procurement, he said that Vietnam had a growing need for infrastructure and equipment. Nevertheless, he viewed negotiations in this area as complicated since Vietnam was not yet a member of the government procurement agreement and did not have a history of international negotiations in the field of procurement.

On State enterprises, both sides agreed they would not interfere with the ownership of enterprises by the state. Overall, he said that seven chapters out of fifteen had been concluded so far. He also mentioned that the EU had already concluded a cooperation and partnership agreement with Vietnam, which contained clauses concerning human rights and weapons of mass destruction, and that the EU intended to negotiate a bridging clause which linked the existing Free Trade Agreement (FTA) to these clauses.

The Ambassador of Vietnam, Mr Vuong THUA PHONG, gave the presentation in the annex, in which he stressed Vietnam's commitment to negotiating a high-quality, comprehensive bilateral agreement aimed at strengthening bilateral trade and the economic relationship.

The rapporteur, Mr ZHRADIL (ECR, CZ), noted that the FTA with Vietnam could serve as a model for other countries in Asia. He believed that it was still possible to stick to the original schedule and to start the ratification process in the second half of 2015.

During the exchange of views MEPs focused their interventions on the timetable, alcohol licensing, sanitary and phytosanitary provisions (SPS) and EU standards (Mr PROUST - EPP, FR); on links with other sets of negotiations in terms of repercussions for timetables, sensitive products, and procurement in urban areas (Ms MOSCA - S&D, IT); on reciprocity in terms of access to the public procurement market, better recognition of geographical indicators for wine and alcohol, rules of origin and respect for human rights in Vietnam (Ms SCHAAKE - ALDE, NL); on textiles, the rice and ceramics sectors, on compensatory measures for producers dealing with sensitive products, and on communication strategies (Ms RODRÍGUEZ-PIÑERO FERNÁNDEZ - S&D, ES).

Mr PETRICCIONE said that the FTAs with Singapore and Vietnam would define the framework for other trade agreements in Asia. On sensitive products, he felt it wiser to ensure meaningful market access and tariff trade quotas. As regards textiles, the EU industry was prepared to accept full tariff liberalisation on condition of strict reciprocity and as long as Vietnam did not become a conduit for Chinese products into the EU market. He explained that there was no solution yet on the rules of origin and he was convinced that this would be one of the last issues to be resolved during negotiations. He recalled that the EU did not negotiate SPS standards in trade agreements but negotiated only practical modalities to facilitate the application of SPS standards in accordance with WTO principles.

Public procurement negotiations were going reasonably well and would apply to the entirety of Vietnam. However, the EU was also trying to negotiate commitments at the subnational level and Vietnam had shown some flexibility as regards Hanoi and Ho Chi Minh City.

Ambassador THUA PHONG noted that trade between the two sides had reached EUR 35 billion per year and could further increase by between 15 and 20 per cent per year in the event of a successful agreement being concluded. He also agreed with the need to raise awareness of the potential benefits of the FTA.

15. Exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process and suspending its application with regard to Bosnia and Herzegovina

INTA/8/00663 2014/0197(COD)

Rapporteur: Goffredo Maria Bettini (S&D)

- Consideration of draft report

Bosnia and Herzegovina's (BiH) Ambassador Igor DAVIDOVIĆ explained that the Commission's inclusion of a traditional trade provision in the negotiation process represented a significant change to the trade regime between both parties and could not be considered a mere technical adaptation. He said that any discussion beyond the scope of technical adjustment meant there would be non-compliance with the provisions of the previously signed agreement and that the Stabilisation and Association Agreement (SAA) signed with 27 Member States did not contain any obligation to maintain traditional trade flows in the event of enlargement. He stressed BiH's commitments to opening its market to products from the EU. There were some exceptions, however, which covered about 250 tariff lines, or around 15 products (3% of all products), and which were key for BiH's economy. He said that the agricultural sector had a strong social element and even minor disturbances could cause negative effects. Market liberalisation that included those 3% of products would be contrary to the spirit of the agreement, since it would undermine the stabilisation of the economy. He explained that the Bosnian delegation had proposed a reciprocal increase of the existing quotas for fish, wine and sugar in the amount of average quantity of exports from BiH to Croatia (HR) and vice-versa, and that the Commission had not yet provided an opinion on that proposal. He noted that the Commission proposal had caused very negative reactions in BiH and could lead to an export deficit of around EUR 2 million per year; he therefore called for a mutually acceptable solution.

Mr BETTINI (S&D, IT) underlined the political dimension of the current dispute since it dealt with the rules between the EU Member States and EU accession countries. He urged BiH to adhere to the rules agreed by all the other Balkan countries and to use the next few years to progress in its preparations for accession. He stressed the adequacy of the Commission proposal and noted that if BiH and HR could not find an agreement to make sure that the trade preferences were agreeable to everyone, these would be suspended from 1 January 2016. Once the agreement was carried, the preferences would be reinstated. He asserted that the EU was not asking for anything more than the conditions that existed prior to HR's entry in the EU. He supported the Council's approach to dealing with BiH, which consisted in respecting and adhering to the EU fundamental principles and values. He welcomed the recent document of commitments co-signed by the main leaders of BiH to achieve the milestones necessary for accession to the EU and ratified on 23 February by BiH's parliament in the presence of High Representative MOGHERINI. He turned the human rights clause into a positive formulation in his report and proposed applying the procedure to adopt delegated acts to suspend preferences in the case of non-compliance with the conditions set by the EU; he felt it was appropriate to use implementing acts in cases where the discretion of the Commission was more limited.

MEPs broadly agreed with Mr BETTINI's report and looked forward to a satisfactory agreement before the end of 2015. Mr MARTIN (S&D, DE) noted that the EU should not allow a third country to pick and choose between Member States. Nevertheless, Mr BUCHNER (Greens/EFA, DE) noted that BiH's economy was 'on the floor' and there had been major social upheavals which rendered BiH a unique case, unlike the other Western Balkan countries. Interventions also focused on the wording on human rights, appropriate democratic scrutiny, and delegated and implementing acts, with Mr ZHRADIL (ECR, CZ) asking if the EP's legal service had delivered an opinion on the issue of delegated acts.

The Commission noted that all three rounds of negotiations had failed due to the intransigence of BiH's authorities in not accepting the concept of traditional trade and that the EU should not set a negative precedent for other enlargement countries. The EU did not wish for the discontinuity of BiH's preferences (EUR 3 million of customs duties); however, Croatia's losses due to the non-adaptation of the SAA with Bosnia were far more important (20% drop in exports to BiH and a loss of EUR 70 million per year).

BiH continued to benefit from massive support and the EU remained the biggest financial donor to BiH (EUR 600 million in the last 6 years). Moreover, BiH enjoyed a large beneficial asymmetrical access to the EU's market. The Commission hoped once the new government was formed that it could swiftly re-engage in negotiations to avoid interruptions in trade preferences.

Mr BETTINI confirmed that the EP's legal service had provided a positive opinion on delegated acts based on a previous case between Ecuador and the EU.

17. The external impact of EU trade and investment policy on public-private initiatives in countries outside the EU

INTA/8/01644 2014/2233(INI)

Rapporteur: Jan Zahradil (ECR)

- First exchange of views

Mr ZAHRADIL (ECR, CZ) had drafted a paper which divided public-private partnership (PPP) schemes into two categories: institutionalised PPPs and contractual ones, according to the way in which they were concluded and financed. The paper also established a basic set of principles to be followed: transparency, adequate planning, value for money, appropriate participation of stakeholders and accountability. There were also short descriptions about how the implementation of PPP schemes outside the EU could create new job opportunities and growth for EU companies.

The European Investment Bank (EIB) representative explained that an increasing number of developing countries were turning to PPPs as an efficient delivery mechanism for providing essential infrastructure services and that some surveys suggested that the net demand for investment in emerging markets and developing economies was about EUR 1 trillion per year. She advocated the need for a fair competitive environment where contracts were enforced and where there was an efficient dispute settlement mechanism, a clear tax system and above all legal certainty. A stable political environment was also needed, without any barriers to foreign direct investment, where dividends could be repatriated freely and where there would be provisions for compensation if a project was terminated. She explained that the EIB had very wide experience in PPPs, mostly in the EU but also outside the EU.

The Commission mentioned the importance of these arrangements for countries experiencing a shortage of public funding as a catalyst for infrastructure investments. It noted that EU companies were very competitive in delivering PPPs around the world. Nevertheless, there was fierce competition and it was important to have a situation where projects were implemented in transparent and competitive markets on the basis of national treatment, non-discrimination and government procurement commitments in international trade agreements.

During the exchange of views MEPs focused their interventions on an internationally recognised definition of PPPs, positive reciprocity to market access (Mr RUAS - EPP, PT), on the EIB's work, on the enhancement of the legal framework under which the PPPs were developed and on construction risks (Ms RODRÍGUEZ-PIÑERO FERNÁNDEZ - S&D, ES), on the need to protect investments (Mr FJELLNER -EPP, SE), and on the link between PPPs and EU policy objectives in the development area (Ms CHARANZOVÁ - ALDE, CZ).

Despite the broad support for the initiative, one MEP, Ms RODRÍGUEZ-PIÑERO FERNÁNDEZ , noted that PPPs were not always the best way to ensure balance and sustainability between price and quality of public services. She said that the first thing one should do would be to select which projects were the most appropriate for PPPs. Using PPPs as an alternative to reducing public deficits could be a mistake, since a country could end up building infrastructure that would be more expensive than expected for the general public. She noted that during a crisis, demand falls and this was the kind of risk that businesses did not want to take. The risks should be clearly defined to ensure that there was a balance between private risk and the guarantees offered by the public sector.

18. Presentation by the Commission on the state of play of negotiations for Environmental Goods Agreement

The presentation was postponed.

20. Date of next meeting

The next meeting will be held in Brussels on 18 and 19 March 2015.

Speech by the Ambassador of Vietnam: Mr Vuong Thua Phong

EU-VIETNAM FREE TRADE AGREEMENT

1. The negotiation of the EU-Viet Nam Free Trade Agreement (EVFTA) was launched in June 2012. Viet Nam, as does EU, commits to negotiate a high-quality, comprehensive bilateral agreement, aiming at strengthening bilateral trade and economic relationship. The EVFTA will be consistent with the rules of the World Trade Organization (WTO) and cover trade in goods, trade in services, investment and other areas like intellectual property protection, government procurement, competition policy, trade and sustainable development, etc.

2. For trade in goods, noting that there are differences in the sensitivities and development levels, both sides still aim for full elimination of tariffs for the majority of products within 7 years of the entry into force of the Agreement. For trade in services and investment, the negotiations aim to result in enhanced commercially meaningful market access opportunities for services and investment going well beyond the current WTO commitments for both parties. For government procurement, both sides are actively negotiating to promote transparency and secure new commercial opportunities for each party while taking into account of respective public policy objectives. EVFTA shall ensure the effectiveness and adequacy of the protection and enforcement of intellectual property rights, including the recognition and enhanced protection of GIs to promote trade between parties.

3. With determination from both sides, the negotiations have been progressing well, with 11 full rounds of negotiations and a number of intercessional meetings. Both sides have reached substantial degree of agreement in all areas of negotiation and substantively closed a number of chapters.

4. During the visit of Viet Nam's Prime Minister Nguyen Tan Dung to European Union in October 2014, Viet Nam and EU have re-affirmed the importance of an early conclusion of the EVFTA. Then EU President Manuel Barroso and Viet Nam Prime Minister Nguyen Tan Dung have also agreed on the direction to resolve the remaining issues with a view to concluding the negotiations in the next few months. Following their instructions, Viet Nam has engaged with the EU side to speed up the discussion on the remaining issues. An extensive work programme was agreed and followed with a view to achieving an ambitious and balanced outcome as the two leaders have outlined.

5. The EVFTA is expected to enhance the contribution of trade and investment to sustainable development, consistently with relevant internationally recognised standards and agreements. While encouraging high levels of protection, it is important that each Party's right to establish its own levels of domestic environmental and labour protection is recognised. Specifically, for labour standards and agreements, Viet Nam has already engaged with EU and will continue to do so under the EVFTA to promote and effectively implement the principles concerning the fundamental rights at work, in accordance with its obligations deriving from the membership of the ILO and the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up. Viet Nam has ratified a number of fundamental ILO conventions and will make continued and sustained efforts to

ratify the remaining ones. As the EVFTA envisions strengthening channel of information exchange in this regards, it will help promote mutually cooperation in this area.

6. Corporate social responsibility (CSR) is another area that both parties want to promote so the EVFTA will be another channel to enhance cooperation, including the exchange of information and best practices, education and training activities and technical advice, taking into account relevant internationally accepted and agreed instruments, such as the OECD Guidelines for Multinational Enterprises, the UN Global Compact, the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.

7. Though great achievements have been made, further work remain in order to ensure that the EVFTA will be concluded with high standards that would benefit both sides' people and businesses. However, with the determination from both sides, EVFTA is expected to be an agreement that help bring about mutual benefits for both EU and Viet Nam, making contribution to positive development in terms of sustainable development for Viet Nam.
