Expert Group on Trade Agreements

1 October 2019

Meeting report
1. Welcome

The Chair welcomed the members to the tenth meeting of the Expert Group (EG) and introduced the two agenda points:

- Discussion on the implementation of EU Free Trade Agreements (FTAs), and
- Discussion with Commissioner Malmström on trade policy developments

2. FTAs Implementation.

The Commission provided a general overview and an analysis of recent data on FTA implementation, followed by a presentation of the Japan Economic Partnership Agreement.

In view of the publication of the third report on FTA implementation due around mid-October, the Commission circulated two discussion papers ahead of the meeting. Members were invited to provide feedback on:

- the Commission’s activities on implementation,
- what can be done to raise awareness of EU agreements,
- specific challenges for SMEs, and
- how the Commission and members can best work together to address specific issues.

Members generally welcomed the Commission’s efforts on communication/awareness building and noted that the quality of the information materials has improved a lot over the last years. However, they expressed the wish to see more practical advice for SMEs and a guide on how they can benefit from the agreements. Several members identified an information gap in the area of services. One member highlighted that efforts to promote the trade agreements in Member States differ and this may pose a problem for companies. Some group members offered their availability to cooperate on the production of sectoral factsheets and to disseminate information. They suggested working more with Trade Promotion Organisations and Chambers of Commerce and organising more events with civil society in Member States. They suggested that the time between concluding the agreement and its entry into force can be used to raise awareness to businesses.

In relation to the EU-Japan Economic Partnership Agreement, members appreciated the work done on simplification of Rules of Origin (RoO) but some argued for further efforts towards simplifying RoO in general, and in particular for chemicals. Many look forward to the launch of a new “RoO tool” by the Commission to guide businesses in how to meet the requirements of RoO. The importance of public awareness about services was underlined several times during the discussion and for the EPA with Japan in particular; there is a need for more, easily accessible, information. Some members asked about progress with the ratification of ILO Conventions by Japan. One member expressed concern about the discrepancy in quality between the EU and the Japanese website on information for SMEs. They called on the Commission to insist with the Japanese authorities to improve their
website (provision of more practical information, translations into other languages, contact points, etc.). One participant enquired about whether a Working Group on Animal welfare will be created under the EPA institutional structure.

Regarding FTA Implementation, members recognised the usefulness of reporting annually on progress and outstanding issues. In the upcoming (third) report they would like to see dedicated sections on SMEs, on Trade Sustainable Development and on services. They requested, if possible, to have a breakdown of data by sectors but also coverage of trade related areas such as trade and animal welfare. They would like to see more “success stories” of exporters/importers. One member suggested monitoring data on the share of the EU in the country before and after the agreement could be an additional indicator of FTA’s facilitating role for EU business abroad. The Commission should also use tracking tables to make it easier to trace progress on removal of trade barriers under FTAs.

Some members expressed appreciation for the EU-Mexico Domestic Advisory group (DAG) model (i.e. to allow the DAG to express views on the whole trade agreement) and consider that this model should be used for other agreements under negotiation. Some members insisted on the need for sanctions to enforce human rights provisions. Several members insisted that the negotiation of trade agreements is only relevant if these can be correctly implemented and enforced, encouraging the increased use of dispute settlement systems. One member asked to clarify the role of the Chief Trade Enforcer and whether the new focus on implementation and enforcement may also reinforce the call for more reciprocity in EU trade agreements.

The Chair explained that on the Chief Trade Enforcer role a reflection is on-going. He (or she) should be nominated at the DDG level, which is considered to be the appropriate level to have political level contacts where needed, providing the necessary leverage and structure to be operational.

The Commission explained that the observations on reinforced outreach to member states are very timely, as this is a high priority for the incoming Commission and there are already plans in this regard.

Regarding increased cooperation between the Commission and Trade Promotion Organizations, the Commission agrees that these organisation are important multipliers to promote the opportunities for business. The Commission is examining opportunities for closer cooperation, while recalling that the Commission does not have the resources to replace member states’ activities in this area.

The Commission confirmed that in the framework of the work of the EU-Japan Centre for Industrial Cooperation, a number of factsheets and webinars, including on services and public procurement, have already taken place and more are foreseen, catering to the need of SMEs in the EU and in Japan. The EU Delegation in Tokyo is working on additional practical step-by-step guides for companies. Regarding the question whether SME contact points are in touch with business associations, it was clarified that the role of the contact points is to facilitate government to government communication. Direct contacts with SMEs take place via other channels, for instance through the Enterprise Europe Network (EEN) or the European TPO Network (ETPO). The Commission
clarified that the regulatory cooperation committee foreseen under the EU-Japan EPA will be an opportunity in principle to test Japan’s willingness to create a working group on animal welfare.

A number of initiatives are under way to assist SMEs but they are not always visible. The Commission informed that practical guides are being developed on the side of our FTA partners, e.g. Canada and Japan and COM is comparing notes. A new web portal which is currently being developed will make available in one place the information provided by the Trade Helpdesk and the Market Access Database, gradually adding also more specific guidance on some EU FTAs. It will also contain information on services. The intention is to make the information more easily available for SMEs.

The Commission confirmed that the 2019 FTA report will include dedicated sections on SMEs, agriculture and on Trade Sustainable Development.

On more specific issues raised by the group member, the Commission, proposed to follow-up at the bilateral level.

3. Trade policy developments

The Commissioner gave an update on recent trade-related developments and offered a perspective of how the trade agenda has progressed during the term of this Commission.

Members thanked the Commissioner for her work on transparency, her push for a more inclusive trade policy making and progress on sustainability. Overall they found meetings with the Expert Group useful to express their views and understand the position of other stakeholders and encouraged the Commission to renew the mandate of the group.

Several members were critical of the EU – Mercosur FTA and observed that it will only accelerate the lack of sustainability in the agricultural sector. Some members criticised the timing of signature of the agreement. One member found the Commission should have put the negotiations on stand-by as done with e.g. Thailand or Myanmar. Other members supported the agreement and wished to know more about the foreseen economic impact on their sectors. All members agreed on the need for a holistic approach to address areas potentially negatively impacted by a trade agreement.

In this regard, the Commissioner announced that the Interim report of the Sustainable Impact Assessment of the EU – Mercosur FTA will be ready mid-October and that the report on economic impact will be done at a later stage. As to the agricultural sector, the Commissioner invited to read the next FTA Implementation report which shows that the EU agriculture sector is among the main beneficiaries of EU trade agreements.

On EU-US relations, many members expressed concern about the sanctions that the US is planning to adopt as a result of the WTO ruling on the Airbus case. They prompted the EU to de-escalate and to take action to support sectors that will be hit by the sanctions.

One member advocated for stronger EU reaction to the treatment of companies dealing with Cuba.
The Commission also regretted that in spite of all EU endeavours, it was not possible to find an agreement to avoid the sanctions. The EU is now waiting to know the exact figure and the list of products that will be affected. Just before the Expert Group meeting the Commissioner had an informal lunch with the EU trade ministers where the issue was discussed and they are preparing to strike back. Decisions will follow. There are still chances that the US might be more willing to negotiate after that the sanctions have been imposed, also because many in the US are aware that the sanctions are not good for their economy in the first place.

Regarding the application of the Helms-Burton Act, the EU complained already many times and will keep doing so.

One member highlighted the need for more visibility to the services sector and suggested the chapter on services in the EU-Australia/New Zealand negotiations to be a new benchmark for future negotiations (e.g. EPAs reviews, Tunisia and Morocco, and negotiations with the UK). The member also called for investment negotiations with the Gulf Cooperation Council and regretted that negotiations with Taiwan and Hong Kong did not progress during this Commission.

Some members welcomed progress in negotiation with northern and southern African countries. Additionally, they expressed the need not to forget Southern Mediterranean and Western Africa that are very important areas for EU exports.

Two members raised the importance of the Domestic Advisory Groups and encouraged the Commission to accelerate their setup.

Several members expressed concern about the looming paralysis of the WTO Appellate Body and asked about the EU’s plans to handle this situation.

The Commissioner thanked the members of the group for their contribution to make EU trade policy open and fair throughout the life of this expert group. She took good note of the comments received and ensured the members that the next Commissioner will continue to count on the support of EU civil society for making informed policy decisions.

The Commissioner defended the EU-Mercosur agreement as a tool to address environmental problems with Mercosur countries. She joined members in their concerns about EU-US relations and the future of the WTO and acknowledged the importance of services in trade agreements and their implementation.

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**Meeting participants**

**European Commission**
Commissioner C. Malmström
DG TRADE
CAB MÅLMSTRÖM
Expert Group Members:
ACEA (European Automobile Manufacturers’ Association)
Amfori
BEUC (European Consumer Organisation)
BusinessEurope
CEFIC (European Chemical Industry Council)
CELCAA (European Liaison Committee for Agriculture and agri-food trade)
CONCORD Europe
Copa-Cogeca (European Farmers European Agri-Cooperatives)
DigitalEurope
EDRi (European Digital Rights)
EFFAT (Food, Agriculture and Tourism Trade Unions)
EFPIA (European Federation of Pharmaceutical Industries)
EPHA (European Public Health Alliance)
ESF (European Services Federation)
EURATEX (European Apparel and Textile Confederation)
Eurochambres (Association of European Chambers of Commerce and Industry)
Eurogroup for Animals
FoodDrinkEurope
IndustriAll (IndustriAll European Trade Union)
ORGALIM (European Engineering Industries Association)
UNI Europa (United Services Trade Union)

Observers:
CoR (European Committee of the Regions)
EESC (European Economic and Social Committee)