Trade and investment barriers

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The Committee on International Trade adopted an own-initiative report by Robert STURDY (ECR, UK) on trade and investment barriers. It discusses the tariff and non tariff barriers (NTBs) that pose difficulties for the EU's market access to different countries in the world, including Russia, Japan, China, India, Brazil and Argentina. It takes the view that **removing or reducing unjustified NTBs applied by the EU's key strategic partner countries by means of regulatory dialogue should be one of the key regulatory priorities of the new EU trade policy under the Europe 2020 Strategy**.

Accordingly, it calls on the Commission systematically to address the great variety, technical complexity and political sensitivity of NTBs as part of a holistic strategy, including enhanced regulatory dialogue, with respect to all the EU's trading partners, particularly those of strategic importance. It also takes the view that insistence on reciprocity of market access for industrialised and emerging countries should be an integral part of EU trade strategy, on a par with the removal or lowering of NTBs.

Members call on the Commission to draw a clear distinction between those NTBs which give rise to unfair distortions of competition and those which reflect legitimate public-policy aims, notably in relation to public health and the protection of the environment. They emphasise, for example, that the European laws on GMOs and the health- and plant-health-related rules affecting agriculture cannot be regarded as unfair NTBs but should, on the contrary, be defended in the international trade arena. They also remind the Commission that European Intellectual Property Rights (IPR) policy towards developing countries should remain within the TRIPS agreement obligations and must fully respect the 2001 Doha Declaration on the TRIPS agreement and Public Health, especially in the field of generic medicines and public health, so as to leave the developing countries policy space to address public interest concerns.

The Commission is asked to address these widespread and persistent issues in all plurilateral and bilateral trade agreements, especially bilateral free trade agreements (FTAs), and to ensure that NTBs are given at least as much attention as is currently afforded tariff elimination in all appropriate regulatory fora, particularly in its trade negotiations with industrialised and emerging economies. In the field of cooperation with developing countries, especially LDCs and Small Island Developing States (SIDs), priority must be accorded to aid for trade and to technical and financial assistance, in order to help such countries improve their regulatory environment while taking account of their specific needs in terms of developing their internal markets and protecting their embryonic industries and their agricultural structures, which in many cases are vulnerable.

In addition, the committee considers that the European Parliament should give more attention in future to the manner in which NTBs, especially unjustified NTBs,have been addressed when trade agreements to ensure access for European exporters and investors, in particular SMEs, to third country markets are assessed, while at the same time respecting the need for special, differentiated treatment for developing countries as provided for by WTO disciplines.

The report urges the Commission to:

- continue its efforts to maintain an **up-to-date inventory of key barriers faced by EU exporters and investors in important third-country markets**, in particular FTA partners, including the number and nature of concerns raised by Member States and companies, as a tool for assessing the situation in the third countries;
- investigate whether there is a **correlation between specific NTBs in the EU and in third countries and current job creation or losses in the EU**;
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explore the possibility of establishing **an early warning mechanism to detect NTBs** and strengthen its existing analytical tools for qualitative evaluation thereof and a clearer definition of unjustified NTBs. This mechanism should work via the EU delegations based in third countries, in cooperation with the bodies already set up by Member States;

- **improve international regulatory cooperation and convergence of regulatory requirements** on the basis of international standards and, where possible, engage in regulatory dialogue to address existing or potential future barriers to trade with a view to limiting disputes and associated trade costs;
- among the parties to the Government Procurement Agreement (GPA), **promote the public procurement disciplines based on international standards** as developed in the GPA and to use or expand existing regulatory dialogues in order to enhance cooperation on the regulatory framework and the restructuring and, where appropriate, removal of existing direct and indirect discriminatory practices in the relations of the EU with its industrialised partner countries;
- maintain a positive and strong stance during the negotiations on **China's signing of the GPA** in order to secure an equal reciprocal opening-up of Chinese procurement procedures as well as equal treatment and predictable conditions for European businesses.

Members believe that one of the keys to lowering NTBs to trade and investment is **reform of the GPA in the WTO**, with due regard to the multifunctional nature of procurement policies, and they call on the major emerging economies to participate in this process and to sign and ratify the future agreement without delay. They recommend looking into regulatory means of ensuring that public procurement contracts for projects funded with EU subsidies may not be awarded to state-owned undertakings from third countries which have signed neither the GPA nor bilateral mutual market-opening agreements, or alternatively that in such cases the EU may demand repayment of the subsidies.

With regard to **raw materials**, the committee considers that the Commission should pursue a sustainable, comprehensive and cross-policy strategy, while recognising that export restrictions and export taxes may be seen as important for the support of development objectives, the protection of the environment or the sustainable exploitation of natural resources in LDCs and SIDs and other developing countries, with the exclusion of BRIC countries. Noting that the majority of WTO members using export taxes are developing countries and LDCs, Members call on the EU to refrain from attempting to ban the use of export taxes for LDCs and SIDs and other developing countries, with the exclusion of BRIC countries, at the WTO and in bilateral trade agreements and Economic Partnership Agreements (EPAs), as it would limit their policy space to use this tool for value-addition, diversification, infant industry protection, food security, revenue and environmental considerations as long as they have not reached advanced developing status.

Lastly, Members take the view that a **mediation mechanism** should be created in the WTO to facilitate the removal of NTBs in a constructive, effective, rapid and non-confrontational manner, inspired by the SOLVIT system, in accordance with similar earlier suggestions from both the EU and India.