



Believe in *People*

EPP Group **Position Paper**

on **International Trade**



**EPP Group**  
in the European Parliament



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**on International Trade**



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# 1. The **Transatlantic Trade** and **Investment** **Partnership** (TTIP)

Free trade and globalisation have significantly improved living standards and reduced poverty in the EU and around the world. They create economic growth and jobs and strengthen political and economic relations with third countries. We seek to enhance our strategic bond with the United States, our partner with whom we share not only geopolitical and economic interests but also common values. A balanced Transatlantic Trade and Investment Partnership (TTIP) Agreement would unleash the full, currently underutilised, potential of our economic relationship and positively shape the world trade regulatory patterns. We want to pursue this ambitious agenda for the benefit of the EU and its citizens.

## **We want to shape globalisation**

European companies importing and exporting within the global value chains of today create jobs and growth whilst serving the needs of our citizens. We want trade to be based on the rule of law, to spread fundamental principles of democracy and human rights as well as eradicate poverty in the world. We are committed to

free and fair trade and want to open markets while maintaining an equal playing field. Trade policy has a major role to play in achieving these objectives in a spirit of reciprocity and mutual benefit.

## **The Union's economy is highly dependent on participating in external growth**

Growth, prosperity, jobs and maintaining the European social model are all interlinked and underpin each other. It is estimated that in 2015, 90% of world growth will be generated outside the EU. It is a truism that more trade leads to higher productivity, contributes to increased external competitiveness and could contribute immediately to more than 1.5% of direct economic growth as well as bring significant consumer benefits. It is also estimated that 14% of the employees and workers, or 31 million jobs, are dependent on the Union's trade performance. The past 10 years have demonstrated that trade opening goes together with employment and job creation.



### **We want to take citizens on board**

Globalisation and open markets have significantly improved living standards and reduced poverty in the EU and around the world. We therefore ask all stakeholders to develop a better communication strategy on the Union's trade policy. We want transparency and openness at all stages of the negotiations, but defend confidentiality where necessary to reach the best negotiating results. We will always ensure the protection of our public utilities and services. We will always ensure - in full compliance with the GATS and the relevant UNESCO conventions - the right to protect, promote or fund culture, cultural diversity as well as media freedom and media pluralism to serve the democratic, social and cultural needs of our societies.

### **We prefer a multilateral approach while supporting FTA negotiations**

In our view, the multilateral trading system embodied in the WTO remains by far the best framework for achieving free and fair trade on a global basis and under the rule of law. We insist that WTO Members should comply with all WTO obligations and that the Union should take appropriate measures whenever a country applies restrictive trade measures against the EU or individual Member States, or does not abide by its obligations. FTAs are only the second best, but necessary, option. We expect the elimination of tariff and non-tariff barriers,

cooperation in the field of technical standards, intellectual property rights, investment protection, market access, public procurement and supply of raw materials and energy sources while keeping up our high European environmental, labour and consumer protection rules, ensuring our sanitary and phytosanitary and food safety standards and ensuring that the principles of the CAP are respected. We are convinced that the main reason for the EU's economic success is the variety of its economic operators, including both SMEs and multinationals. We therefore want to include the specific needs and interests to be reflected in all trade negotiations. EU producers' interests, including those in our Outermost Regions (OR), and the interests of the Overseas Countries and Territories (OCT) associated to the EU have to be sufficiently taken into account.

### **We want to strengthen the transatlantic bond**

The United States is the EU's key strategic partner. We share common values of democracy, human rights and rule of law as well as strategic interest in mutual prosperity and security. The Transatlantic Trade and Investment Partnership (TTIP) is the most significant recent EU-US project and will reinvigorate the transatlantic partnership as a whole, beyond its trade aspects. Its successful conclusion is of high geopolitical importance in the face of common challenges. The undergoing transformation of the international



system and the challenges we face further highlight the importance of the transatlantic relationship in ensuring peace, security and stability. We want to reinforce our partnership to shape the 21st century together.

Trade policy is a very important tool that underpins the strategic vision of our unique relationship. It develops, enhances and reinforces it significantly. Recent figures say that the EU and the US jointly represent more than 30% of global trade, with a positive trade surplus for the EU equalling €105 billion. We want to further increase this potential for jobs and growth and for setting together global standards that will contribute to a resilient global system based on the rule of law and best government practices.

### **We support a deep, comprehensive and mutually beneficial Transatlantic Trade and Investment Partnership (TTIP)**

With huge trade flows over €700 billion a year and constantly increasing surpluses in favour of the EU, transatlantic trade accounts for more than 30% of world commerce. We therefore see a huge potential that is still under-exploited despite the high level of integration of our economies. The main obstacle for further development is the numerous still-existing non-tariff barriers to trade.

The strong support of the largest sectors of our EU Industry, including a considerable number of SMEs, is the evident signal that such an agreement could really pave the way for substantial benefits for our citizens, our companies and their employees.

From our perspective, even greater TTIP benefits lie in the regulatory field. The change of direction towards greater regulatory cooperation between the EU and the US and the mutual recognition or further harmonisation, whenever and wherever these two criteria are applicable without lowering our consumer protection standards, should avoid duplication and substantially reduce administrative and regulatory burdens for our companies. The new reinforced partnership



should create a new set of general trade rules and standards applicable as a model by other partners in the world. Partnership should not be viewed as an obstacle but rather as a chance to follow and benefit from the world's biggest market place.

The elimination of tariffs on industrial goods, in particular the barriers on some important EU products, and the tangible reduction of tariffs on agriculture, while preserving special treatment for our traditional sensitive products is the core issue on market access. However, open market access must be accompanied by the guarantees of adequate conditions for equal and just competition. EU tariffs should remain in place in selected areas of industrial production until a competitive disadvantage of EU energy-intensive industries persists due to the US restrictive policies on energy exports to the EU. Such derogation should allow EU and US industries to compete on a level playing field, thus preventing the distortions in competition caused by the energy price gap. We want to see a substantial reduction of burdensome barriers, also in sanitary and phytosanitary fields, with appropriate recognition and cooperation in full respect of our consumer safety standards, including the precautionary principle as well as basic environmental, animal welfare, consumer protection and social principles and laws of the European Union.

Industry sectors subjected to disproportionately cost-generating regulations, as in the chemical sector, should be provided with adequate transition periods. Furthermore, existing regulations should be subject to scrutiny with a view on economic sustainability and Europe's competitiveness.

A broad, ambitious and comprehensive agreement on public procurement and services is a vital component of these negotiations since expanding trade in services will bring additional benefits to both economies. The audio-visual sector has to be kept out of the scope of the negotiations and the agreement cannot lead to a deterioration of European standards of data protection and provisions of public utilities and services. We insist on concessions from our US partners on financial services and improved access in the field of public procurement, in particular on the sub-federal level.

Geographical indications remain a key interest for our Group and should receive adequate protection on the US market by strongly reducing the risk of misleading the use of similar names and products.

The inclusion of a chapter on specific energy provisions in the TTIP addressing all existing measures that limit or condition energy exports is of critical importance. In the current geopolitical context, the TTIP





is the most appropriate framework to establish a long-standing partnership in this area. We expect our transatlantic partners to lift the licencing requirement and provide the necessary infrastructure for energy exports to Europe.

The Agreement has to include a robust chapter on investment which can give major stimulus in delivering growth, creating jobs and providing investors with legal certainty. The EPP Group believes that the legal framework of the TTIP can create the best conditions to increase investments on both sides. This has to include a modernised, transparent and impartial ISDS mechanism that would strike a balance between, on the one hand, ensuring legal certainty and applicability of International Treaties, and on the other hand, preserving the democratic legislative prerogatives of signatory sides. Such an instrument has to include specific mechanisms which avoid any discriminatory treatment for EU investors, in particular SMEs when they are challenged or have to challenge national or local authorities in the US.

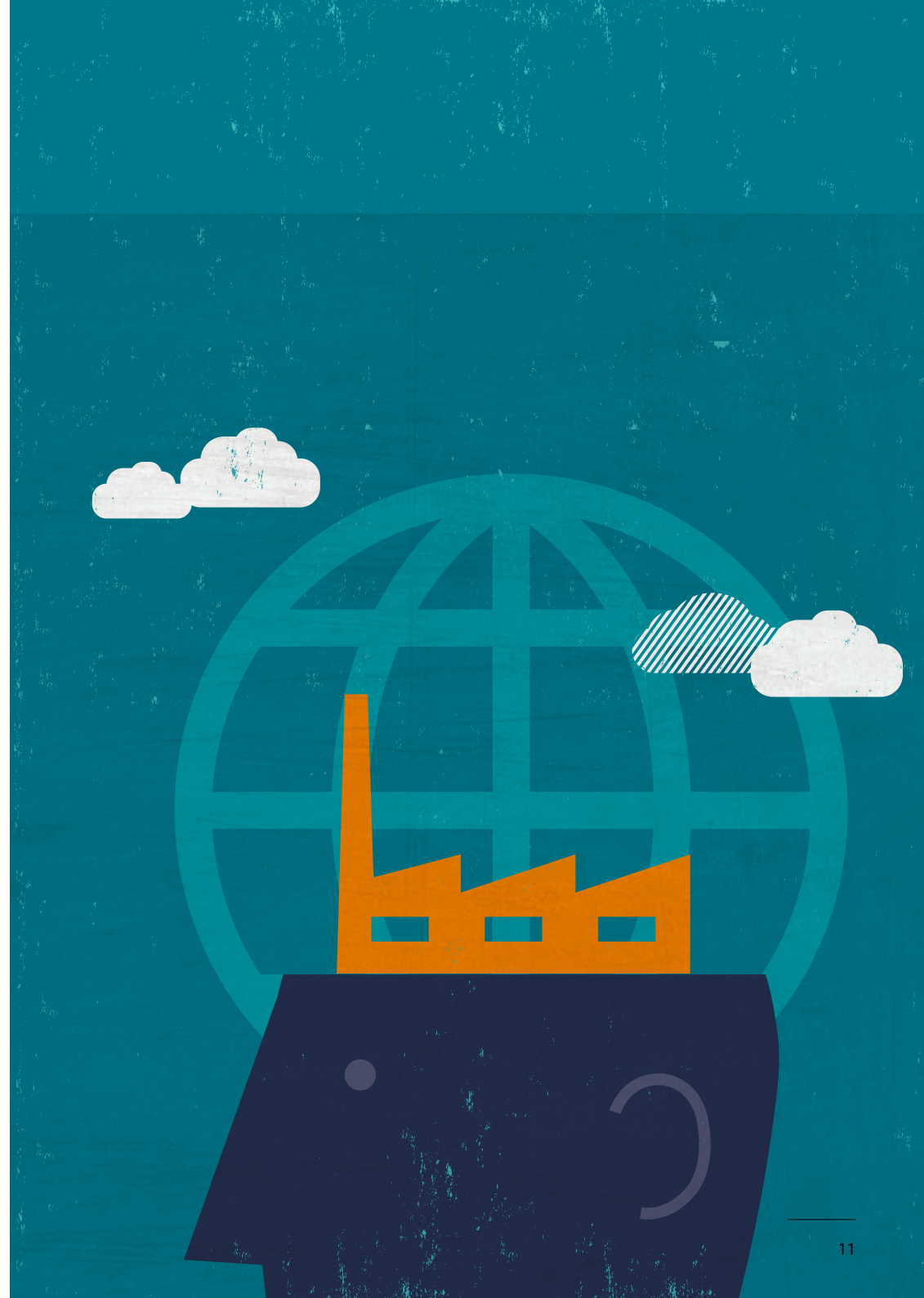
The Agreement must ensure that a mutually beneficial mobility package is provided which includes visa facilitation for providers of services and goods from all Member States and recognises their professional and technical qualifications.

Finally, the EPP Group insists on the specific role of SMEs which are critical motors of growth

and job creation and innovation. The TTIP should be a benchmark in terms of an SME-friendly trade agreement by crafting rules that are tailored to their needs with the inclusion of specific chapters devoted to them. It should include the establishment of a special SME committee and the development of an online information network with detailed information on regulatory requirements in the US aimed at facilitating the participation of SMEs in transatlantic trade.

In the modern world, trade in goods and services transcends state borders. So does global rule-making. We want a trade agenda that benefits businesses and consumers alike; we want commerce that is both fair and sustainable.

While the US is our biggest trade partner, it is not the only one. The TTIP will function in the context constituted also by our relations with other trade partners. This Agreement may impact this context by setting up global trade rules for the future and possibly re-launching the multilateral liberalisation process. Therein lies common American and European interest. An enhanced agreement will impact on our global bilateral economic and political relationship with the US and foster our strategic bonds in the 21st century. The TTIP can be the milestone for institutionalising the strongest partnership in the world.





## 2. EU Trade Policy in a Global Context

The EU is at the forefront of world trade liberalisation. This is demonstrated by our numerous trade partnerships worldwide. We take stock of our economic relationships to date and recognise their divergent characteristics; while in recent years advances have been made on several issues, other partnerships have been stalling. On the basis of these experiences, we recall the positive impact of the Free Trade Agreements conducted by the EU so far and call for speedy progress in the ongoing negotiations, including talks on the Trade in Services Agreement (TiSA) and our regional partnership with Mercosur. We underline the importance of economic co-operation in the framework of the European Neighbourhood Policy and call for further progress on the Deep

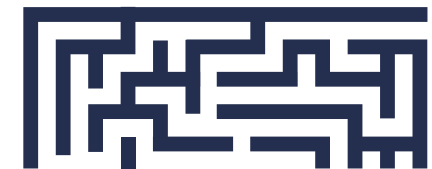
and Comprehensive Free Trade Agreements. We welcome the developments in Asia, Africa and Latin America, lifting millions out of poverty and providing impetus for global economic growth. We support the ratification of the CETA and regard a number of its provisions on investment protection as a blueprint for future agreements. We want to actively reach out to partners all over the world, pursuing an ambitious trade agenda in a global context.

**We are committed to free and fair trade and want to open up markets**

We are fully aware that trade policy is not an end in itself. However, it should not be overburdened with issues not directly related to international



A



B



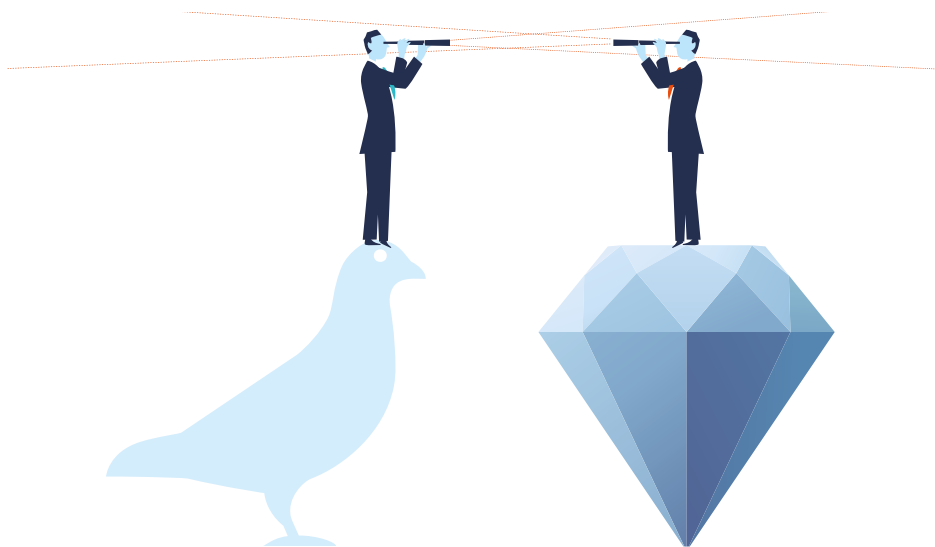




commerce and which could be better addressed in other contexts. We want to promote sustainable development by negotiating Economic Partnership Agreements (EPAs) combining European and ACP interests, fostering development by promoting regional integration, creating opportunities for trade and investment and improving economic governance, reminding all stakeholders that other regions of the globe have shown how trade can contribute to welfare. We are convinced that the Everything but Arms (EBA), the General System of Preferences (GSP) and the GSP+ schemes are good tools for supporting development and economic growth. We welcome the European Commission's initiative on conflict minerals in order to stop profits from the trade in minerals to be used to fund armed conflicts.

### **We want effective trade defence instruments**

Further trade liberalisation still requires an ability to prevent unfair trading practices in our markets. We therefore regard Trade Defence Instruments (TDI) as an appropriate component of the EU's trade strategy and we welcome efforts to streamline, reinforce and speed up these instruments with the ongoing TDI reform, ensuring they won't be weakened. This includes the removal of the lesser duty rule in case of raw material distortions and subsidies. We would welcome attempts to increase transparency within the processes of the global value chain instruments.





### **We call for an Investment Protection 2.0**

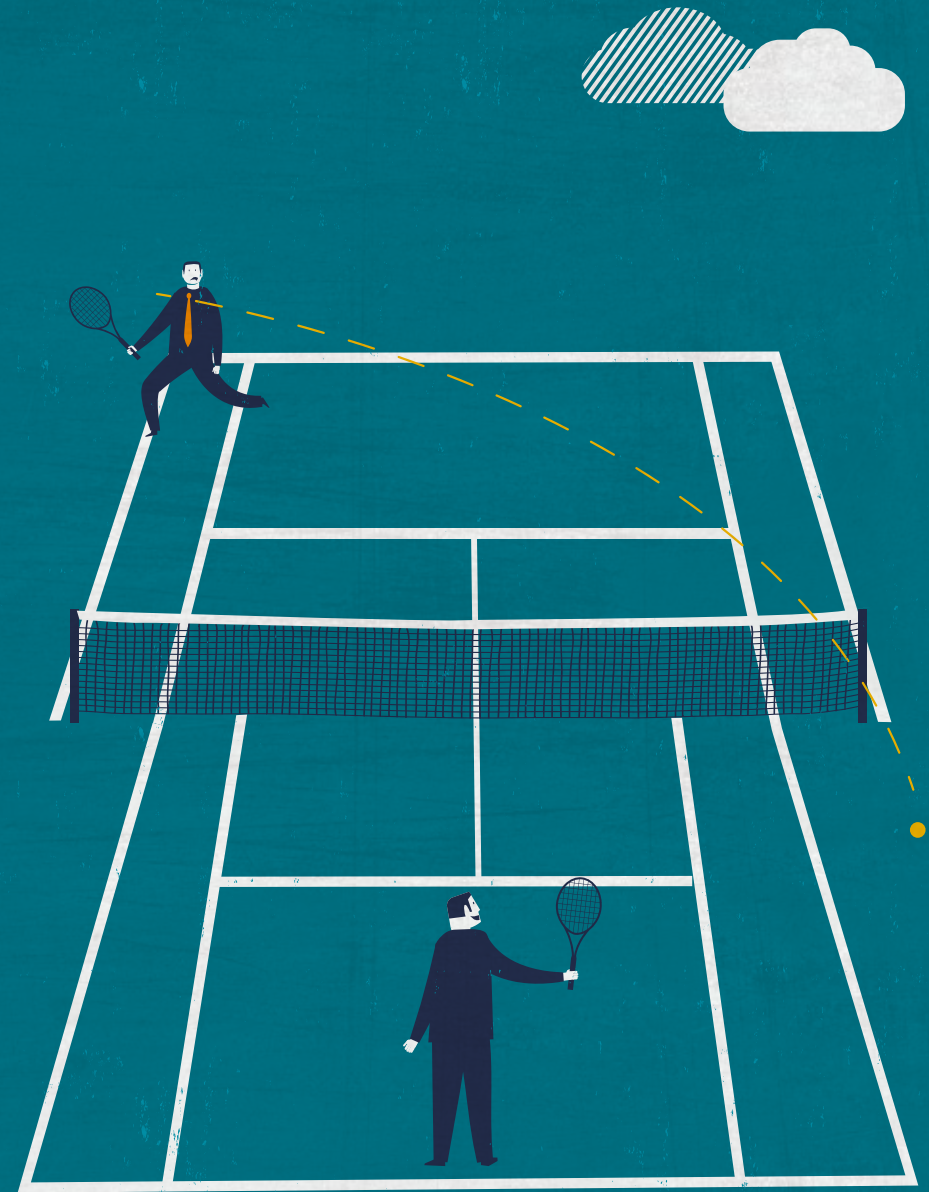
The over 1.400 existing Bilateral Investment Treaties of the EU Member States have been and still are successful instruments in protecting our investors against unfair practices abroad. We therefore have to further improve the system of effective investment protection by a modern European System of Investment Protection - a competence shifted from the Member States to the EU by the Lisbon Treaty. Current and future legislative standards concerning questions of consumer protection, environmental and social policy as well as parliamentary prerogatives must not be undermined by the Investor Dispute Settlement System. The instrument of effective investment protection 2.0, which could be part of the EU's FTAs, should comply with a certain number of commitments: policy space and the States' right to regulate have to be assured, forum-shopping should be impossible, the panels have to act as transparently as possible, a possibility for revision and an independent and neutral appointment of the arbitrators have to be ensured, and the loser has to pay the costs of a case. Facilitated access for SMEs to the dispute settlement instrument as well as the right to pursue justice through national courts must be respected. Our long-term goal is to have an independent international court.

### **We want positive reciprocity in international public procurement markets**

We regret that the large degree of openness of the EU public procurement markets at all levels of government is in many cases not matched by the same access for EU suppliers abroad. We ask for positive reciprocal access in the public procurement sector to ensure the opening-up of more transparent and non-discriminatory foreign procurement markets, especially for SMEs. In case of non-cooperation on the part of our trading partners, we have to be able to use instruments to protect the interests of our market, our companies and consumers.

### **Our industries need a sustainable and undistorted supply of raw materials**

We want to fight unfair trade practices such as export restrictions, export taxes and so-called dual pricing mechanisms at multilateral and bilateral level; in this context we support the proposal to remove the lesser duty rule in case of raw material distortions. We reject monopolistic, politically-motivated practices in the energy market.





### **Better customs cooperation inside and outside the EU is needed**

We are launching the idea of setting up a unified EU customs service for more effective application of customs rules and procedures throughout the EU. We call for adequate IPR protection which also bears in mind the interests of the poorest, especially in receiving aid with as little bureaucracy as possible, as well as at the border enforcement of all other EU laws, such as REACH and product safety standards.

### **A good Trade in Services Agreement is a market-opener abroad and a safety net at home**

Currently being negotiated among 24 parties representing 70% of global trade in services, the TiSA seeks to break new ground in market access commitments and to enhance international standards. The EPP Group supports this two-pronged approach aimed at lowering non-tariff barriers and at creating a global level playing field, in particular in the EU's offensive sectors such as telecoms, transport, professional and financial services. While rules are being upgraded to the digital era and commitments are being stepped up, the EPP Group stresses the need to provide tangible benefits to consumers (e.g. roaming and e-commerce) and to grant access to the talks to interested parties (e.g. China), conditional on their acceptance of agreed rules and ambitions, so as to ensure future multilateralisation.

The EPP Group shares the view that the fundamental rights enshrined in the EU Treaties should not be a subject up for negotiation. Particular attention should be devoted to Mode 4 which should be restricted to the temporary movement of highly-qualified professionals and cleared of any migration issues, as well as Mode 1 which should go hand in hand with strong common rules.

Accordingly, negotiations should be guided by the principles that governed the EU's own creation and development (article 21 TEU), including free trade, fair competition and reciprocity. The EPP Group believes that compliance with the above guiding directives would be a stepping stone for a good TiSA. A good TiSA is good for European companies and citizens alike and would complement the TTIP.

### **We support deeper trade relations with our partners in the Eastern Neighbourhood**

We are aware of the challenges and importance of the creation of a stable, democratic and prosperous Eastern European Neighbourhood. We support DCFTAs offering our willing partners in the EaP a framework for modernising trade relations and for economic development by the opening of markets via the progressive removal of customs tariffs and non-tariff barriers, an extensive harmonisation of laws, norms and





regulations in various trade-related sectors, creating the conditions for aligning key sectors of their economies to EU standards.

We call for the swift and full implementation of the EU-Ukraine DCFTA, as it was signed. The EU should take all necessary measures - technical and financial - to help our partner to reform in order to transpose and implement the agreed measures and standards.

The DCFTAs are not the final goal in developing our trade relations with EaP partners, but rather an important step leading to the gradual economic integration of partners in the EU internal market and therefore to the creation of an economic area.

### **We want to deepen the EU trade negotiations with the Mediterranean**

Trade between the European Union and the Mediterranean provides good prospects. We support the start of DCFTA negotiations with certain countries in the region and continued discussions on the removal of non-tariff and technical barriers with special attention with regard to our standards and sensitive products (such as agricultural products). We support trade/business dialogue with all regional economic actors (especially SMEs). This dialogue contributes to the aim of the political stabilisation of the region.

Strengthening Euro-Mediterranean trade relations will permit the reinforcing of trade relations between Southern Mediterranean countries and will help the economic integration of the region at multilateral level.

### **We support the ratification of the EU-Canada Trade Agreement (CETA)**

The CETA is expected to increase trade in goods and services between the EU and Canada by nearly a quarter. Overall, the agreement is estimated to lift EU output by about €12 billion per year.

We support the elimination of nearly all import duties which saves European exporters around €500 million per year. We welcome the fact that the CETA allows EU companies to bid for public contracts in Canada and that it enables EU firms to access Canadian services and investment markets. Our employment markets will benefit from an easier exchange of staff and service providers. We support strengthened cooperation on enforcing the rules on intellectual property rights and welcome the fact that our farmers and the food sector will benefit from the protection of the EU's geographical indications in Canada while safeguarding the particular concerns of this sector. We are convinced that the balanced outcome on market access should permit both parties to increase their exports without substantial risks to local production.



We welcome the investment chapter and underline the improved ISDS which includes clear definitions, a detailed and limited scope of its application and compliance with transparency rules. We are convinced that we are on the right track towards tackling the challenges of investment protection, which is still necessary in the 21st century. We firmly believe that the text represents a significant step towards greater transparency and fairness throughout the entire procedure.

### **We support more active and updated trade policies with Latin America and the Caribbean**

We welcome the entry-into-force of the Trade pillar of the Association Agreement with Central America. We welcome the provisional application of the Trade Agreement with Colombia and Peru and we fully support the accession of Ecuador as a third partner. We see the entry-into-force of EPAs with 14 Caribbean countries as a first step. These Agreements are the best example of how the EU is trying to preserve and promote regional integration.

The EU is still the first investor, the first donor and the second trade partner in Latin America. The EU has contributed a lot to reducing and alleviating poverty as well as to improving governance and capacity building in Latin America. Trade relations with partners in

Latin America and the Caribbean have finally become a priority for the European Union and are mirrored in a network of regional agreements. We are convinced that there are large opportunities to do more in a spirit of mutual trust with benefits for both parties to create a fully Euro-Latin America interregional partnership area based on a WTO-compatible regionalism model.

### **We want to see certain existing Agreements updated**

We support a rapid analysis of the options to modernise the Association Agreement with Chile. We ask for a conclusion of the ongoing scoping exercise for a comprehensive update of the EU Agreement with Mexico and for a quick start of the negotiations.

### **We ask for speedy progress in the MERCOSUR negotiations**

We consider that a comprehensive and balanced agreement with the MERCOSUR countries with special attention and tariff/quota treatment for the most sensitive EU sectors (e.g. agriculture) could be an extremely helpful stimulus for both regions. As in the case of the recent Agreement with the Andean Community, which eventually became an Agreement with Colombia and Peru, we think we should negotiate an Agreement with the Mercosur countries that are ready to move



forward. We support the European Commission in removing excessive trade barriers, in particular high tariffs and import complexities, and subsidies in the region.

### **We want a level playing field with China**

China is one of the biggest economies in the world. Its huge internal development offers important opportunities for our exports and investors. The EU is China's biggest trading partner while for us, China is second only to the US. The volume of trade in goods with China has greatly increased in recent years, with EU exports growing rapidly; however the EU consistently records a significant trade deficit. This is partially a result of the persisting unjustified non-tariff measures and technical barriers. In order to ensure the sustainability of our economic partnership, these have to be progressively eliminated. The EU is committed to opening trade relations with China on fair conditions and in full respect of its WTO obligations.

In the meantime, we support and scrutinise the ongoing negotiations for a comprehensive EU-China Investment Agreement with the aim of creating a more secure legal framework for long-term market access. The progress of these talks will send a strong signal concerning the role to be played by China in the global economy.

### **We want to re-launch our trade partnership with Japan**

The EU and Japan are respectively the first and fourth largest economies in the world, accounting for more than a third of global GDP. Furthermore, the two parties have solid and fruitful economic relations. However, much more can be done to harness the full potential of EU-Japan trade in goods and services and enhance cooperation on global challenges, including energy policy.

Therefore, the EPP Group considers that the ongoing negotiations with Japan for the conclusion of a comprehensive and ambitious Free Trade Agreement represent the best opportunity to re-launch this relationship. We want a win-win Agreement that would boost demand for each other's exports by eliminating or substantially reducing the tariff and non-tariff barriers to trade and enhance the volume of foreign direct investment in both parties.

### **We call for a pragmatic development of our trade relations with India**

Though the trade value between the EU and India more than doubled over the last decade, reaching €72 billion in 2014, it does not live up to its full potential. Despite the dynamism and size of the Indian economy and population, the difficult regulatory environment and tariff

and non-tariff barriers, such as quantitative restrictions, import licencing, mandatory testing and certification, hinder the development of our trade partnership. Given these circumstances, the negotiations on an EU-India Free Trade Agreement, which started in 2007, ought to be accelerated.

The EPP Group supports a pragmatic approach aimed at fostering potential synergies in our economic relations with India, in particular in trade in services and the science and technology fields, as well as fostering cooperation for sustainable development.

### **We want a proactive strategy on ASEAN countries**

Trade with ASEAN countries offers among the best potential for European business. European companies must contend with concrete non-tariff barriers which hamper the exploitation of the full potential of such markets. The EPP Group supports a proactive strategy to negotiate and fully apply bilateral agreements with ASEAN countries to promote better access for European companies and to eliminate non-tariff barriers. The EPP Group now wants to see the bilateral agreements finalised with Singapore and Vietnam, fully implemented and respected by both parties.

### **We ask for further impetus in negotiating Free Trade Agreements with Australia and New Zealand**

The EU, Australia and New Zealand are like-minded partners who share many common values and interests and see eye to eye on key international and global issues such as human rights, security, development and climate change. Therefore, we ask for further impetus to negotiate Free Trade Agreements with both Australia and New Zealand. We see initiatives taken by our trading partners, not least the Trans-Pacific Partnership, and believe that the EU should raise the bar in its commitments in negotiating a Comprehensive Free Trade Agreement in order to enhance free trade, but also to maintain the EU's constructive influence in the region.





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