

# FAQs

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## 1. What is European trade policy for?

**Trade policy** is one of the main pillars of the European Union's relations with the rest of the world. It aims at opening world trade through the progressive abolition of restrictions on international trade and the lowering of customs barriers, as well as the promotion of multilateral trade rules. The EU's common trade policy covers all the main aspects of trade in goods and services (tariff and non-tariff barriers, trade defence).

The implementation of a common trade policy was historically at the heart of the original plan that led to the founding of the European Union. Experience shows that in the world trade competition it pays to team up with other countries. The European Union is the world's largest trading bloc, accounting for about one fifth of all world trade. Its common trade policy enables its 27 members to speak with one voice on the international stage. This is all the more important in a globalised world in which economies tend to cluster together in large regional groups.

During the course of the last few years, trade policy developed from liberalising world trade into setting up and implementing multilateral trade rules, so as to address the citizens' concerns regarding environment, health, social welfare, cultural diversity and promoting competition among developing countries. The EU considers that trade policy is closely linked with the aim of sustainable development of economic activities.

## 2. What does trade have to do with me and my job?

Trade affects individuals in at least two ways.

- First, trade increases the choice of goods and services available to each individual. This also usually leads to lower prices for the consumer, thanks to increased competition.
- Second, access to cheaper inputs, more efficient technology and wider markets increases domestic companies' competitiveness and, in turn, leads to higher investment rates, growth and jobs. This is good news for workers as 20% of employment in the EU is related to export activities.

However, increased competition can also have impacts on particular sectors that may be forced to restructure, with costs in job losses. This negative aspect can be mitigated by the use of appropriate social policies, including education, training, research and development, as well as social security safety nets.

## 3. How do we know that trade is good for us? Is it good for everybody?

Both economic theory and empirical evidence clearly show that countries which are more open to trade are also those that grow the fastest (European GDP grew by 300% over the last 40 years in relation to trade). Recent studies suggest that economic growth results in benefits for all sections of society, thereby reducing poverty. But this process is not always even. In the short term, there could be increased inequalities between countries and within countries (in both the industrialised and the developing world). That is why trade needs to be regulated and complemented with sound domestic policies to lead to sustainable and inclusive development.

## 4. What does the European Union do to promote European trade interests?

Promoting EU trade interests in the current globalised economy entails:

- Opening markets through **multilateral** or **bilateral** trade negotiations;
- Promoting the values that are important for EU citizens: public services, **multifunctional agriculture**, cultural diversity, social welfare;
- Making sure that there is a level playing field and that all players in the globalised economy abide by rules agreed among them for the good of all. This is the purpose of **trade defence policies** such as anti-dumping to counteract unfair competition, anti-subsidies or market access policy that monitors barriers to trade on foreign markets with a view to removing them where possible.

## 5. What is globalisation?

'Globalisation' involves increases in the flows of trade, capital, and information, as well a mobility of individuals across borders. It is driven mainly by technological advances, which spread widely and rapidly. Globalisation has acted as a strong force for good, giving us the longest-ever economic boom through gains in efficiency, technology transfer, and more international specialisation and competition.

While globalisation has been a generally positive force, its benefits have not been universally shared. Some countries have enjoyed growth measured in double digits, but others have fared far less well, particularly in sub-Saharan Africa.

## 6. What is the EU doing about globalisation?

The European Union is interested in promoting politically harnessed globalisation to ensure that its potential benefits are shared more widely. The European blend of market integration, common rules and social safety net mechanisms could serve as a model for how many countries might cope with the effects of globalisation.

A global economy needs better rules, and stronger multilateral institutions. That is why the EU supports the current Round of the WTO - the [Doha Development Agenda](#) (DDA) -, as the best instrument to ensure that common rules can harness globalisation.

## 7. Who is in charge of European trade policy?

The EU has a common trade policy that is based on uniform principles. European Union Member States have agreed to pool their sovereignty and follow a common policy on international trade. The latter is a complement to the single market.

The external trade administration of the European Commission - so called "Directorate General Trade" - is the negotiator, responsible for conducting trade negotiations, and the enforcer, responsible for ensuring compliance by third countries with international trade accords. The Council, where each of the 27 Member States is represented at the ministerial level is the decision-maker. It issues "directives for negotiation" to guide the Commission in its work and decides ultimately, whether to adopt an accord. The European Parliament is associated to the overall conduct of European Union trade policy and kept regularly informed by the Commission.

## 8. To whom is the Commission accountable on trade issues?

The Commission is politically accountable to the Parliament for the overall conduct of its policies on all issues. It is accountable to the Council for international trade negotiations and trade agreements. It has an active policy of consultation with the civil society on trade issues.

## 9. How is the European Parliament involved in trade issues?

The [Parliament](#) has no explicit powers regarding the conduct of trade policy (currently covered by Art. 133 of the EU Treaty until the [new Constitutional Treaty](#) is ratified). However the Commission is committed to making trade policy more transparent and accountable, and to that end, the Commission informs Parliament on a regular basis about developments in European trade policy. The Commissioner in charge of trade regularly meets and exchanges views with MEPs. In practice Members of the European Parliament join the EU delegations to WTO multilateral negotiations. Regarding major international treaties covering, among other issues, trade issues, where Parliamentary approval is required, the Commission ensures that the European Parliament is kept quickly and fully informed at all stages of the preparation, negotiation, and conclusion, in such a way as to enable the Commission to take account of Parliament's views.

## 10. What is in the new Constitutional Treaty?

The new Constitutional Treaty established by the Convention was adopted by the European Council on 18 June 2004 and now stands for ratification in every Member State. The Treaty confirms Trade policy as an exclusive competence of the Union (art. art. I.13). The common trade policy is covered by art. III-315. The latter sets out the coverage of the EU Trade policy as : "(...) the conclusion of tariff and trade agreements relating to trade in goods and services and the commercial aspects of intellectual property, the achievement of uniformity in measures of liberalisation, foreign direct investment, export policy and measures to protect trade such as those to be taken in the event of dumping or subsidies".

The treaty modifies the decision making process by reinforcing the control of the European Parliament. Autonomous measures of trade policy (relating to anti dumping, TBR, GSP) will be covered by the newly introduced "European law" that requires the consent of the European Parliament. Trade agreements will proceed in 3 steps (art. III-315): (i) Authorization to start negotiations to be given by the Council; (ii) the process of negotiations: Commission to report to Parliament (as to Council); (iii) the conclusion of agreements: will require the consent of the EP on acts covered by legislative procedure.

## 11. How can citizens in the European Union make known their views on trade policy?

Our [Trade Commissioner](#) frequently meets representatives of non-governmental organisations, employers' and employees' organisations, academics and others in a consultative process known as the [Civil Society Dialogue](#). Full reports of these meetings are posted on this website. The Commissioner also regularly holds internet chats and forums in order to correspond direct with the public. These consultations have proved to be a crucial element in the process of developing ideas on the orientation of European Union trade policy.

Citizens' views on trade policy are always welcome. We encourage you to [make known your views](#) on the issues to us.

## 12. How can I find out more about the EU's trade policy?

You can get access to EU trade information through the [Commission's External Trade](#) website, which puts special emphasis on the timely posting of significant trade news in a user-friendly fashion. We also operate an e-mail information system, called EU Trade News. This provides free e-mail alerts on breaking trade news. To become a subscriber, please [register](#) on the External Trade website.

## 13. What is the EU place in World Trade?

The European Union is the world's largest trader of goods, and commercial services: 18% of trade in goods, 26% of trade in services and the source of 42% of world foreign direct investment. The EU is an open economy: 70% of our imports enter the EU market at zero rate (EBA, FTAs and zero MFN), 2% at preferential rate (GSP) and the rest - 25% - is at the normal "MFN" rate with a low level of protection in industrial goods (2% tariff average) somehow higher in agriculture (10% on average).

The **WTO** was established in 1995. It succeeded the General Agreement on Tariffs and Trade (GATT), an economic treaty signed in 1947 to help prevent new tariff wars and to ensure that countries trade according to an agreed set of rules. These rules were also intended to stop its members from using so-called 'gunboat diplomacy' to extract trading concessions from other countries.

The main GATT/WTO principles that all members must implement are: no country may apply quantitative restrictions on trade an advantage granted to one country must be extended to all WTO members (Most Favoured Nation) no country may discriminate between its own products and imported products all rules and laws affecting trade must be public and rules and commitments are binding on member countries and enforceable through the dispute settlement system. There are exceptions related to trade defence or the implementation of health and safety standards.

Since its inception in 1995, the WTO has greatly increased the scope and depth of world trade rules. New features of the trading system include coverage of the services sector and rules to protect intellectual property rights, two domains of increasing importance in world trade. A binding dispute settlement system was also created an essential step to ensure the implementation of multilateral rules. Today the WTO has 149 members, with equal right to vote for decisions. It has an intergovernmental institutional structure.

## 2. What is the European Union's agenda for the current Round of WTO negotiations?

The EU has four key objectives for the current Round:

- First, further open access to markets for goods and services, on the basis of predictable and non-discriminatory rules; to achieve this, a comprehensive - rather than sectoral - approach is necessary.
- Second, strengthen coverage in the areas of services, **investment, competition**, transparency in **government procurement, intellectual property and trade facilitation**. Following the Cancun Conference the EU has indicated its readiness to treat each of the four so-called Singapore issues - trade facilitation, transparency in government procurement, investments and competition - on its own merits , i.e. to keep within the Doha Agenda only those for which there is consensus to launch negotiations within the WTO.
- Third, the WTO should complement its focus on market access and rule making with efforts aimed at helping developing countries expand their economies in a sustainable way.
- Finally, the WTO needs to do more to address issues of public concern, ensuring that trade rules are compatible with the wider interests of society as a whole. The 'internal' legitimacy of the organisation is to be improved by demonstrating the ability to revisit the existing rule book (e.g. in relation to TRIPs on health) as well by the introduction of 'systematic' improvements in matters such as dispute settlement and transparency of decision making.

## 3. What was the outcome of the 4th Ministerial Conference at Doha?

On 14 November 2001 the members of the WTO concluded the 4th Ministerial conference with a decision to launch a new WTO round - the Doha Development Agenda - comprising both further trade liberalisation and new rule-making, underpinned by commitments to strengthen substantially assistance to build capacity in developing countries.

Following the failure of the September 2003 Cancun ministerial Conference and after intense consultations with EU Member States, the European Parliament and all European stakeholders (business, trade unions and civil society), in November 2003 the European Commission adopted a **strategy paper**, aimed at contributing to the re-launch of the Doha talks. The Commission concluded that the fundamental objectives of the EU in this negotiation remain valid. The development of multilateral trade policy remains a priority for the EU. The Commission, on behalf of the EU will continue to exercise leadership and play a leading role in the WTO in order to achieve decisive progress during 2004 and to complete the Round as soon as possible.

The Doha Development Agenda allows the WTO to play a fuller role in the pursuit of economic growth, employment and poverty reduction, in global governance, and in the promotion of sustainable development, while maintaining its key function of increasing and improving the conditions for world wide trade and investment.

The Doha Development Agenda sets WTO Members on the path to:

- (a) pursuing the "traditional" task of GATT and then the WTO, that is, greater opening of trade and investment (e.g. the negotiating mandates on tariffs, services, investment);
- (b) continuing the work started in the previous rounds, securing and completing market access commitments with rules that help improve the functioning of markets in a fair, open and transparent manner (e.g. the negotiating mandates on services and investment again, those on trade facilitation, competition, transparency in government procurement, intellectual property and trade defence);
- (c) extending the scope of WTO action in areas crucial for the appropriate direction of global economic integration (e.g. the mandates - to negotiate or otherwise work on - environment, sustainable development), and vis-à-vis developing countries (the mandates on and the attention to special and differential treatment, technical assistance and capacity building, Least Developing Countries, small economies, debt and finance, transfer of technology);
- (d) restoring the "internal" legitimacy of the organisation vis-à-vis its own Members, especially developing countries, through demonstrating the ability to revisit the existing rules book (in relation to TRIPs and health, on implementation issues, trade defence, regional trade agreements), as well as "systemic" improvements in terms of improving dispute settlement and of transparency and inclusiveness of the decision-making process.

## 4. What about the future of the WTO itself? Can it be improved?

The EU would like to see the WTO find its proper role to international economic governance. The European Union has put forward a number of suggestions meant to improve the internal and external transparency of the WTO, and to ensure effective participation by all Member Nations, such as: introducing consultation procedures to foster consensus in a manner that is transparent and participatory. A key aspect of this initiative is a proposal to create a WTO Parliamentary Consultative Assembly, which would provide a forum for inter-parliamentary dialogue; enhancing the flow of information to ensure participation by all members; improving the preparation and organisation of WTO Ministerial meetings and enhancing the role of the General Council; enhancing exchanges of information between the WTO and NGOs.

## 5. Why is the European Union eager to involve all WTO member nations in the current Round?

The **WTO's multilateral process** provides a means for all of 149 member nations, rich and poor, to put their concerns on the table and to reach consensus about how to operate. That is why the EU is keen that the New Round addresses issues

such as growing public concern over the environment, access to affordable healthcare and labour standards - so that the result is a consensus approach accepted as beneficial to all. The EU believes it is far better to use the WTO as a forum in which to make rules and air grievances than to risk a free-for-all or retreat into narrow regional coteries. In an economic slowdown, it is particularly important to keep markets open to foster growth.

## 6. Why is it important to put foreign direct investment rules on the Round agenda?

**Foreign direct investment (FDI)** is now recognised as one of the key factors in economic growth and the creation of wealth. FDI is particularly important to developing countries, since it does not create debt obligations and involves investors in making long-term commitments. Drawing up multilateral rules on this type of investment will provide international investors with the stable, transparent, predictable and non-discriminatory business climate that they seek as they decide where to direct their assets.

The Doha Declaration set for the first time the objective of establishing a multilateral framework aimed at improving the conditions for FDI worldwide. All the elements of the framework referred to in the Declaration correspond to the EU agenda: the scope of FDI, the main principles of transparency and non-discrimination, the structure and the applicable dispute resolution mechanism. The Doha Declaration provides a unique opportunity for all WTO members, and in particular Developing Countries, to adequately prepare the negotiation of a balanced framework of rules that will ensure a level playing field with more stable and predictable investment conditions worldwide and be conducive to sustainable development. The result is of high importance for the EU in its capacity as the world's leading source of foreign direct investment.

## 7. Why does the European Union want competition policies to be included in the Round agenda?

A **competitive trading environment** is an essential component of a liberalised, open and fair international trading system. The WTO has restricted governments' powers to place obstacles in the way of international trade, but there is still no multilateral framework for applying competition law to anti-competitive practices by businesses. Such practices can have a significant impact on access to markets. We need much more international co-operation to deal with questions such as international cartels and multi-jurisdictional mergers.

The Doha Declaration had set the objective of establishing a multilateral framework on competition policies. This would contribute towards the more effective application of domestic competition regimes and be of benefit for consumers and EU business operating around the world.

## 8. Why does the European Union believe that trade facilitation should be included in the Round agenda?

Import and export procedures often amount to significant non-tariff barriers to trade, particularly for small and medium-sized enterprises. The WTO, as the principal organisation for international trade, has a natural role to play in setting binding rules to simplify, harmonise, and automate procedures; reduce border and transport red tape and documentation; improve pre-shipment, customs inspection and licensing rules; and make import, export and border procedures more transparent. Simplified trade procedures can reduce costs to traders and improve the efficiency of government controls, leading to higher revenue intakes.

There is an unambiguous commitment to negotiations on **trade facilitation** within the single undertaking of the New Round. The scope of this mandate is broad, addressing all the issues relevant to the movement of goods in international trade and also the development objectives of trade facilitation including the notion that assistance to build capacity should be an integral part of the agenda.

## 9. Why does the European Union want the WTO to address environmental issues?

The European Union wants the WTO to be fully supportive of international efforts to tackle environmental problems, both because of the importance of environmental concerns and because trade and environmental policies can play a mutually supportive role in favour of sustainable development.

The Doha Declaration strengthened the WTO contribution for the protection of the environment, reflecting the calls of the EU. This desire was demonstrated by agreement by Members to take measures they deem appropriate in the field of health, safety and environmental protection and also by the decision to clarify the relationship between the WTO agreements and the rules of multilateral environmental agreements.

## 10. What is the European Union's position on animal welfare?

The European Union believes that the most effective way to achieve widespread improvement in animal welfare standards is to work towards international consensus on this issue. To achieve this end, the EU is promoting the adoption of standards on a multilateral basis.

The European Union already has its own welfare-based legislation, setting standards for treatment of farm animals, humane slaughter and animal transport. This is not a purely external trade issue but also one of domestic production and use. Indeed the common commercial policy must be seen as a complement to the single market.

### WTO Dispute Settlement



#### 1. What is the WTO dispute settlement mechanism?

The **WTO's dispute settlement system** is a forum that parties may use to assert their rights under multilateral trade agreements. The dispute settlement mechanism, which was introduced in 1995, prohibits a member from resorting to unilateral action in response to alleged violations by other members. Members have the possibility to submit a complaint to an independent panel that will review the WTO compatibility of measures taken by other members. The mechanism gives all WTO members confidence that the commitments and obligations they have negotiated are honoured.

#### 2. What should be done to improve the WTO dispute settlement mechanism?

The European Union believes that, overall, the WTO dispute settlement system is functioning well and has ensured that WTO members respect the commitments they have made. However, there is room for improvement, notably by making trade compensation a realistic alternative to trade-reducing sanctions and making the procedure more efficient. The European Union has submitted proposals aimed at achieving greater transparency in the system, strengthening the rights of third parties, and providing assistance to developing countries to help them participate more effectively.

It was decided at the 4th Ministerial Conference at Doha that negotiations would begin on improvements and clarifications of the Dispute Settlement Understanding based on the work achieved thus far and the factors highlighted above. The declaration also clearly states that the negotiations on the Dispute Settlement Understanding will not be part of the single undertaking - i.e. that they will not be tied to the overall success or failure of the other negotiations mandated by the declaration.

[> Find out more about the WTO Dispute settlement mechanism...](#)

### 3. We hear a lot about trade disputes, especially between the European Union and the United States. What is going on?

A handful of issues have attracted a great deal of publicity, among them disputes over steel, bananas, hormone-treated beef, the U.S. Foreign Sales Corporation tax scheme and US safeguard measures on steel. All of these cases have been the subject of actions within the WTO's dispute settlement system. The EU is intent on resolving these matters through the WTO, rather than resorting to unilateral action. The number of cases currently involving disputes between the EU and the US reflects the huge amount of commerce between the world's two biggest trading entities (The United States is the EU's biggest trading partner, accounting for nearly 22 % of the EU's total trade (exports plus imports)).

## Towards Sustainable Trade

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### 1. What does "sustainable development" mean?

**Sustainable development** means development that enables us to meet our needs in the present without compromising the ability of future generations to meet their needs. It involves both the industrialised and the developing nations, and it has economic, environmental and social aspects. It involves developing and implementing economic strategies that secure non-inflationary growth while preserving environmental resources and promoting social equity. A sustainable trade policy is one that promotes the shared goal of sustainable development through trade agreements and through associated measures such as multilateral agreements on the environment, development co-operation, and capacity- building.

### 2. What is the World Trade Organisation's role in promoting sustainable development?

Promoting sustainable development is one of the World Trade Organisation's objectives. It has been a particular focus of the WTO Committee on Trade and Environment. The Doha declaration strengthens the WTO contribution to sustainable development and strongly reflects the European Union calls for increased action in the WTO in favour of sustainable development and for the protection of the environment.

## Harnessing globalisation

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### 1. What is the European Union's attitude towards social issues?

The European Union is committed to promote the international dialogue on the interaction between **trade and social issues**. The EU strongly believes that the promotion of social rights is an essential element in fostering the competitiveness of an economy and therefore welcomed the creation of the **World Commission on the Social Dimension of Globalisation** under the aegis of the **International Labour Organisation** (ILO). Besides, the European Union also pursues the promotion of social rights in the trade context in an autonomous way. The best example for this is the possibility to grant further trade preferences under the Generalised System of Preferences (GSP) to those developing countries that assure the respect of the core labour rights as defined by the ILO.

### 2. What is fair trade good for and what does the European Union do to promote fair trade?

**Fair trade** initiatives provide opportunity for consumers to contribute towards sustainable economic and social development in developing countries through their purchasing preferences. Fair trade helps to bridge the gap between developed and developing countries and also facilitates the better integration of developing countries in the world economy. Fair trade aims to give producers in developing countries higher revenues for their goods as well as increased opportunities to find new markets. The European Unions provides financial support for organisations involved in fair trade, such as the **European Fair Trade Association** (EFTA) and also gives assistance to projects that include certain fair trade initiatives.

### 3. What is Corporate social responsibility about?

**Corporate social responsibility** (CSR) is one of the responses to the imbalances resulting from the acceleration of the globalisation process. The concept implies that companies integrate social and environmental concerns in their business activities on a voluntary basis. It is based on the fact that companies may contribute to sustainable development by managing their operations so as to enhance economic growth, increase competitiveness and at the same time they can ensure environmental protection and promote social rights. Therefore, CRS is not a substitute but a complement to hard law.

## Trade and Development

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### 1. How does the European Union help developing countries?

The integration of developing countries into the world trading system and the global economy runs like a red thread through the Doha Declaration: from market access over rules to the special provisions on development: trade-related capacity building, Least Developed Countries, special and differential treatment. While trade can contribute to economic growth, development and poverty alleviation, this link does not work automatically or immediately. A number of complementary flanking policies are needed. For developing countries to reap benefits from trade liberalisation, it is essential that they mainstream trade into their development strategies and overcome supply constraints to doing business and trading, and most particularly weak regulatory frameworks and unfavourable business environments, like high transports costs, slow customs and inefficient financial and business services. There is an increased need for trade-related technical assistance (TRTA) in the short term in relation to the negotiation process for some developing countries and in the medium to long term for the implementation of WTO rules.

The EU is a clear proponent of **trade-related technical assistance** (TRTA). It has committed € 3.3 billion to TRTA in the period 2001-2004 or about € 800 million a year. President Barroso pledged to increase this to € 1 Billion per year from 2010 at the G8 Summit in Gleneagles. This compounds the promise by Member states to provide another € 1 Billion per year from 2010.

Examples of Trade-related technical assistance for African Caribbean Pacific (ACP) countries include: direct ACP support programmes worth 10 and 20 million Euros each, in relation to the WTO and Economic Partnership Agreements (EPA) process respectively, support for the installation and maintenance of an ACP office in Geneva.

Aside from financial support, trade itself is an engine for development. The European Market absorbs an important share of developing countries' exports, and the EU is committed to assisting developing countries further through initiatives such as the 'Everything But Arms' package, which aims at full market liberalisation vis-à-vis Least Developed Countries.

The Doha agenda, which reflects the EU's position in development policy, sets WTO members on the path to further opening their markets for goods and services. Market access negotiations will help developing countries get better access to the markets of advanced countries and as developing countries liberalise their own markets, businesses and citizens there will have better access to imported products.

## 2. What does "trade-related capacity building" mean as it relates to the least developed countries (LDCs)?

The overall purpose of **trade-related capacity building** is to assist countries to operate effectively in the multilateral trade environment. At its heart, capacity- building involves helping LDCs develop knowledge of WTO rules so that they can take full advantage of the system. It also involves assisting LDCs as they reinforce their domestic capacity to implement their WTO commitments. In practical terms, it means supporting the kind of training and institutional development that will enable officials from LDCs to become effective in trade affairs. The ultimate objective is to enable LDCs to develop effective export industries that help promote growth within their economies.

## 3. What is the European Union's "Everything But Arms" initiative?

In February 2001, the European Union adopted a groundbreaking plan to eliminate quotas and duties on all products except arms from the world's 49 poorest countries. The so-called **"Everything But Arms" initiative** phased out trade barriers on everything but military weapons from the 49 countries which the United Nations has identified as the world's least developed nations. The World Bank has calculated that the European Union's measures, once fully in effect, will boost the countries' exports to the European Union by 15-20%. Following the suggestion of the European Union, WTO members agreed in Hong Kong in December 2005 that developed country members and those "developing-country members declaring themselves in a position to do so" will implement duty-free and quota-free market access for products originating in LDCs.

### Trade in Goods



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## 1. What is the European Union's approach to negotiations on agriculture?

**The European Union's approach to the on-going WTO agriculture negotiations** is based on its Agenda 2000 package. This focuses on improved market access; and on progressive reductions in assistance to exports and in domestic protection. The European Union also seeks progress on **agriculture**-related issues such as food safety and quality, environmental protection, and animal welfare. Finally, the European Union advocates special and differential treatment for developing countries, through initiatives such as the **"Everything But Arms"** programme, approved in February 2001, through which the European Union offers quota- and duty-free access to virtually all imports from the world's least developed countries. On 28 October 2005, the EU tabled an ambitious proposal in terms of reduction of domestic support, and import tariffs elimination of export subsidies that offered substantial new market access.

## 2. What is the European Union's view on market access for non-agricultural products?

The European Union is calling for comprehensive market access negotiations covering all **non-agricultural products** without exception. The aims in this drive for liberalisation involve a series of technical measures the net effect of which will be to improve market access for all. Tariff liberalisation should be accompanied by an initiative to reduce or eliminate non-tariff measures that restrict or distort trade. In negotiating improved market access, the industrialised world must pay special attention to the needs of developing and least developed countries.

The Doha Declaration is fully compatible with the EU mandate outlined above, and comprehensive negotiations aimed at substantial improvement in this area are planned.

## 3. What are the European Union's objectives in textile negotiations?

The European Union wishes to see all WTO members fully implement all provisions of the Agreement on Textiles and Clothing (ATC) agreed in the Uruguay Round. The ATC sets a clear deadline for removal of all textile quotas by January 2005. The European Union would also like to see rates between WTO members reduced and harmonised, as well as the removal of tariff peaks. Additionally, the European Union would like to address numerous non-tariff barriers to trade in **textile products**. Such issues cover customs valuation, licensing, rules of origin, product safety standards and certification procedures.

## 4. What does the European Union propose to do to reduce technical barriers to trade?

**Technical Barriers to Trade** such as standards and technical regulations often serve to exclude foreign products from a national market. They are frequently alibis for hidden protectionism.

The European Union proposes to strengthen the Technical Barriers to Trade (TBT) Agreement so that standards and technical regulations are not used for protectionist purposes, but rather serve their intended purpose of safeguarding consumer health and safety and the environment. The European Union wants the New Round to include efforts to promote international standards, establish clear multilateral guidelines on labelling and conformity assessment, and promote regulatory best practice. The European Union would like to help developing countries take part in this exercise. To this end, the EU is offering assistance with effective capacity building that will help developing countries fulfil their TBT obligations.

## Trade in Services



### 1. What is

#### the next step in the European Union's drive to remove barriers to global trade in services?

The importance of **services** in world trade constantly increases and a further potential for growth exists as there is a gap between the importance of services in the EU's economy and its importance in terms of international trade. As the world's leading exporter of services (25.8% of the world total), the EU has been the natural leader of the drive to open trade in services. The EU's efforts are directed at strengthening the General Agreement on Trade in Services (GATS), which established a base set of rules and obligations regarding world trade in services. Since the launch of multilateral negotiations on trade in services in January 2000, ("GATS 2000"), the EU is taking an active part at the talks and rallying other WTO members with the same aims. The EU seeks to bring about a deeper and broader package of improved commitments from all WTO members to market access and national treatment. It also advocates the development of GATS disciplines aimed at ensuring a transparent and predictable regulatory environment.

#### 2. Does the European Commission consult European service industries?

The European Commission launched the European Services Forum in 1998 to provide **European service industries** with a means to inform the Commission of their ambitions and expectations for the next round of GATS negotiations. This includes, in particular, identifying priorities and giving guidance to European Union negotiators involved in the World Trade Organisation global services negotiations.

> [Read more on the European Services Forum...](#)

#### 3. Should e-commerce be part of the GATS negotiation?

Doing business via the internet - e-commerce - is now one option open to all buyers, whether individual consumers or corporations. That in itself is not a matter for negotiation. However, wider use of the information technologies that enable e-commerce does open up new opportunities for trade. That is why the EU has proposed furthering the use of information technology by liberalising trade in IT goods, and why it wants to enhance the infrastructure of e-commerce - i.e. all the services needed for e-commerce transactions. The EU thus proposed that, in GATS negotiations, all WTO members consider opening their markets for services critical to initiating and completing an e-commerce transaction, such as telecommunications services, computer-related services, advertising services, some financial, business and distribution services. Competition would bring down the cost of such services and improve the framework for e-commerce considerably.

#### 4. Why should the audio-visual sector get special treatment and exemptions from GATT rules?

Films and other audio-visual products are markedly different from other services to the extent that they reflect cultural values contributing to the very identity of societies. It is essential to ensure that international trade agreements allow countries the possibility to preserve and develop capacity to define and implement cultural and audio-visual policies for the purpose of preserving their cultural diversity. In the New Round of WTO negotiations, the EU will ensure that this possibility is maintained in the GATS.

#### 5. Are European public services at risk?

No. EU member states will be able to safeguard the quality of their public services. The GATS Treaty cannot be interpreted as requiring governments to privatise or to deregulate public services. The GATS Treaty explicitly states that "the process of liberalisation shall take place with due respect for national policy objectives" and recognises "the right of Members to regulate, and to introduce new regulations, on the supply of services within their territories in order to meet national policy objectives".

WTO members may legitimately regulate economic and non-economic activities within their territory to guarantee the achievement of public objectives. This applies even in sectors where GATS members have taken commitments to open their market to foreign suppliers. Thus, all WTO members may establish specific rules for the organisation of sectors identified as public service sectors.

The EC has included supplementary specifications in its horizontal commitments. These allow subsidies to the public sector and the granting of exclusive rights to public utilities. Even in public service sectors where the European Community and its Member States have made market access commitments (such as private education and hospital services), they retain the right to regulate these activities within their territory with a view to achieving legitimate public objectives.

## EU bilateral trade relations



#### 1. Do the European Union's bilateral trade agreements conflict with its commitments within the World Trade Organisation?

No. The European Union enters into **bilateral agreements** to advance specific policy goals. Those agreements complement the Union's participation in the multilateral World Trade Organisation, and do not conflict with it. Indeed, the European Union always makes sure its bilateral agreements are compatible with its commitments within the WTO.

#### 2. What does EU membership mean for new Member States?

The ten new Member States have adopted the entire set of EU legislation known as the 'acquis'. This includes applying the common trade policy, namely all EU bilateral agreements, the Common external tariff and EU trade defence measures. Therefore they had to renounce preferential agreements they may have had with third countries and apply the provisions of Article 133 of the Treaty.

#### 3. How does the EU grant trade concessions to third countries?

Trade concessions are granted by the Community to third countries as there is an economic interest for the EC to foster trade with a certain region so as to increase economic advantages for both partners. Moreover increased trade flows can contribute to the development and stabilisation of third countries and facilitate their integration into the world economy. The main types of tariff concessions currently in force are:

- The Community's scheme of **generalised tariff preferences** (GSP) that provides preferential market access to 178

developing countries and economies in transition. Preferences range from 85% of the normal Common Customs Tariff (CCT) for very sensitive products to duty free access for non-sensitive products. Since 1995, all GSP preferences are granted without quantitative restrictions. The "Everything But Arms" initiative is a special arrangement to the GSP that opens the Community market duty free and without any quantitative restrictions to all least developed countries. The system was simplified and upgraded in particular to make for the erosion of preferences due to the general lowering of tariffs. The main feature of the EU system of trade preferences for the period 2006-2015 are: 1) A simplification of the system, cutting back the five previous arrangements to three (a general arrangement, the "Everything but Arms", and a new "GSP+" giving tariff preferences to countries with special development needs, 2) A focus on the benefits on those developing countries most in need, 3) An emphasis on the regional level to fostering regional cooperation, and 4) Additional GSP benefits on sustainable development.

- The ACP Economic Partnership Agreement signed in February 2000 forwards non-reciprocal trade preferences awarded under the Lomé Agreement (with countries of Africa, Caribbean, Pacific) for an additional 8 years, during which time the EC intends to negotiate reciprocal free trade areas with sub groups of the **ACP countries**.
- Trade preferences for the **Balkans**: On 18 September 2000 the Council provided for the extension and improvement of the EC autonomous trade preferences for Western Balkan countries. The regulation brings the duty free access of the imports of these countries to 95%. In addition, in the context of the Stabilisation and Association process with Western Balkan countries the EU has concluded Stabilisation and Association Agreements with Croatia and the Former Yugoslav Republic of Macedonia liberalising their trade with the EU.
- The **Europe Agreements** concluded with the countries of East Central Europe (eight of them are already members of the Union ) aimed to establish a free-trade area between the EU and the partner countries, on the basis of reciprocity but in an asymmetric manner. As a result, industrial products from the associated countries have had virtually free access to the EU since 1995, with restrictions in some sensitive sectors, such as agriculture and textiles.
- **Mediterranean countries**: the EU has concluded Association Agreements liberalising trade with **Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Tunisia**. A similar one is under negotiation with **Syria**.
- Trade between the EU and **Turkey** is also liberalised in the context of the EU-Turkey customs union.
- The EU has Free Trade Agreements with **Mexico** and **Chile**. It currently negotiates a similar one with **Mercosur**.
- Trade between the EU and **South Africa** is also liberalised in the context of bilateral free trade agreement.

## Trade Policy Instruments



### 1. How can I defend the interests of my company against companies from outside the EU which engage in unfair trade practices?

The European Union is committed to protecting industries in its Member States from unfair trade practices, such as dumped or subsidised imports. Where an industry in the European Union believes that it is suffering material injury because of trade-distorting practices from companies outside the EU, it may submit a **complaint** to the European Commission. The Commission then has 45 days to examine the complaint, consult the Member States (represented by an advisory committee), and decide whether or not there is enough evidence to merit a formal investigation. If a formal investigation does take place, this establishes if remedial action should be taken. This is done in a timeframe of a maximum 15 months.

### 2. What is the rationale behind anti-dumping policy?

**Dumping** takes place when manufacturers from a non-EU country are considered to be selling goods in the EU below the sales price in their domestic market. Since this is the most common unfair trade distorting practice, anti-dumping measures are the trade policy instrument most often used by the European Union. Yet the impact of dumping on total European Union trade should not be exaggerated. Anti-dumping duties and price undertakings cover only 0.4% of the total of European Union imports.

### 3. Are reforms of the WTO anti-dumping and anti-subsidy agreements necessary?

The European Union believes that the **WTO anti-dumping and anti-subsidy agreements** generally work well, and is eager to see all countries bring their legislation and procedures into line with their undertakings - as the European Union itself has already done. Some WTO members have asked for re-negotiation of the current agreements in the New Round. The European Union remains open to the thinking of others on the subject, particularly if their proposals focus on ensuring that current WTO rules are applied fully and properly.

## Market access strategy



### 1. How do you help European companies overcome trade barriers that block their access to non-European markets?

The European Union assists European exporters gain access to world markets. **The Database** is a systematic way of following up every specific trade barrier brought to the attention of European authorities and a key element of the **European Union's market access strategy**. It lists all known barriers affecting European Union exports and provides basic information regarding relevant taxation, customs and licensing requirements of third countries; and it provides an interactive means of communication between business and European authorities.

The Commission has established regular contacts with the EU business community in non-EU countries, so as to be fully aware of their concerns. These contacts take place through the Trade counsellor of Commission's Delegations on the ground. They often resulted in the establishment of an EU Business Association.

The European Union also works to remove specific trade barriers through bilateral consultations, bilateral market access packages with non-WTO countries, and WTO dispute settlement proceedings. The European Union aims to strengthen market access in the New Round of WTO negotiations.

### 2. Why is it important to simplify trade procedures?

We need to cut red tape where possible. Simplified trade procedures will mean lower costs and fewer delays for traders. They will help create the climate necessary to attract inward investment, and will lead to higher revenues for governments through better border control and fraud prevention. The European Union wishes to conclude a trade facilitation agreement



in the New Round that would apply basic GATT/WTO principles to trade procedures, simplify import and export procedures, establish rules on customs and administrative processing of consignments, and introduce measures - in co-operation with relevant international organisations - to assist developing countries with building capacity in these areas.

## Intellectual Property

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### 1. Surely lack of [access to medicines](#) in poor countries proves that TRIPS is too tilted in favour of big business?

Lack of drugs in poor developing countries is not tied to the existence of TRIPs. Health systems in these countries are massively under-resourced, and the sick cannot afford the cost of medicines. They need cheaper drugs and development aid.

The EU's "Programme for accelerated action on HIV/AIDS, malaria, and tuberculosis in the context of poverty reduction" defines the EU response and work programme, over the period 2001-2006, to this global emergency, which mostly affects the poorest populations and undermines health and development efforts.

In parallel, the EU is convinced that the TRIPs Agreement can be implemented in ways that meet WTO Members' public health objectives as well as the rights of pharmaceutical companies. Since Doha, progress had been made with regards to countries with no manufacturing capacity. The WTO General Council adopted a Decision on August 2003 allowing the granting of compulsory licences for the production and export of patented medicines to developing countries with no manufacturing capacity in the pharmaceutical sector. This decision includes substantial safeguards against trade diversion and rules to ensure transparency. The Decision still has to be transposed into an amendment to the TRIPs Agreement. The EU is fully committed to ensuring an effective amendment of the TRIPs Agreement on the basis of the Decision and will continue to address this issue within international organisations and, in particular, the WTO.

### 2. Does TRIPs allow countries to restrict or prevent the patenting of living organisms?

Yes. The rules on this are flexible. Plants and animals can be excluded from patentability. For plant varieties, TRIPs does permit countries the option to either introduce patents or an alternative sui generis system of intellectual property protection. Moreover, it allows countries to exclude from patentability inventions contrary to public order, or those which endanger human life or the environment. The farmers' privilege, i.e. the right of farmers to use the product of their harvest for propagation by them on their own farm by derogation from the protection conferred by a patent, is an established principle in EC law.

### 3. Does TRIPs really prevent countries from making their own policy on biotechnology?

No. TRIPs only obliges members not to exclude from patentability micro-organisms and non-biological processes for the production of plants and animals. Plants, animals and essentially biological processes for production of plants or animals can so be excluded. This gives members leeway.

### 4. How can the TRIPs agreement be used to increase protection for traditional knowledge?

Although TRIPs is silent on this issue, it does not prevent members from setting up national protection regimes for traditional knowledge. Traditional knowledge and the means to protect it are, however, on the agenda of the World Intellectual Property Organisation (WIPO) at the moment. The European Community has made clear that it is very open to developing country requests to include traditional knowledge on the agenda of a new round.

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