

Institutional Aspects of EU Trade Policy Formulation

EU Economic Relations
Permanent Mission of Canada to the EU
Brussels, July 14, 2008

David Kleimann



Overview

- Directorate-General for Trade deals with External Trade and EU Common Trade Policy
- Our particular unit manages trade relations with North, Central, and Latin America

Content of presentation:

- Key institutional aspects of EU trade policy formulation
- Broader view on EU trade policy
- Some aspects of EU – Canada trade relations

EU Common Trade Policy

- EU has a common trade policy for all 27 Member States governing its relations with all its trading partners
 - Necessary counterpart to Europe's single market
 - Common rules apply to goods and services wherever they enter or exit
 - In bilateral and multilateral trade negotiations, MS are represented by the European Commission
- 

How does the European Union formulate its trade policy?

- Article 133 of the treaty establishing the European Community provides, for the area of trade policy, that....
 - The Commission has the prerogative to propose legislation
 - ↓
 - The Council (MS) decides by qualified majority (majority of countries + majority of votes + majority of population)
 - ↓
 - Commission implements and administers legislation
- In the meanwhile....
- Commission consults MS in Article 133 Committee
 - Commission has a firm policy of informing the European Parliament on trade matters

How does the European Union formulate its trade policy? cntd.

- Treaty currently does not provide for involvement by the European Parliament
- Parliament is only consulted on negotiations on trade agreements
- Peculiar to trade: normally co-decision or cooperation procedure between Parliament and the Council, but so far not in trade policy
- Lisbon Treaty (12/2007) will institutionalize the information dialogue and give the parliament extensive decision making powers regarding trade policy

How does the EU formulate its Trade Policy? cntd.

- International Trade Negotiations:

- Commission recommends a mandate to the EU Council of Ministers



- Council approves a directive which sets out the objectives, leaving the Commission to decide how to achieve them



- Commission negotiates on this basis



- Council decides to adopt or to reject a negotiated agreement

In the meanwhile...

- Commission consults MS through the Article 133 Committee
- Commission informs the Parliament

Bilateral and regional dimensions to EU trade policy

- Strong traditional priority to multilateral trade agreements within WTO framework
- In addition, great variety of bilateral and regional agreements:
 - Customs union agreement with Turkey
 - Free trade agreements with EFTA, Mexico, and South Africa
 - Negotiation of EPAs with African, Caribbean and Pacific (ACP) countries (FTAs with development chapter)
 - Under negotiation: South Korea, India, ASEAN, Central America, Andean Community
- Everything but Arms (EBA) initiative: duty free / quota free market access for the 49 LDCs under WTO Enabling Clause
- GSP and GSP+ for developing countries under the WTO Enabling Clause
- So far: no FTA with a developed country (politically sensitive)

Some characteristics of the bilateral relation to Canada

- On top of the pyramid: annual EU-Canada Summit
- Joint Cooperation Committee (JCC) looks at bilateral relation as a whole
- Trade and Investment Sub-Committee (TISC) examines at all sorts of trade concerns and or irritants and seeks progress on a bi-annual basis (e.g. B and NL ban of Seal products; Canada's discriminatory excise duty exemptions)
- In addition, several existing agreements and initiatives aimed at the elimination of technical barriers to trade and at reducing regulatory divergence (e.g. Agreement on Customs Cooperation, Veterinary Agreement etc.)
- Regulatory Cooperation Roadmap: management of chemicals, consultations of food labelling, authorization of pharmaceutical products

What next?

- EU and Canada are keen to improve economic cooperation
- Negotiation of Trade and Investment Enhancement Agreement (TIEA) since 2004, but paused after 02/2006
- TIEA aimed to focus on regulatory barriers to trade, instead of tariffs or quotas / Not a classic FTA
- EU remains committed to resume negotiations once the outcome of the DDA becomes clearer
- Canada seems to have its sights on an FTA or FTA+ with the EU while the EU is not convinced as of now that an FTA is the most effective instrument to improve cooperation
- Canada and EU undertake a Joint Study to examine and assess the costs and benefits of a closer economic partnership (findings ready by July 2008)

Thank you for you attention!

