

Opinion of the European Economic and Social Committee on the 'New trade agreements negotiations — The EESC position'

(2008/C 211/21)

At the plenary session held on 26 September 2007, the European Economic and Social Committee decided, under Rule 29(2) of the Rules of Procedure, to draw up an opinion on

'New trade agreements negotiations — The EESC position'.

The Section for External Relations, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 April 2008. The rapporteur was Mr Peel and the co-rapporteur was Ms Pichenot.

At its 444th plenary session, held on 22 and 23 April 2008 (meeting of 22 April), the European Economic and Social Committee adopted the following opinion by 101 votes to 6 with 7 abstentions.

1. Conclusions and General Recommendations

1.1 The Committee welcomes the reaffirmation by the Commission of its overall commitment to multilateral trade liberalisation. It recognises that this turn to a bilateral agenda by the EC is predicated on the lack of progress of the multilateral agenda.

1.2 The Committee believes that bilateral agreements must be seen as compatible with and indeed eventually strengthening multilateralism. Eventual gains made bilaterally can stimulate the multilateral process. Our prosperity depends on trade, as the EC states.

1.3 However, the Committee stresses there must be a qualitative change in the approach to this new series of negotiations: simply to try to repeat on the bilateral level the policies which have not succeeded at the multilateral level is insufficient.

1.4 The bilateral approach may allow more respect to regional and national differences than is the case with multilateral agreements which per force follow a broader approach.

1.5 The Committee therefore warmly welcomes the approach from DG Trade seeking the Committee's assistance in covering the EU's new trade agreements negotiations as foreseen in the Commission's 'Global Europe' Communication of October 2006.

1.6 The Committee reaffirms its fundamental objective to maintain and develop, as a full partner of the European Commission, a significant level of co-operation and responsiveness on behalf of European civil society in our future work with the Commission and other major EU Institutions.

1.7 The Committee welcomes this opportunity to support the Commission's aim to ensure a greater level of monitoring and in the transparency in the negotiations and to extend and develop its involvement with civil society in those other countries and regions of the world involved with the negotiations.

1.8 The Committee believes that in the area of monitoring it has the potential to play an active role because of its structure. The experience of the Committee in particular enables it to identify effective potential partners in other countries.

1.9 The Committee, whilst noting that in this instance the Commission is seeking comment and cooperation on the proposed negotiations as a whole, also notes the very extensive range of issues and concerns that these negotiations will cover, many of which are alluded to in the body of this Opinion. The Committee therefore strongly recommends that it should look further and in greater depth into a number of these specific issues in separate Opinions in the near future, for example, in relation to Decent Work and market access.

1.10 The Committee welcomes in particular the re-emergence of social and environmental considerations in the Commission's brief for these negotiations, noting to this end that Sustainable Development includes economic, social and environmental considerations. However, the Committee also notes that many primarily economic-related issues that are raised include civil society considerations, not least those affecting the free movement of people.

1.11 In this bilateral approach the Committee considers that a basis of fundamental, universal rights enshrined in ILO standards are essential. The Committee also believes such standards must be used to intensify mutually acceptable and practicable definitions of Decent Work.

2. Background — the importance of trade

2.1 Trade lies at the very heart of International Relations. Interactions between countries take place at a number of levels, notably through:

- geo-political/military interaction,
- trade and economic links,

- ‘soft governmental’ bodies: permanent such as the WTO (World Trade Organisation), the United Nations and its agencies, including the ILO (International Labour Organisation), the IMF and the World Bank — and ad hoc, notably on shared environmental/Sustainable Development and Climate Change concerns (Rio, Kyoto), — all arising from global interests shared in common,
- sport, cultural and/or historic ties, and
- Civil Society contacts — of particular importance to this Committee.

Of these, trade offers the most effective, deepest and most enduring means of building contact between countries and global regions, from which other contacts and ties will most readily grow.

2.2 Indeed international trade and investment are the key drivers of European economic growth and of the external dimension of EU competitiveness. As the Commission ‘Global Europe’ Communication states, ‘our prosperity depends on trade’. Of Importance too is that the Commission has full competency in trade matters — whereas in many other areas of international relations it can only have political aspirations. The accountability of the Commission here however remains an issue of concern and will need to continue to be monitored as these negotiations progress.

2.3 The encouragement of trade, lower tariffs and the removal of other trade and investment barriers, is seen by many to be of critical importance in achieving widespread acceptance of the more positive and beneficial aspects of globalisation. The major emerging economic powers like China, Brazil and India — all included in the Commission’s new strategy — are adopting less restrictive trading practices, a key sign of how the pace of globalisation is growing exponentially. Increased economic ties — through increased trade — enables cultural, and most importantly for the EESC, contacts at civil society level to be strengthened considerably. Many believe these ties will also promote and encourage the acceptance and development of best practice in environmental improvement and the promotion of Sustainable Development as well as the development of higher social and employment standards. This is not yet a certain outcome — the Committee believes that it will need careful monitoring through the direct involvement of civil society.

2.4 The Committee attaches key importance to the role of civil society in the implementation and follow-up mechanisms for those facets of the agreements that relate to sustainable development. We recognise the advantage to be gained by cooperation-based dialogue in fostering an atmosphere of confidence among the partners as this is the only way to address the sensitive issues involved.

2.5 We welcome the inclusion of the important guideline in the negotiating mandate for the new agreements which specifies

that these must seek to promote respect for sustainable development (especially social and environmental standards). The mandate should be seen against a backdrop of major global issues: climate change, the Millennium Goals, poverty reduction, decent work and health standards (notably food).

2.6 The Committee would recommend relaunching the debate within civil society on the collective preferences underpinning the European model of the social market economy. In the bilateral negotiations, Europe must make it clear that it stands by its collective preferences on social matters and in the areas of food safety and the environment. This view is confirmed in the Commission communication of October 2007: ‘*The EU needs to ensure that third countries offer proportionate levels of openness to EU exporters and investors and to have ground rules which do not impinge on our capacity to protect our interests and to safeguard our high product standards relating to health, safety, the environment and consumer protection*’.

2.7 The Commission has announced that it will soon be putting new ideas on the table to address these key challenges, based on the EU’s commitment to opening up markets and ensuring fair competition. The Committee therefore feels it a matter of some urgency to press ahead with these bilateral agreements in the pursuance of a threefold policy objective — protection, fairness and reciprocity — so that a new generation of agreements can emerge.

3. The Commission ‘Global Europe’ Communication — A major change in EU Trade Policy

3.1 The approval by the Council of Ministers in April 2007 of the Commission Communication ‘*Global Europe competing in the world*’ is a highly significant event globally. The EU is one of the largest world trading partners, accounting for a 26 % share in world trade in services and a 17,5 % share in goods (EU25 — 2005 EC figures). Whilst reaffirming the EU’s commitment to multilateralism, this Commission strategy promotes a new generation of bilateral and regional trade agreements as well as targeting the elimination of non-tariff and regulatory barriers.

3.2 This new framework is clearly the result of the lack of practical progress in the Doha Development Round. As such it is to be welcomed as a statement of intent to pursue the liberalising agenda. The Commission is correct to stress this is not in place of multilateralism but as a commitment to keeping momentum going. The Committee welcomes this. The conclusion of the Doha Round remains a strategic political necessity.

3.3 This Communication nevertheless represents a major change of direction in EU trade policy, the first since 1999. Nevertheless the Committee has already welcomed ⁽¹⁾ the Communication, not least for its reaffirmation of the Commission’s commitment to the development of trade and the EU’s attachment to multilateralism.

⁽¹⁾ Malosse Opinion dated May 2007 (REX/228 — CESE 136/2007 fin).

3.4 It is important that the bilateral agreements do not thwart multilateralism. They should therefore be confined to providing support for the multilateral approach and must be seen as compatible with, and indeed eventually strengthening multilateralism. Indeed, the Committee considers that eventual gains made bilaterally can stimulate the multilateral process as a result of the more in-depth discussions and the closer alignment of positions brought about by bilateral approaches.

3.5 We note that the complexities here have been very clearly set out by Professor Patrick Messerlin ⁽³⁾. Human resources are so scarce in some small states and regional configurations that multilateral or bilateral is a stark and critical choice.

3.6 It is essential, therefore, that the Commission negotiates FTAs that can be shown to provide real added value. The bilateral approach may allow more respect to regional and national differences in approach than is the case with multilateral agreements which per force follow a broader approach. In this regard we note too the clear, renewed emphasis on the three outstanding 'Singapore Issues', namely competition, investment and public procurement, which the Commission now intends to pursue through the proposed FTA negotiations, despite these issues being dropped by the EU from the DDA negotiations at Cancún.

3.7 However, the Committee stresses there must be a qualitative change in the approach to this new series of negotiations: simply to try to repeat on the bilateral level the policies which have not succeeded at the multilateral level is insufficient.

3.8 The EU must equally appreciate that in each case the negotiating partner will want to proceed at a pace and manner in keeping with their own traditions. There are wide differences in approach between Europe and Asia in many areas, which need to be respected. Within the ASEAN members in particular there are other wide differences, notably in levels of development. The EU cannot extend its standards without negotiation.

4. General recommendations for future FTAs

4.1 The Commission has set out both a series of key FTA and other trade negotiations that it wishes to promote, together with a series of key negotiating areas, including technical and non tariff barriers and the 'Singapore Issues', by means of which it aims to develop and strengthen its 'competitiveness agenda' for trade policy. Negotiations should be as broad as possible but outright contradictions and incompatible standards between agreements must be avoided at all costs. The Committee will look for clear guidelines to be followed in both the foreseen FTAs and other negotiations that are likely to follow in the following areas.

4.2 **Technical barriers to trade:** in many countries these now constitute a greater impediment to trade creation and

economic growth and pose more barriers to market access than those provided by tariffs (not least as so many individual developing countries have unilaterally reduced tariffs to develop trade and investment). In this regard, standards, particularly in the field of human, animal and plant health are regularly a major point of contention, especially as the EU maintains some of the highest standards in the world — often perceived by others as 'back-door' protectionism. The EU must be prepared to intensify the training and wider capacity building already available and otherwise build on the success of its existing Trade Related Technical Assistance (TRTA) programmes.

4.3 **Tariff barriers** will be a key issue in each of the three key negotiations, with Korea, India and ASEAN. India in particular has some very high tariffs, backed by further duties, notably the Additional Duty and the Extra Additional Duty, with an aggregate tariff as high as 550 % for certain products. Lack of harmonisation is a problem among ASEAN countries, where a wide range of differing tariff levels are applied, as well as discriminatory excise tax systems ⁽³⁾.

4.4 Negotiating the removal of as many **non tariff barriers (NTBs)** as possible will be high on agendas, although here the underlying problems will be as a result of overgrown bureaucracies, stifling levels of local regulation, lack of alternative employment for superfluous officials and even possibly corruption. The WTO estimates, for example, that 93 % of imports into India face NTBs of some kind, compared with just 22 % for Brazil ⁽⁴⁾. NTBs are also high in ASEAN countries, but here their extent also varies widely as well (for example affecting 31 % of imports into Indonesia, compared with just 2 % for Singapore). For Korea the figure is 25 %.

4.5 **Economic criteria must be paramount** — current and future markets must be a fundamental driver in determining future FTAs.

4.6 Substantially **all goods and services** must be included a.i.e. at least 90 % of trade: GATT Article XXIV specifies that 'restrictions shall be "eliminated" between members of an FTA'. Some exceptions will need to be made, especially where subsistence levels of agriculture may be involved. This restriction cannot apply however in the area of **services**, where optimal inclusion will be critical. Huge potential gains for each negotiating party — possibly the most quantifiable in trade terms — are at stake here. Free movement of capital and finance will of course be of key importance here if all parties are to gain maximum benefit. However major problems arise particularly over the movement of people, notably in 'Modes' 3 and 4. To resolve these successfully will be especially challenging, notably the granting of more open access to individual Member States for qualified professionals from each trade partner in turn. Civil society will want to monitor developments, and implementation, in this area very closely. It is appreciated that for all sides

⁽³⁾ CBI Briefing Paper, March 2007.

⁽⁴⁾ WTO 'Market access: Unfinished Business — Post Uruguay round Inventory', 2003.

⁽²⁾ Jan Tumlrir Policy Essay (ECIPE, 2007).

some sectors are more sensitive than others, but agreements contradictory or incompatible with any of the others reached must be avoided at all costs. Nevertheless the Committee endorses the intention of the Commission to work from a positive list, as per the DDA negotiations, as opposed to the negative list approach adopted by the United States.

4.7 The EU should promote the **international dimension of the Internal Market**, not least to encourage increased economic integration wherever this would be beneficial, such as in accounting standards, not least to ensure a level playing field.

4.8 All FTAs will require both **safeguard clauses and a dispute settlement mechanism** and some social agenda monitoring process. The Committee recommends that a mechanism for the rapid settlement of non-tariff disputes be put in place. **This would be a bilateral mechanism designed to offer conciliation through a flexible apparatus along the lines of the European Union's experience with the internal 'Solvit' network.** The EESC has already addressed the question of the monitoring of such a social agenda in the context of bilateral agreements and has suggested the establishing of 'joint bilateral observatories' ⁽⁵⁾.

5. Recommendations for future trade agreements: the social and environmental aspects ⁽⁶⁾

5.1 The Committee particularly welcomes that the Communication spells out the importance of Social Justice, stating that 'we must also recognise the potentially disruptive impacts of market opening for some regions and workers, particularly the less qualified'. It emphasises too the underlying threat of climate change and singles out energy and biodiversity in this context.

5.2 In the Uruguay Round the EU Commission supported a social clause for world trade but such a step was abandoned not least because of opposition from the developing world which saw such conditionality as having a potential for disguised protectionism.

5.3 Concern in the EU has persisted however about 'social dumping' — using artificially low wages and social on-costs to provide 'unfair' competition. The EESC ⁽⁷⁾ in particular takes the view that free zones, which exist in the countries with which bilateral negotiations are under way, must in no case operate outside the limits set by national legislation (on social and environmental issues). They represent real cases of social and environmental dumping. The negotiated agreements must ensure that no business, by means of sub-contracting, can set objectives at a

lower level than national legislation or fundamental ILO conventions.

5.4 All bilateral negotiations must be based on the framework provided by the principal international undertakings: the 1998 ILO declaration, the 2005 Sustainable Development Summit, and commitments entered into under the Millennium Development Goals concerning poverty reduction, and the 2006 ministerial declaration on decent work.

5.5 Despite the sensitivities and lack of progress in pursuing this social agenda multilaterally through the WTO, the Committee urges the Commission to consider how it can be pursued bilaterally. Indeed as already stated a bilateral approach may be more fruitful in achieving the Commission's goal for it ensures the dialogue can more fully and directly address with due respect to differences in development.

5.6 More and more European citizens are asking questions about Europe's globalised future. For its part, the Commission is seeking to define the 'European interest', as illustrated by the December 2007 summary report on the Lisbon Strategy. The Commission emphasises the external dimension ⁽⁸⁾: it notes that it is becoming increasingly necessary to ensure that equal conditions exist at international level.

In order to strengthen the external dimension of the Lisbon Strategy, combining the defence and the legitimate opening up of the European interest, the Commission has agreed that dialogue with third countries be stepped up and rationalised, placing a clearer emphasis on questions of mutual interest, such as market access, regulatory convergence, migration and climate change. Each year, it will adopt a single report on access, naming those countries and sectors where major obstacles continue to exist. The Committee wishes to see civil society in Europe and our negotiating partners involved. This should restore visibility and coherence to the Union's policies on trade, external relations and development aid.

5.7 For the immediate present and with regard to the trade negotiations under way, the Committee considers that a foundation for the sustainable development chapter (social, environmental, human rights and governance aspects) is provided by the 27 conventions already listed ⁽⁹⁾ by the current GSP Plus system. The aim is make this a common reference point. The ratification, implementation and monitoring of these 27 international conventions should represent the minimum threshold for discussing the sustainable development chapter in the negotiations opened with the Asian countries ⁽¹⁰⁾.

⁽⁵⁾ See REX/182 The Social Dimension of Globalisation.

⁽⁶⁾ Opinion on *The Challenges and Opportunities for the EU in the Context of Globalisation*, rapporteur: Mr Malosse, 31 May 2007.

⁽⁷⁾ *Corporate social responsibility*, Evelynne Pichenot, December 2006.

⁽⁸⁾ Communication from the Commission of 11 December 2007, assessment and summary of the Lisbon Strategy.

⁽⁹⁾ List in appendix.

⁽¹⁰⁾ Table showing the ratification of international conventions by Asian countries.

5.8 In the light of the varying levels of development in the Asian countries concerned, and their institutional capacity for effective implementation, the Committee recommends that this condition be evaluated on a case-by-case basis, and recommends financial support in line with the distance each country must cover in order to catch up. At the same time, this foundation is only a starting point, which can be fleshed out by stronger commitments for the more developed countries, such as South Korea.

5.9 To this end, free trade agreements must be backed up by cooperation agreements offering substantial financial assistance in order to catch up with international standards. This level of financial commitment will have a strong influence on the strictness of requirements, particularly in the environmental sphere. Technical assistance will be all the more effective if it is linked to the results flowing from the implementation of certain conventions. By granting funding, the monitoring of commitments can serve as a spur to social progress.

5.10 Technical assistance will also focus on establishing or strengthening local or regional bodies to supervise implementation (e.g. labour inspections, agency for the use of pesticides, etc.). The Committee places particular emphasis on the need to place bilateral monitoring mechanisms in the hands of local or regional bodies with the capacity to effectively monitor producers throughout the territory in question and to impose sanctions in the event of infringement. Real access to public procurement also entails greater involvement of territorial authorities in monitoring and implementation.

5.11 The Committee calls for impact assessments for each country in the social and environmental fields to be available from the initial stages of negotiation, to provide negotiators with an objective overall picture of the chances of, and difficulties in, establishing a realistic commitment with any given country. It is preferable to slow down the negotiation process in order to guarantee a sound result, taking account of the impact assessments currently underway, which will enable civil society to judge developments with complete transparency, and to evaluate the financial assistance required to attain the best social or environmental objectives.

5.12 For many countries lowering customs tariffs means the loss of revenue which is used to finance public services. This complex issue deserves further investigation. Free trade agreements should therefore not include any proposals or measures which might directly or indirectly impede the operation of public services.

6. A dynamic approach to decent work in the Union's trade agreements

6.1 The Committee believes that decent work, as defined by the ILO, must become a priority benchmark in trade at European and global level. It is a concept that is recognised internationally by employers, states and workers. The guarantee of decent work — including employment, compliance

with workplace rights, social dialogue and social protection — is crucial to reducing poverty and bringing about global progress ⁽¹¹⁾.

6.2 Free trade agreement monitoring committees must provide backing for existing dialogue procedures, especially when a partnership or association agreement has set up a structure for dialogue on 'employment and social affairs'.

6.3 The Committee considers that progress on social standards should form a part of the sustainable development approach set out in the mandate. It was agreed in 1996, that the joint work of the ILO and the WTO needed to be strengthened. In 2007, this resulted in a joint report on trade and employment, and is due to continue in the form of a study on the 'informal' sector. The Committee recommends that the EU take account of ILO regional-level interventions in assessing the impact of trade integration on decent employment and on how policies on employment, social protection and labour standards are framed. It wishes to alert negotiators to the importance of defining indicators that are compatible with the decent work agenda.

6.4 At the current stage in the negotiations, the Committee judges it essential that the eight basic conventions be ratified ⁽¹²⁾ and properly implemented (subject to verification by a joint WTO/ILO working group), calls for the other four priority conventions on health and safety and labour inspections to be taken into account, and urges that the largest possible number of conventions relevant to the countries concerned be ratified, subject to the principle of differentiation.

6.5 The Committee recommends that the negotiation of new trade agreements be accompanied by the introduction of national decent work programmes. It urges the relevant Asian countries to call for ILO assistance in carrying out a three-fold diagnosis, and to facilitate the recognition of this plan by all the international institutions. The Committee would like to see the bilateral negotiations issue included in the follow-up communication on decent work planned for 2008.

6.6 The Committee calls on the EU and the Member States to provide financial support and donations at the subsequent monitoring stage of the agreements, to help implement national decent work plans. In its annual country reports, the EU should pay special attention to the exercise of trade union rights and to the recommendations of the ILO's labour standards committee.

⁽¹¹⁾ Opinion on *The social dimension of globalisation*, rapporteurs: Mr Etty and Ms Hornung-Draus.

⁽¹²⁾ Table on the progress of ratifications in Asia in appendix.

6.7 Regarding the monitoring mechanism, the Committee considers that a contribution to the impact analyses should be sought from regional- and local-level social partners. It recommends that sector-based structures be introduced in order to carefully analyse the specific difficulties encountered by each sector.

7. Intellectual Property Rights (IPR) — and enforcement

7.1 The Committee welcomes the emphasis in the Communication on strengthening IPR provisions in the ways that are outlined, including in particular offering support to SMEs and others trading with the emerging economies. Developing the EU's strategy for protecting intellectual property rights and strengthening enforcement activity is essential if the EU is to meet its aim to reduce IPR violations and the production and export of fake goods. Enforcement is key here. The TRIPs agreement must be fully implemented by FTA partners, thus a primary objective for the EU in concluding these FTAs should be to obtain solid commitments for concrete enforcement of existing IPR legislation together with sufficient control and measurement of results achieved, rather than aim for entirely new agreements. Europe's Research and Development capacity and capabilities, so rightly emphasised in the Lisbon Strategy, will be a significant factor in maintaining EU competitiveness in a world where strong economic challenge will increasingly come from outside Europe.

7.2 In combating counterfeiting, the Committee urges the negotiators — especially with India — to discuss measures to protect consumers from the risks associated with counterfeiting. Follow-up to the agreement should include a joint EU-India committee on counterfeiting (as is the case with China) ⁽¹³⁾.

7.3 Given that India is involved in the Heiligendamm process (launched in June 2007) between the G8 and the five emerging countries to create a structured dialogue on promoting innovation and protecting intellectual property rights, for civil society, it would be helpful for the bilateral negotiations to take account of the monitoring of this process.

8. Rules of Origin

8.1 Cumulation of origin between EU's FTA partners should be allowed, and rules of origin should be harmonised to facilitate trade with our FTA partners. Lack of cumulation, and differences in rules of origin for multilateral trade ('non-preferential rules') and for free trade areas ('preferential rules'), make it difficult for economic operators to take full advantage of the lower tariffs of FTAs. Many European importers today pay the full non-preferential duty rather than the lower FTA duty to avoid potential penalties for accepting certificates of origin of uncertain accuracy. In such cases FTAs fail to fulfil their purpose to expand trade.

⁽¹³⁾ See also Opinion by Mr Cappellini INT/390: The different policy measures, other than suitable financing, that would help SMEs to grow and develop.

9. Government procurement markets, investment and competition rules abroad

9.1 Despite our concerns with regard to the DDA and the timeliness of reintroducing the 'Singapore Issues', the Committee welcomes the Commission's detailed proposals with respect to opening up public (increasingly described as government) procurement markets abroad, investment and competition and state aid rules, given the restrictive practices found in these areas with many of the EU's leading trade partners. As already stated, FTAs to be worthwhile must be seen to add value.

9.2 The Committee notes the existence of the WTO working party in **government procurement** which allows like-minded countries to make consensual progress on public procurement under the auspices of the WTO, thus opening the possibility of building momentum without pressurising countries to go beyond what they feel they can deliver or cope with. This could be a model for proceeding in the bilateral field.

9.3 Government procurement, as is stated, is an area 'of significant untapped potential for EU exporters'. It is especially important for EU exporters in many sectors in emerging markets. Given the example set by the EU's existing FTA with Chile, we look therefore to the standards agreed in the Government Procurement Agreement (GPA) of 1994 as the minimum that should be sought, with the EU offering technical assistance and other 'capacity building' to other parties if required to enable them to comply with that Agreement. We note that the US is looking to achieve this goal in their negotiations and we welcome the assurances given by the Commission that this is the EU's goal as well. We are under no illusions that this will be easy to achieve, not least with India where competence lies at State, not Federal, level.

9.4 Equally, improving **investment** conditions in third countries will be important in ensuring growth both in the EU and in the 'receiving countries'. Many, if not most, of the EU's key trading partners maintain a high degree of protection from foreign direct investment through discriminatory regimes, authorisation rules that involve major administrative and/or bureaucratic costs, whilst in addition there are too many sectors that are entirely, or partially, inaccessible to European investment, especially in the service sector (banking, finance, insurance, legal, telecoms, retail distribution as well as in transport). The key in the negotiations will lie with the removal of unnecessary restrictions, and to ensure that the negotiations and the process then in place are fully transparent and that the resulting authorisation procedure within the FTA partner should be fair, quick and efficient. We note that the US FTA model used in their negotiations involves a comprehensive approach, including investor protection.

9.5 We welcome the EU's desire to include some provisions on **competition** in FTA negotiations. Many of the problems regarding investments and trade facilitation stem from the lack of adequate competition regimes in those countries, which impede and distort global trade and investment flows are often impeded by market distortions caused by the absence (or by a serious lack of implementation) in competition. These all remain fundamental issues of global governance. Both the existing agreements with South Africa and Chile provide for co-operation between the Commission and the local Competition authority. The Commission should aim to include such provisions in the FTAs, although that will be hard to achieve (with the possible exception of S Korea).

9.6 The Commission's renewed emphasis on **market access strategy** is also welcome, along with the commitment to concentrate resources in key countries and to set clear priorities with regard to the removal of non-tariff and other trade barriers in priority countries.

9.7 The Committee notes that the review of the EU's **trade defence instruments** is currently under active review. The Committee considers that trade defence instruments should continue to play a protective role, including within the bilateral agreements (anti-dumping, anti-subsidy and safeguard measures).

10. Trade facilitation

10.1 The fourth 'Singapore issue' is still an integral part of the Doha agenda, and is mentioned in the Communication. The WTO draft text on Trade Facilitation is understood to be close to agreement. This should go a long way to establishing core standards for the border/customs management of trade worldwide, and reduce the risk of unpredictable government intervention. Such an Agreement should include accelerated and simplified procedures for release/customs clearance of goods, procedures for legal recourse and appeal, publication of trade regulations, minimisation of fees and charges, and above all the establishment of a 'single window' — an exponentially increased use of IT for customs procedures. That alone should cut out a considerable amount of duplication, cost and time, especially where several different government departments require virtually identical information. This will be of particular importance in the negotiations with India. According to the World Bank ⁽¹⁴⁾, it takes an average of ten days to export goods from India (7 from Brazil) and an average of 41 days to import goods into India (against 24 for Brazil). We note too the wide variation between ASEAN members, especially between Singapore and Thailand. We urge the Commission to make every effort to secure such an agreement, even if the wider DDA negotiations become totally deadlocked. This should in turn lead to higher standards in simpler, more efficient and less costly border and customs procedures.

⁽¹⁴⁾ World Bank, 'Doing Business 2007'; September 2006.

10.2 A key benefit of such an Agreement would be felt by landlocked countries, where transparent, IT based procedures would help eliminate loss and delay whilst goods were crossing a third country on the way to or from a port.

10.3 Small businesses are the most exposed to customs trading costs and often do not have necessary critical mass (in terms of economies of scales, size of sales, distribution networks, transport facilities, etc.) to deal with high customs costs arising from administrative delays, corruption and other factors, with the result that potential markets are lost. EU SMEs would particularly benefit from agreement on Trade Facilitation. SMEs in the short run could gain more from an ambitious trade facilitation agreement than from tariff reductions.

10.4 Irrespective of progress made in the DDA negotiations, the Committee looks to as strong an emphasis in the actual FTA negotiations on Trade Facilitation as on the other three Singapore Issues.

10.5 The Committee notes the success of the Commission's Trade Related Technical Assistance (TRTA) programmes, which have made a real contribution to developing countries' ability to both deal with the demands of WTO membership and to increase their ability to meet the exacting requirements both as exporters of goods and services to the EU and as recipients of EU investments. Such programmes can engage the technical expertise of other international bodies under UN auspices (e.g. UNIDO, WIPO and ITC) which can further enhance the EU's profile and engender cooperation between international institutions. This will become particularly significant if the least developed members of ASEAN are to become more involved, as well as being relevant to progress in Latin America.

11. The role of civil society

11.1 The Committee welcomes the Commission's aim to ensure a greater level of monitoring and transparency in the negotiations and to extend and develop its collaboration with civil society in those other countries and regions involved with the negotiations. In the monitoring field, the Committee can play an active role because of its structure. Its experience enables it to identify effective potential partners in third countries. In turn their involvement will help strengthen the role of these partners at home.

11.2 For the EPA negotiations the Committee is mandated under the Cotonou Agreement to organise consultations and meetings with ACP economic and social interest groups, widened in 2003 to include the monitoring of the negotiations at the request of the then Trade Commissioner (Mr Lamy). With the active participation of EC negotiators this has resulted in twice yearly meetings of the ACP-EU Follow-up Committee, regional seminars once or twice a year and general conferences in Brussels, with delegates from all of the ACP countries. As a result of consultations, the EPA agreed for the Caribbean

includes both, a social and environmental chapter and the creation of a civil society Consultative Committee responsible for monitoring the implementation of the EPA and review all its economic, social and environmental aspects.

11.3 With regard to the proposed association agreements with the Central American and Andean regions, regular dialogue has been established since 1999 with representatives of organised Civil Society from Latin America and the Caribbean, the fifth meeting of which is due to be held in April 2008. This was set up to ensure a civil society contribution was given to the biennial EU — Latin America Summits. The Committee also has extensive contacts with the Mercosur Economic and Social Consultative Forum, the Andean Labour Advisory Council, the Andean Business Advisory Council and the civil society Consultative Committee of the Central American Integration System.

11.4 The Committee also participates in the EU — India and the EU — China Round Tables, in both of which it forms the EU delegation. The former was set up in 2001, the latter in June 2007. Both meet regularly, and the work of both has already been acknowledged by the annual summits. The Committee in addition has contacts at civil society level with the national ESCs from both S. Korea and Thailand through the 'International Association of Economic & Social Councils and Similar Institutions' (IAESCSI).

11.5 The Committee expects to provide cooperation in organising regular civil society consultation meetings at regional level on trade negotiations by using its extensive regional contacts and its cumulated experience in monitoring the EPAs negotiations. It proposes it should organise workshops or other regular meetings for consulting economic and social interest groups, in the countries and regions concerned, by means of existing Round Tables where appropriate. Negotiators from the EU (and their counterparts) would be invited to inform on the state of negotiations and get feedback from European and third countries civil society representatives. In addition, the Committee could also complement the activities of the EC by facilitating the participation of European and third countries

representatives in connection with the ongoing Sustainability Impact Assessment process and by providing direct electronic access to all its civil society contacts in the countries and regions concerned.

11.6 The Committee should paid attention to the bodies and procedures used to monitor sensitive sustainable development issues. It feels that the regular bilateral dialogue should draw on the recommendations arising out of the various mechanisms in place under the 27 international conventions cited in 5.7 above, not least by taking on board the observations of civil society or by assessing the findings of the non-financial ratings conducted on a country-specific basis by the World Bank or the ratings agencies. Civil society must also conduct a preliminary assessment of the different follow-up mechanisms concerned.

11.7 For Korea, the Committee recommends that use be made of the regular OECD reports, particularly in relation to the moratorium signed with the social partners up to 2010.

11.8 Defined as an expression of sustainable development at company level, corporate social responsibility (CSR) can, on a voluntary basis, help to implement the social and environmental commitments contained in the new trade agreements. This approach would be based in particular on the fifty or so international framework agreements that have already been negotiated by major companies, often of European origin. They represent a contribution to decent work, by providing an example of sustained social dialogue in subsidiaries in the partner countries, and constitute an advantage in attracting local skilled labour. Furthermore, when large multinationals or their subsidiaries in a particular sector take on CSR commitments, this acts as a spur for the entire value chain (suppliers and sub-contractors), especially in major emerging countries such as China. The Committee recommends that the question of social and environmental labelling should be placed on the agenda of trade agreement monitoring committees, in order to provide consumers with high-quality information and to meet traceability needs.

Brussels, 22 April 2008.

The President
of the European Economic and Social Committee
Dimitris DIMITRIADIS