

# PRESS RELEASE

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## TRADE POLICY REVIEW: EUROPEAN UNION

### **Members underline EU's leadership role in world trade**

The Trade Policy Review Body of the World Trade Organization (WTO) concluded its sixth review of the European Union on 24 and 26 of July 2002. The text of the Chairperson's concluding remarks is attached as a summary of the salient points which emerged during the discussion.

The review enables the TPRB to conduct a collective examination of the full range of trade policies and practices of each WTO member countries at regular periodic intervals to monitor significant trends and developments which may have an impact on the global trading system.

The review is based on two reports which are prepared respectively by the WTO Secretariat and the government under review and which cover all aspects of the country's trade policies, including its domestic laws and regulations, the institutional framework, bilateral, regional and other preferential agreements, the wider economic needs and the external environment. A record of the discussion and the Chairperson's summing-up together with these two reports will be published in due course at the complete trade policy review of the European Union and will be available from the WTO Secretariat, Centre William Rappard, 154 rue de Lausanne, 1211 Geneva 21.

**Since December 1989, the following reports have been completed:** Argentina (1992 and 1999), Australia (1989, 1994 and 1998), Austria (1992), Bahrain (2000) Bangladesh (1992 and 2000), Barbados (2002), Benin (1997), Bolivia (1993 and 1999), Botswana (1998), Brazil (1992, 1996 and 2000), Brunei Darussalam (2001), Burkina Faso (1998), Cameroon (1995 and 2001), Canada (1990, 1992, 1994, 1996, 1998 and 2000), Chile (1991 and 1997), Colombia (1990 and 1996), Costa Rica (1995 and 2001), Côte d'Ivoire (1995), Cyprus (1997), the Czech Republic (1996 and 2001), the Dominican Republic (1996), Egypt (1992 and 1999), El Salvador (1996), the European Communities (1991, 1993, 1995, 1997 and 2000), Fiji (1997), Finland (1992), Gabon (2001), Ghana (1992 and 2001), Guatemala (2002), Guinea (1999), Hong Kong (1990, 1994 and 1998), Hungary (1991 and 1998), Iceland (1994 and 2000), India (1993, 1998 and 2002), Indonesia (1991, 1994 and 1998), Israel (1994 and 1999), Jamaica (1998), Japan (1990, 1992, 1995, 1998 and 2000), Kenya (1993 and 2000), Korea, Rep. of (1992, 1996 and 2000), Lesotho (1998), Macao (1994 and 2001), Madagascar (2001), Malawi (2002), Malaysia (1993, 1997 and 2001), Mali (1998), Mauritius (1995 and 2001), Mexico (1993, 1997 and 2002), Morocco (1989 and 1996), Mozambique (2001), New Zealand (1990 and 1996), Namibia (1998), Nicaragua (1999), Nigeria (1991 and 1998), Norway (1991, 1996 and 2000), OECS (2001), Pakistan (1995 and 2002), Papua New Guinea (1999), Paraguay (1997), Peru (1994 and 2000), the Philippines (1993 and 1999), Poland (1993 and 2000), Romania (1992 and 1999), Senegal (1994), Singapore (1992, 1996 and 2000), Slovak Republic (1995 and 2001), Slovenia (2002),

the Solomon Islands (1998), South Africa (1993 and 1998), Sri Lanka (1995), Swaziland (1998), Sweden (1990 and 1994), Switzerland (1991, 1996 and 2000 (jointly with Liechtenstein)), Tanzania (2000), Thailand (1991, 1995 and 1999), Togo (1999), Trinidad and Tobago (1998), Tunisia (1994), Turkey (1994 and 1998), the United States (1989, 1992, 1994, 1996, 1999 and 2001), Uganda (1995 and 2001), Uruguay (1992 and 1998), Venezuela (1996), Zambia (1996) and Zimbabwe (1994).

**TRADE POLICY REVIEW BODY:  
REVIEW OF THE EUROPEAN UNION  
Concluding remarks by the Chairperson**

This, the sixth Review of the European Union (EU) has been a very open and fruitful dialogue between the EU and its trading partners. I think that Members are very conscious of the importance of the EU to their domestic economies, as a market for their exports, as a source of imports and as a provider of foreign direct investment. Consequently, there were many interventions and hundreds of questions were asked. In this regard, I would like to commend Deputy Director-General Abbott and his team for the willingness to engage in the true spirit of the review process and for the heroic efforts they made to provide in such short order the written answers to most of the questions posed.

Members acknowledged the leadership role of the EU in the WTO, notably in securing agreement on the Doha Development Agenda (DDA), thus demonstrating its support for an open, rules-based multilateral trading system. The continued commitment of the EU will be critical to the success of the DDA. Members also welcomed the EU's strong commitment to enhancing the participation of developing countries in the WTO, given concrete form in the "Everything-but-Arms" initiative for LDCs, the preferences offered to ACP countries, and donations for trade-related technical assistance.

The EU was praised for its efforts to improve the growth profile of the European economy. Members noted the benefits to their traders of the adoption of the euro. The EU was complimented on the progress made to complete the Internal Market, notably with respect to financial and telecom services, and encouraged to further open postal services and energy markets to competition.

Concerns were raised by many Members on the impact on their exports to the EU of new product and product-related regulations for health, consumer protection, safety or environmental purposes. Members emphasized their strong attachment to the basic principles underlying the WTO Agreements, in particular that SPS measures should be based on science, and that unnecessary obstacles to trade should not be created. In this regard, the EU's use of the precautionary principle was queried, as was the wider scope of labelling requirements for meat and biotech products. Many developing countries feared a disproportionate impact on their own small and medium-sized producers of producer responsibility for management of waste. More generally, given the substantial impact of many Community acts on the interests of third countries, Members emphasized the importance they attach to transparency and participation in consultations on proposed regulations. Mr. Abbott indicated that the problem was well recognized by the Commission and that serious consideration was being given to improving the situation.

The EU's extensive network of preferential trade agreements and arrangements was also discussed. The Commission emphasized the complementary nature of multilateral and bilateral liberalization, noting the "WTO plus" nature of recent agreements, and the strengthening of rules on RTAs under the DDA. A related issue raised by some Members was the potential for trade diversion from the enlargement of the EU and the adoption of Community policies by candidates.

The Common Agricultural Policy (CAP), and prospects for its reform under the DDA, received a great deal of attention during this meeting. Many Members underlined the adverse impact of the CAP on their exports of agricultural products. It was also argued that the CAP has hampered the development of the agricultural sector in developing countries, which could otherwise be an important source for economic growth and poverty reduction. Members welcomed the thrust of the Commission's recently announced Mid-Term Review of the CAP, although it was considered that far-reaching reforms would better meet their concerns, notably in the sugar and dairy sectors, and fulfill the ambitions of the DDA.

The continued protection of the EU's textiles and clothing sector was another issue that received considerable attention from Members, who noted the EU had back-loaded the liberalization of 80% of quotas to the end of the integration process. Members were also concerned about the impact on their steel exports to the EU of the safeguard action on steel and urged the EU not to take definitive action. Concern was also expressed on the use of anti-dumping by the EU and the rising use of countervail.

With respect to services, the EU was queried on the barriers to entry of natural persons, as well as on the preferential terms granted under bilateral agreements. The EU was encouraged to ensure that financial service providers from third countries would also benefit fully from the more open conditions of competition on the EU market resulting from the Financial Services Action Plan.

With respect to intellectual property protection, a number of Members queried the Commission on the protection of geographical indications in the EU, in particular those from third countries. Questions were asked on the implications of the new directive on copyright and neighbouring rights, and the proposals on a Community Patent, computer-implemented inventions, and possible new legislation on enforcement of intellectual property rights.

Members also sought further clarification on a number of specific areas, including:

- the reform of the fisheries regime to meet sustainable development objectives;
- the methods used to conduct Sustainability Impact Assessments (SIAs);
- special incentives for adoption of environmental or social standards by third countries;
- reduction of tariff peaks and tariff escalation;
- subsidies to aircraft manufacture, to shipbuilding and the elimination of harmful tax competition;
- the new legislative framework for government procurement and the operation of the Government Procurement Agreement in the EU;
- the draft block exemption for motor vehicle distribution and servicing agreements; and
- VAT treatment of transactions effected by e-commerce.

In conclusion, I think there has been a very effective dialogue between the Commission and the EU's trading partners on their concerns regarding the course of its trade and trade-related policy-making. There is no doubt that the EU is entering a historically significant phase of its development, with improved governance and reshaped institutions on its current agenda, and enlargement just ahead. The situation of the European economy, although improved, remains

challenging. And, while the EU's attempts to achieve a better balance between economic efficiency and environmental and social considerations are laudable, this Review meeting has underlined the extent to which interdependence through trade leads countries outside the EU to have vital interests in the outcome.

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