

EU FTA Policy Developments

for JETRO

March 2014 Report (covering developments in February and first half of March 2014)

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TTIP NEGOTIATIONS

EU PERSPECTIVES

- Meetings of the Expert Advisory Group
- High-level stocktaking meeting
- Exchange of tariff offers
- Transparency issues
- 4th round of negotiations
- Stakeholder presentations and debriefing session

US PERSPECTIVES

- Stakeholder input
- Supportive statements for TTIP
- High-level stocktaking meeting
- 4th round of negotiations

EU perspectives

(Parts of this section were reported on 28 February 2014, and are included in this report again)

Introduction

This section discusses key TTIP developments during February and the first half of March 2014 from an EU perspective. On 10 February, the EU and US exchanged their initial market access offers as regards trade in goods. The exchange of tariff offers was further discussed during the political stocktaking meeting between EU Trade Commissioner De Gucht and US Trade Representative Froman in Washington DC on 17-18 February. The general purpose of this stocktaking meeting was to assess progress made so far in TTIP negotiations and to discuss the actions required to move things forward. The fourth round of negotiations took place on 10-14 March 2014. During that round, the Parties focused their discussions on market access, services, public procurement, and intellectual property rights.

TTIP – Key developments

In response to a written question from a Member of the European Parliament (MEP), Trade **Commissioner De Gucht addressed concerns on re-enforced checks and laboratory tests in the US on imported meat and meat products**. Commissioner De Gucht explained that the Commission services have already been in contact with the relevant US Agencies to

clarify the reasons for these tightened controls. De Gucht also stated that the matter would be addressed as a matter of priority during TTIP negotiations.¹

The **report of the preparatory meeting of the TTIP Advisory Group** that took place on 21 January 2014 has been made available. During this meeting, the Group discussed initial working arrangements and practical details, such as the frequency and timing of meetings, transparency of meetings, and information security and confidentiality. The EU Chief Negotiator also summarised the current state of play of TTIP negotiations. Group members underlined the importance of the precautionary principle, discussed the inclusion of financial services regulation and the benefit of TTIP for consumers. The Group also welcomed the consultation on Investor-State Dispute Settlement (ISDS) and urged the Commission to open consultations in other areas such as regulatory issues.²

As regards ISDS, Commissioner De Gucht re-iterated in response to a written MEP question that **ISDS in TTIP will not undermine the Parties' right to regulate and to pursue public policy objectives**, and that it would therefore not endanger the level of social protection in the EU.³

On 6 February 2014, it was reported that the **US apple industry expressed concerns regarding a new EU Regulation establishing more stringent limits on a pesticide** called diphenylamine (DPA), claiming this would block the import of apples not treated but with contaminated by the pesticide during processing. The US was believed to be addressing this issue during TTIP negotiations in the context of a parallel process set up between the EU and the US to resolve unscientific trade barriers.

On 8 February 2014, **Germany's Green Party decided at its convention that all negotiations with the US should be "suspended and completely restarted"**. During a speech, the Green Party leader also expressed opposition to imports of hormone treated meat, chlorine-rinsed chicken and genetically modified food.⁴

On 10 February 2014, the **EU and US exchanged their initial market access offers**. The EU's tariff concessions (as described in our February Report) were reported to be conditioned upon progress in resolving NTBs in the regulatory chapter of TTIP and on reciprocal tariff elimination by the US.⁵ A second tariff offer is unlikely to take place this year because of political constraints within the EU.⁶

Ahead of the exchange of market access offers, the **EU farm lobby, Copia-Cogeca, issued a statement** on 10 February 2014, in which it said the use of hormones and other growth promoters in meat production and the chlorination of chicken products would be unacceptable. It also stated that US imports should comply with EU animal welfare standards. The lobby also called on the US to show their commitment by removing SPS barriers on fruit and vegetable exports, abolishing the ban on European beef and respecting

¹ See <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2013-012982&language=EN>.

² See http://trade.ec.europa.eu/doclib/docs/2014/february/tradoc_152183.pdf.

³ See <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2013-013048&language=EN>.

⁴ See <http://www.europolitics.info/institutions/german-greens-trust-old-guard-oppose-ttip-art359840-39.html>.

⁵ See <http://insidetrade.com/Inside-US-Trade/Inside-U.S.-Trade-02/14/2014/eu-market-access-offer-makes-explicit-linkages-to-regulatory-outcomes/menu-id-710.html>.

⁶ See <http://insidetrade.com/201402052460300/WTO-Daily-News/Daily-News/us-eu-poised-to-exchange-tariff-offers-next-week-before-high-level-meeting/menu-id-948.html>.

the EU system of Geographical Indications (GIs). The organisation also underlined that there is room for improvement in the EU's administrative procedures related to GMO authorisation, and that this could potentially remove some barriers.⁷

Also on 10 February 2014, the **European Parliament (EP) Committee on Agriculture and Rural Development held a discussion behind closed doors** with a representative from the Commission on the agricultural component of TTIP negotiations.⁸

On 11 February 2014, the **EP's Legal Affairs (JURI) Committee organised a public hearing on regulatory coherence and the implementation of EU law in the context of the TTIP**.⁹ During this hearing, MEPs spoke out against an approach based purely on scientific studies (as opposed to the precautionary principle) and warned that they would oppose the agreement if it would allow for imports of hormone treated beef and GMOs. The US Mission and other speakers felt that regulatory decisions "should be based on the best available science".

French President Hollande emphasised during a visit to Washington, DC on 11 February 2014 that **speed in reaching a TTIP agreement would be ideal, but not as important as the substance** of negotiations.¹⁰

On 12 February 2014, the EU Commission and the US Commodity Futures Trading Commission (CFTC) stated that "significant progress" had been made towards harmonising a **regulatory framework for CFTC-regulated swap execution facilities (SEFs) and EU-regulated multilateral trading facilities (MTFs)**. It was agreed that European trading platforms dealing in derivatives (swaps) with a presence in the US will not be required to register with the US regulator if certain conditions are met.¹¹

Also on 12 February, an **EP spokesman** speaking at the European Institute in Washington, DC, predicted that **support in the EP for TTIP will remain solid after the European elections** (May 2014), **but that data protection concerns would need to be addressed** before the TTIP is sent to the EP for its approval.¹²

Ahead of the political "stocktaking meeting", **BusinessEurope issued a statement** urging for progress towards a "comprehensive deal in an ambitious timeframe" that should include regulatory cooperation, public procurement, financial services, investment, customs and tariffs.¹³

⁷ See <http://www.copa-cogeca.be/Main.aspx?page=Archive>.

⁸ See <http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-%2f%2fEP%2f%2fNONSGML%2bCOMPARL%2bPE-528.149%2b01%2bDOC%2bWORD%2bV0%2f%2fEN>.

⁹ See <http://www.europarl.europa.eu/news/en/news-room/content/20140212STO35703/html/US-trade-talks-MEPs-call-for-keeping-cautionary-approach-to-new-products>.

¹⁰ See http://wtonestand.com/index.php?option=com_ppvuser&view=login&return=aHR0cDovL3d0b25ld3NzdGFuZC5jb20vY29tcG9uZW50L29wdGlvbixjb21fcHB2L2lkLDI0NjA5NjYv.

¹¹ See http://europa.eu/rapid/press-release_STATEMENT-14-5_en.htm?locale=en.

¹² See <http://www.europolitics.info/europolitics/elections-won-t-weaken-parliament-support-says-spokesman-artb360021-46.html>.

¹³ See <http://www.buinessseurope.eu/content/default.asp?PageID=568&DocID=32634>.

Also on 12 February 2014, the **General Secretary of the European Trade Union Confederation (ETUC)**, in a speech at the EP's International Trade (INTA) Committee, **called into question the benefits which the European Commission claims will result from TTIP** with respect to GDP growth and job creation. The General Secretary also called for the publication of the Commission's negotiating mandate. She welcomed the consultations on ISDS but called for the opening of consultations on other sensitive topics as well.¹⁴

On 13 February 2014, **BusinessEurope and AmCham EU issued a statement** emphasising that concluding a comprehensive transatlantic agreement will yield significant benefits and that the current level of protection as regards regulatory issues will not be impacted.¹⁵

On 16 February 2014, the trade ministers of **Sweden, Ireland, Italy, the Czech Republic, Spain, Denmark, the UK, the Netherlands and Finland issued a statement** highlighting the benefits of TTIP and calling for the elimination of tariffs and unnecessary regulatory barriers to trade.¹⁶

On 17-18 February 2014, a **political "stocktaking" meeting** took place between EU Trade Commissioner De Gucht and US Trade Representative (USTR) Froman in Washington, D.C., on the progress made so far in TTIP negotiations, and on actions required to move things forward. During this two-day meeting, De Gucht and Froman also prepared the ground for the EU-US summit which is scheduled to take place on 26 March 2014.

Before the start of the talks, various commentators expected the stocktaking meeting to stay at a general level, with De Gucht and Froman only giving soft guidance to negotiators. This was partly because little is expected to be achieved in TTIP negotiations this year due to elections in both the EU and the US.

Talks on the regulatory component were expected to focus on conceptual issues, without decisions on which sectors should be the subject of regulatory cooperation. Froman and De Gucht were expected to discuss potential guidelines for a horizontal approach on regulatory cooperation, including requirements to provide notice to stakeholders and receive public comments.

De Gucht was also expected to push for ambitious commitments in the area of government procurement, financial services, energy and raw materials, and maritime services. Finally, sources expected that De Gucht would discuss with Froman the need for EU Member States to have access to the US negotiating documents.¹⁷

At the start of discussions between the EU and the US, during a joint press conference, **USTR Froman** noted that there are great opportunities and a few challenges in TTIP. He said the EU and US want to aim to ensure that manufacturers, farmers and service providers get expanded access to each other's markets and costs related to regulatory burdens are reduced without giving up the level of health, safety and environmental protection deemed

¹⁴ See <http://www.etuc.org/speeches/committee-international-trade-eu-trade-policy>.

¹⁵ See <http://www.ft.com/intl/cms/s/0/9eecb69e-9419-11e3-bf0c-00144feab7de.html#axzz2vaCHapVg>.

¹⁶ See <http://www.ft.com/cms/s/0/1f0fe13e-9582-11e3-8371-00144feab7de.html#axzz2vdz07msK>.

¹⁷ See <http://insidetrade.com/201402052460300/WTO-Daily-News/Daily-News/us-eu-poised-to-exchange-tariff-offers-next-week-before-high-level-meeting/menu-id-948.html>.

appropriate. **Commissioner De Gucht**, in his welcoming remarks, noted that ‘steady progress’ had already been made during negotiations -- more than is usual in other EU trade talks. He added that TTIP was not about negotiating on health and safety and consumer protection rules, but that within the ‘modern frameworks’ both the EU and US have in these areas, the EU and US can continue to ‘play a leading role in world markets about norms and standard setting in an open way’.¹⁸

In a series of speeches and statements¹⁹ **after the two-day meeting, De Gucht** reiterated that good progress had been made since the start of negotiations, ‘even’ for the regulatory part, but that more work is needed on all aspects of the negotiations. De Gucht stated that he and Froman had tried to identify where the problems lie and where the two sides need to be clearer about their intentions. De Gucht said the stocktaking meeting had helped ‘to pave the way’ for discussions during the EU-US summit of 26 March 2014. He noted that **particularly good progress was made regarding Small and Medium-sized Enterprises (SMEs)**. De Gucht and Froman also discussed the public debate that surrounds TTIP negotiations and the concerns raised by various actors.

De Gucht expressed his hope for ambitious proposals on, among others, tariffs, services, and public procurement, and noted that these three parts of the **market access pillar** needed to move forward in parallel ‘in order to keep a good overall balance’.

De Gucht stated that offers on **services** would be exchanged ‘soon’. In the area of services, the US favours a negative list approach (i.e., a commitment to liberalise services in all sectors, except those specifically excluded). The EU tends to follow a positive list approach (i.e. a commitment to liberalise services only for the sectors specifically listed), but has indicated that it would be willing to agree on a negative list if the US were to take on ambitious commitments. In line with expectations, De Gucht confirmed during the press conference that services discussions continue to be preliminary, focusing on what conditions can be negotiated, e.g. what degree of transparency would be needed at the state level if parties decide to adopt a negative list approach.

On **public procurement**, De Gucht felt that TTIP provisions in this area should be based on the principle of national treatment and an updated template that goes beyond what has been agreed in the WTO’s Government Procurement Agreement. De Gucht further stated in that respect that the two sides have not yet reached agreement on whether the procurement rules should apply at the sub-federal level as well.

As regards **financial services**, in addressing a question on this topic, De Gucht expressed some flexibility with respect to the EU’s demand to include financial regulatory cooperation in TTIP when stating that an agreement on financial services could be part of the TTIP or ‘in parallel and that the result is then merged into TTIP’. However, De Gucht’s spokesman later downplayed this statement and reiterated that TTIP should provide for financial regulatory cooperation.²⁰ De Gucht also referred to problems with implementation of the recently

¹⁸ See <http://ec.europa.eu/avservices/video/player.cfm?sitelang=en&ref=1086544> and <http://ec.europa.eu/trade/policy/in-focus/ttip/>.

¹⁹ See European Commission press release: http://europa.eu/rapid/press-release_IP-14-164_en.htm; statement made by Commissioner De Gucht: http://europa.eu/rapid/press-release_STATEMENT-14-12_en.htm; and speech by Commissioner De Gucht: http://europa.eu/rapid/press-release_SPEECH-14-140_en.htm, <http://ec.europa.eu/avservices/audio/audioDetails.cfm?ref=1-086467&sitelang=en> and <http://ec.europa.eu/avservices/video/player.cfm?sitelang=en&ref=1086466>.

²⁰ See <http://insidetrade.com/201402182461612/WTO-Daily-News/Daily-News/de-gucht-signals-flexibility-on-financial-services-regulations-in-ttip/menu-id-948.html>.

concluded EU-US agreement on derivatives as proof that more regulatory cooperation is needed on financial services.

De Gucht also discussed the **tariff offer** that was made by the US on 10 February 2014; he noted that ambitions in that respect needed to be high even though the average tariff levels on both sides are already low, and that existing duties should be removed as quickly as possible. De Gucht criticised the US offer and considered it less ambitious than the one put forward by the EU, which he argued was more ambitious than any offer put forward by the EU in past trade negotiations. De Gucht stated that the EU offer was not matched by what the US proposed, and that he expected a more ambitious proposal from the US side in the near future. According to some sources, the EU is unlikely to make a second tariff offer this year because of political constraints due to the upcoming EU elections in May 2014.²¹

On the **rules pillar**, he emphasised the need for measures relating to customs and trade facilitation (which in particular SMEs could benefit from), environment protection and social rights (supporting rather than undermining high standards), transparent regulation on energy and raw materials ensuring access to these, rules on Intellectual Property (IP) protection (in particular the protection of geographical indications), and robust rules relating to state-owned enterprises (to encourage third countries to follow suit).

As regards the **regulatory pillar** of the agreement, De Gucht again reiterated that the EU's safety or consumer standards will not be up for negotiation, but that negotiators aim to increase cooperation between regulatory agencies to avoid issues such as double testing and future differences in regulation. De Gucht also emphasised that a regulatory chapter in TTIP should address both a horizontal approach to developing regulations and the current sector-specific problems, referring to car safety standards, double inspections for the pharmaceutical and medical device industries, and implementing international rules on finance in a compatible way. De Gucht noted in that context that because some industries have already managed to agree on ways to reduce regulatory divergences, there could be a disparity as regards the compatibility of the regulations between different sectors. De Gucht however stated that horizontal rules in the regulatory area could address this disparity.

De Gucht, in response to numerous questions, repeatedly stated that **hormone beef** is not being discussed in TTIP negotiations, but explained that, like in the free trade agreement concluded with Canada, the EU and US could agree on the adoption of a tariff-rate quota for hormone-free beef. If the US wants to export beef to the EU, it will have to set up a separate hormone-free production line, 'just like Canada will do'.

When asked about the discussion on **investor-state dispute resolution** (ISDS), Commissioner De Gucht said this topic was not discussed during this stocktaking meeting, but a few weeks ago (in Davos). He noted that in early March, a detailed text will be published in the context of the ongoing public consultation launched by the EU following strong concerns expressed by some stakeholders.

USTR Froman did not hold a press conference, but his office issued a short statement saying that he and Commissioner De Gucht took stock of the progress made so far and

²¹ See <http://insidetrade.com/201402052460300/WTO-Daily-News/Daily-News/us-eu-poised-to-exchange-tariff-offers-next-week-before-high-level-meeting/menu-id-948.html>.

reviewed some of the most difficult issues and ‘charted paths forward’ on those issues. Froman further reiterated the general topics discussed during the stocktaking exercise.²²

A **next political stocktaking meeting**, involving a more ‘precise’ discussion of the topics mentioned above, is scheduled for September 2014.

On 19 February 2014, **EU Trade Commissioner De Gucht reiterated the benefits of TTIP during a speech** in Copenhagen on the new EU Trade Policy Agenda. He stressed that TTIP will not result in lower levels of protection as regards GMOs and hormone treated beef. De Gucht referred to double factory inspections for pharmaceuticals, different car safety standards, and differences in the tracking of individual medical devices as examples of trade barriers that can be reduced without lowering the level of protection.²³

On the same day, **EU Chief Negotiator Garcia Bercero was due to have an exchange of views** behind closed doors on the 4th TTIP round with the EP’s **INTA Monitoring Group**.

Also on 19 February, it was reported that both the **EU and US footwear and textile industry** called for the removal of tariffs in the sector. The Italian shoe manufacture association also called for the removal of non-tariff barriers (NTBs) including certain US labelling requirements.²⁴

Still on 19 February, the Economic Policy and Statistics section of the **UK House of Commons Library published a note on TTIP** in which it lists the following as “potential sticking points and controversies”: food standards, public procurement, intellectual property, air and maritime transport, financial services, ISDS, and Trade Promotion Authority (TPA).²⁵

On 20 February 2014, the **spokesman for Trade Commissioner De Gucht issued a statement** emphasising that TTIP will not undermine **democratic governance** in the area of investment and regulation.²⁶

On 21 February 2014, **Insurance Europe**, the European (re)insurance association, issued a **position paper welcoming TTIP negotiations** and calling for full market access and national treatment for the insurance sector, going beyond GATS commitments. The association also wants the inclusion of ambitious transparency standards, including a compulsory consultation process for the establishment of any prudential carve-out, and a process for the discussion of the application of such carve-outs. The position paper also encourages discussions on the US reinsurance statutory collateral requirements.²⁷

The **first substantive meeting of the TTIP Advisory Group** took place on 25 February 2014. Items on the agenda included an update following the above mentioned political stocktaking exercise, documents and information sharing, public consultations on investment protection and improving engagement with stakeholders.²⁸

²² See <http://www.ustr.gov/about-us/press-office/press-releases/2014/February/Statement-by-USTR-Froman-Following-Meetings-with-EU-Commissioner-de-Gucht>.

²³ See http://europa.eu/rapid/press-release_SPEECH-14-141_en.htm.

²⁴ See <http://www.ft.com/intl/cms/s/0/fc3e7840-9019-11e3-ae9-00144feab7de.html#axzz2vdz07msK>.

²⁵ See <http://www.parliament.uk/briefing-papers/SN06688.pdf>.

²⁶ See <http://www.ft.com/intl/cms/s/0/27afb83c-8f60-11e3-be85-00144feab7de.html>.

²⁷ See http://www.insuranceeurope.eu/uploads/Modules/Publications/position_paper_for_the_ttip.pdf.

²⁸ See http://trade.ec.europa.eu/doclib/docs/2014/february/tradoc_152213.pdf.

On 27-28 February 2014, the **EU trade ministers discussed TTIP negotiations and the political stocktaking meeting during an informal Trade Council meeting**. During that meeting, trade Commissioner De Gucht announced that the USTR has agreed to make the draft texts containing the EU and US positions available to the EU Member States and the EP in special reading rooms.²⁹

Member States also discussed the prospects of transatlantic cooperation with representatives of European and American trade organisations such as BusinessEurope, AT&T, AmCham EU and the European Roundtable of Industrialists.³⁰ During these discussions, BusinessEurope stated that the Commission's consultations on ISDS "should not be considered as a referendum, but as a means to obtain concrete and realistic proposals on how the mechanism can be improved".³¹

According to press reports, both Commissioner De Gucht and EU and US business leaders **urged the Member States to help explain the benefits of the TTIP to the general public**. Member States, for their part, are reportedly increasingly worried that negotiations are progressing much more slowly than originally envisaged by the Commission,³² and there is also discontent about the lack of information provided to them, for example, on the US tariff offer.

The **German Environment Ministry expressed concern** about the effects of TTIP on environmental and consumer protection and **about the inclusion of an ISDS mechanism**.³³ Then, on 14 March, a spokesman for the German Economy Ministry confirmed that Germany had relayed its **new position seeking to exclude ISDS from TTIP** to Brussels.³⁴ The **French Trade Minister has also expressed opposition** to the inclusion of an ISDS mechanism.³⁵

On 27 February 2014, a **draft EU negotiating text for the TTIP chapters on trade in services, investment and E-commerce** (dated 2 July 2013) was leaked by a German newspaper.³⁶ In the area of investment, it was reported that this draft text contains the same language on investment protection as the EU's opening position in free trade negotiations with Canada (from which it later reportedly had to "back down" during the CETA talks), including a definition of what constitutes a breach of the obligation to accord investments "fair and equitable treatment" and provisions on indirect expropriation. In the draft, a breach of the obligation to accord "fair and equitable treatment" is reported to include "a breach of legitimate expectations of investors arising from a government's specific representations or investment-inducing measures" or "disregard of the principle of effective transparency in any applicable administrative or judicial procedures". The draft text does not contain provisions

²⁹ See <http://www.vieuws.eu/eutradeinsights/business-leaders-urge-eu-capitals-to-campaign-in-favour-of-ttip/>.

³⁰ See http://qr2014.eu/sites/default/files/2014.02.21InformaFAC_Agenda.pdf.

³¹ See <http://www.europolitics.info/sectorial-policies/ttip-could-question-fracking-bans-and-regulations-art360900-14.html>.

³² See <http://www.europolitics.info/commission-wants-member-states-to-actively-defend-ttip-artb360580-40.html>

³³ See <http://www.europolitics.info/ttip-first-objections-from-berlin-artb360617-40.html>.

³⁴ See <http://www.ft.com/intl/cms/s/0/cc5c4860-ab9d-11e3-90af-00144feab7de.html?siteedition=uk#axzz2wDvN42lJ>.

³⁵ See <http://www.vieuws.eu/eutradeinsights/business-leaders-urge-eu-capitals-to-campaign-in-favour-of-ttip/>.

³⁶ See <http://www.zeit.de/wirtschaft/2014-02/freihandelsabkommen-eu-sonderrechte-konzerne>.

on an ISDS mechanism as such, but rather includes an addendum listing almost 20 elements which the EU feels would have to be included in such a mechanism.³⁷

In response to a written question from an MEP on TTIP negotiations with respect to the agri-food sector, Commissioner De Gucht clarified on 27 February 2014 that standards and regulations are not subject to negotiation in the TTIP chapter, but that the Commission aims to streamline administrative and regulatory procedures to avoid unnecessary delays and impediments for the sector. De Gucht further reiterated that the precautionary principle is not subject to negotiations. He also stated that the Commission has not negotiated any lists of products to be excluded from the Agreement.³⁸

Also on 27 February 2014, it was reported that a **Commission document** on TTIP negotiations that was **drafted in preparation for the EU-US summit on 26 March was leaked**. In this document, the Commission allegedly states that the increasing interest of civil society in TTIP, transparency issues and the supposed risks for environmental and social standards could affect the political dynamics of the negotiations.³⁹

On 27 February 2014, a special sub-committee of the **UK House of Lords Committee took evidence on TTIP** and the benefits and risks of including foreign investment protection provisions and ISDS in TTIP.⁴⁰

On 28 February 2014, Trade Commissioner De Gucht, during a visit to the Turkish Economy Minister, was due to discuss the **inclusion of Turkey in TTIP**.⁴¹

On 4 March 2014, **Commissioner De Gucht** clarified in response to a written question from an MEP that **investment negotiations in TTIP have not formally been suspended**, but that the Commission would not engage in discussions with the US on proposed texts in relation to investment while the public consultation is on-going. De Gucht also clarified that this consultation does not concern other FTA negotiations.⁴²

On 6 March 2014, **Friends of the Earth Europe, the Corporate Europe Observatory, the Sierra Club and the Transatlantic Institute released a report** arguing that the inclusion of ISDS in TTIP could allow big energy companies to undermine Member States' bans on the **extraction of natural gas from shale rock layers**.⁴³

Before the fourth round of negotiations started, it was reported that, at the demand of **small brewers in Belgium, the Czech Republic and the UK**, the European Commission has agreed to address the US tax reduction for small local brewers which is not available for imports during the TTIP negotiations. The US reportedly is open to changing its system in that respect.⁴⁴

³⁷ See <http://insidetrade.com/201403042463117/WTO-Daily-News/Daily-News/leak-shows-eu-not-bound-by-ceta-deal-in-investment-talks-with-us/menu-id-948.html>.

³⁸ See <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=P-2014-000743&language=EN>.

³⁹ See <http://www.euractiv.com/trade/ttip-challenged-environmental-cr-news-533794>.

⁴⁰ See the report of the meeting, at: <http://www.parliament.uk/documents/lords-committees/eu-sub-com-c/TTIP/ucEUC270214ev19.pdf>.

⁴¹ See <http://www.europolitics.info/external-policies/exporters-to-turkey-fear-slump-in-consumption-art360404-41.html>.

⁴² See <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2014-000687&language=EN>.

⁴³ See http://corporateeurope.org/sites/default/files/attachments/no_fracking_way.pdf.

⁴⁴ See <http://www.euractiv.com/trade/eu-brewers-want-unfair-beer-tax-news-532180>.

On 10 March 2014, **BusinessEurope** expressed opposition to the US' demand that the European Commission should issue draft **legislation for stakeholder input** prior to submitting it to the EP and the Member States. According to BusinessEurope, the European Commission rejected this demand from the US side.⁴⁵ The **fourth round of negotiations between the EU and US took place on 10-14 March 2014 in Brussels**, starting on Monday with services, labour, rules of origin, intellectual property and regulatory sectors.⁴⁶

The Parties **discussed all broad TTIP areas, but focused on market access, services, public procurement, and intellectual property rights**. According to an EU position paper cited by the German newspaper Frankfurter Allgemeine Zeitung, the issue of tariff reductions was not going to be discussed until "balanced offers are made".⁴⁷

Both the EU and US reportedly prepared draft proposals for the negotiation round. The Commission was likely to submit two texts on competition, one on subsidies and the other on anti-trust, and one on TBT. The Commission also considered preparing texts on dispute settlement and sustainable development. The US was expected to submit a text on anti-trust issues and on institutional matters. Both Parties were further expected to submit papers on customs issues and SMEs.

A **discussion on regulatory cooperation on medical devices, pharmaceuticals, cosmetics, textiles, autos, chemicals, pesticides and information and communication technology** also took place. However, negotiations on regulatory cooperation and convergence reportedly continued to be exploratory in nature, without any texts being tabled in that respect. Negotiations on regulatory convergence in the auto sector were not expected to show much progress, either. Negotiators also discussed broader issues such as SPS, TBT and regulatory coherence. Negotiators reportedly tabled texts as regards TBT.⁴⁸

Investment negotiators also participated in the talks without proposing a legal text (pending the EU ISDS consultation), but rather dealt with questions on the US model bilateral investment treaty.⁴⁹

On 12 March 2014, the **EP plenary** meeting approved a Resolution stating that the **Parliament should withhold its consent to the final TTIP deal unless the US fully respects EU fundamental rights**. The Resolution also calls for the immediate suspension of the Safe Harbour Agreement and the SWIFT agreement on the transfer of interbank data. The Terrorist Finance Tracking Programme (TFTP) should also be suspended until allegations of access of US authorities to EU citizens' bank data outside that agreement are clarified. The resolution further demands a right of redress for EU citizens in the US when their data are transferred there in the context of the EU-US data protection framework

⁴⁵ See <http://insidetrade.com/201403102463806/WTO-Daily-News/Daily-News/european-business-down-on-us-demand-to-alter-eu-legislative-process/menu-id-948.html>.

⁴⁶ See <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1034> and <http://online.wsj.com/article/BT-CO-20140305-715922.html>.

⁴⁷ See <http://online.wsj.com/article/BT-CO-20140305-715922.html> and <http://www.faz.net/aktuell/wirtschaft/wirtschaftspolitik/verschlusssache-amerika-verstimmt-eu-in-sachen-freihandel-12833302.html>.

⁴⁸ See <http://insidetrade.com/201403122464072/WTO-Daily-News/Daily-News/us-eu-discuss-sectoral-regulations-but-slim-expectations-for-progress/menu-id-948.html>.

⁴⁹ See <http://insidetrade.com/Inside-US-Trade/Inside-U.S.-Trade-03/14/2014/despite-pause-ttip-investment-talks-continue-at-conceptual-level/menu-id-172.html>.

agreement that should be concluded in spring 2014. The resolution wants data protection to be negotiated outside the scope of TTIP.⁵⁰

Also on 12 March 2014, US and EU TTIP negotiators held a **stakeholder presentation session** (open to the press) in Brussels.⁵¹ During this event, **90 civil society and business organisations (out of 200 candidates) presented their concerns and priorities** for the negotiations in short presentations, followed by a brief Q&A session. The stakeholders' presentations were divided into four different sessions: (i) **manufacturing** (including regulatory coherence and TBTs); (ii) **agriculture** (including market access, regulatory issues and GIs); (iii) **services, investment and public procurement**; and (iv) **rules** (sustainable development, customs/trade facilitation, energy/raw materials, IP, competition and state-owned enterprises, and SMEs).⁵²

During the **session on agriculture**, certain stakeholders called for increased mutual recognition and the harmonisation of risk assessment procedures, while consumer organisations insisted on the EU applying the precautionary principle if safety concerns cannot be ruled out, and on respect for consumer choice beyond scientific factors. As regards dairy products, EU stakeholders (such as Copa Cogeca, Eucolait, the European Dairy Association, and FoodDrink Europe) stated that the EU system should be recognised as equivalent to "Grade A" in the US, as compliance for EU businesses with these Grade A requirements is too costly for foreign processing plants and approval is needed in every US State. Other stakeholders focused on tariff reductions and tariff rate quotas, animal welfare, Geographical Indications (GIs), harmonisation of maximum residue levels, and agricultural subsidies in the US or other NAFTA members.

On that same day, a two-hour **briefing** by the EU and US chief negotiators on the fourth round was given to over 300 **stakeholders**, followed by a Q&A session (closed to the press). EU Deputy Chief Negotiator Damien Levy led the discussions. EU Chief Negotiator Ignacio Bercero first explained that, while the third round was intended to lay down the groundwork, the "hard negotiations" were starting now. Bercero also gave an update on the fourth round discussions in the three pillars:

- **Market access:** Parties were trying to move forward on tariffs, services and investment, and procurement.
- **Regulatory pillar:** Parties were still trying to understanding how their regulatory regimes interact. On SPS, negotiators were trying to identify the key elements of the SPS chapter. Parties were also having discussions on specific sectors, e.g. pharmaceuticals, cosmetics, pesticides, chemicals and textiles. Bercero emphasised again that both horizontal and sectoral issues are important in the regulatory pillar.
- **Rules:** The EU and US were discussing the trade-related aspects of energy and raw materials.

Following questions from the public, remarks were made by the Chief Negotiators on the following topics:

⁵⁰ See <http://www.europarl.europa.eu/news/en/news-room/content/20140307IPR38203/html/US-NSA-stop-mass-surveillance-now-or-face-consequences-MEPs-say>.

⁵¹ See <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1035>.

⁵² See http://trade.ec.europa.eu/doclib/docs/2014/march/tradoc_152264.pdf.

- **Data privacy:** The European Commission emphasised that the EU will not negotiate issues related to data privacy, safe harbour, etc. in the context of TTIP negotiations, but that the EU remains ready to discuss data flows in TTIP. The US emphasised that TTIP should address data flows.
- **SMEs:** The parties announced that they will focus on promoting the participation of SMEs in international trade. The Commission added that it would examine in that respect whether small businesses should be represented in the Expert Advisory Group.
- **Services:** No date has been set yet for the exchange of offers on services, but this “will take place soon”.
- **Energy:** The Commission stated that there should be no export restrictions on gas originating in the US, and vice versa.
- **Financial services:** Parties further acknowledged that they have not yet managed to agree on whether or not to include financial services regulation in the scope of the TTIP. The US reiterated that regulatory cooperation on financial services should be addressed in other fora.
- **Public procurement:** The EU anew identified public procurement as one of the fundamental elements of TTIP. However, no date has been set yet for the exchange of offers in this area.
- **State Owned Enterprises (SOEs):** Parties were scheduled to discuss SOEs in the context of negotiations on competition. The EU and US acknowledged a joint interest vis-à-vis the rest of the world.
- **Public health:** The US emphasised that a “public health safe harbour” (protecting, for example, national tobacco control measures from being challenged under the agreement) such as the provision currently being discussed in the context of TPP negotiations will not be discussed in TTIP.

On 14 March 2014, at the close of the 4th round, the EU Chief Negotiator confirmed that he and the US Chief Negotiator were committed to **exploring mechanisms to make it easier for SMEs to take advantage of TTIP**.⁵³ A special paper was released on the opportunities for SMEs the same day.⁵⁴

In the same press report, the **EU reported “steady progress” in all three negotiating areas.**

- On **market access**, the EU and US were examining how to move towards exchanging offers on services and public procurement;
- On **regulation**, the two sides have been discussing written proposals on TBTs, were preparing the ground for written SPS proposals, and explored ways of achieving greater regulatory compatibility in pharmaceuticals, cosmetics, medical devices, automotive and chemicals.

⁵³ See <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1041>.

⁵⁴ See http://trade.ec.europa.eu/doclib/docs/2014/march/tradoc_152266.pdf.

- On **rules**, the two sides are developing “innovative approaches” to sustainable development, labour and environment (based on what is already included in EU and US FTAs), trade in energy and raw materials, and on customs and trade facilitation (seeking to simplify and streamline customs procedures).

The **EU-US summit** is scheduled to take place on 26 March 2014. President Obama is expected to meet with Commission President Barroso and Council President Van Rompuy to inject political impetus in TTIP negotiations, and to discuss issues such as the inclusion of financial services, and the US reform of their mass surveillance programs.⁵⁵ EU and US officials are reportedly discussing whether **the summit declaration** should endorse a commitment from both sides to eliminate all tariffs (including tariff rate quotas) for goods, with EU Member States opposing such a commitment and insisting on a wording that focuses on a balanced outcome across the three pillars of negotiations (market access, regulatory cooperation and rules). The Parties were also discussing the inclusion of new transparency measures in the area of regulatory cooperation and language on data flows in the draft summit declaration.⁵⁶

The Parties still need to identify a **date for the next round** of negotiations, but the EU has announced this will be before the summer. According to the Commission, the **public consultation on ISDS** will be launched in the next few weeks. Other forthcoming TTIP-related events include a **hearing on the impact of TTIP on the Internal Market** in the EP’s IMCO Committee (on 17 March 2014), a **hearing on TTIP and financial services** in the EP’s ECON Committee (on 18 March 2014), and a **workshop on ISDS provisions** in EU international investment agreements by the EP’s INTA Committee (on 1 April 2014).

US perspectives

Introduction

In February 2014, TTIP activities in the United States largely reflected sentiments from lawmakers and public interest groups that US trade negotiations should be more transparent. These perceptions are a result of a growing interest for the US government to urge the EU to conduct public consultations and release timely information on negotiating positions. In addition, US government officials continue to make the rounds at industry events, stressing that TTIP talks will focus on addressing regulatory harmonisation and non-tariff barriers. In the first half of March, TTIP-related activities in the US saw private sector support for an ambitious agreement, despite comments in Congress on specific issues on which the US and EU have historically adopted different approaches, namely the use of geographical indications. Civil society groups have also increased pressure on the TTIP’s investment provisions with respect to the issue of high-volume hydraulic fracturing (fracking)/shale gas, asserting that TTIP would allow for its widespread unregulated use.

⁵⁵ See <http://www.europolitics.info/external-policies/brussels-summit-on-26-march-a-chance-to-re-pivot-us-to-europe-artb359501-44.html>.

⁵⁶ See <http://insidetrade.com/Inside-US-Trade/Inside-U.S.-Trade-03/14/2014/us-eu-haggle-over-ttip-tariff-language-for-leaders-summit-declaration/menu-id-172.html>.

TTIP – Key developments

On 1 February 2014, **Secretary of State Kerry**, in remarks at the Munich Security Conference, suggested that the **TTIP might do for US-EU “shared prosperity” what NATO did for “shared security.”**⁵⁷ However, Secretary Kerry qualified his suggestion by noting this notion may materialise if the TTIP is “ambitious enough.”

On 4 February 2014, the **Congressional Research Service** observed in a report that **the absence of Trade Promotion Authority (TPA) may “complicate” the TTIP negotiations.**⁵⁸ CRS researchers suggested that the EU could be reluctant to negotiate on sensitive issues without indication of serious congressional support for TTIP through a renewal of TPA.

On the same day, **House Permanent Select Committee on Intelligence Chairman Mike Rogers** (R-MI) speculated in a hearing that the **Russian government might be undermining TTIP talks** by spreading misinformation that the US is engaging in industrial espionage.⁵⁹ Rep. Rogers’ remarks come shortly after former National Security Agency (NSA) contractor Edward Snowden told the German television network ARD that he had evidence the US conducts industrial espionage.

On 7 February 2014, the **US Chamber of Commerce** held a **closed briefing for trade attachés from the Washington embassies of EU Member States** to reassure attendees that Congress would pass the TPA Bill in 2014. Nevertheless, Chamber officials reportedly conceded that such congressional action would likely take place after the November midterm elections.

On 11 February 2014, an **Obama Administration press release** announced that the Department of Commerce and the French Ministry of Economy and Finance have agreed to establish a **“US-France Economic-Commercial Dialogue”** to enhance bilateral cooperation and to expand trade and investment.⁶⁰ Potential items for discussion include, *inter alia*, potential benefits of the TTIP and encouragement of direct investment in both directions. The two sides aim to hold an initial meeting in May or June of 2014.

On 12 February 2014, Sen. Johnny Isakson (R-GA), in a Senate floor speech, called for President Obama to engage Senate Majority Leader Harry Reid (D-NV) to bring the **TPA Bill** to a vote in the Senate.⁶¹ Sen. Isakson stressed that TPA is important to allow Congress to make its goals for trade clear as work on the TTIP talks continue.

On February 18, 2014, **USTR Froman announced** new executive efforts to increase the transparency surrounding the TTIP negotiations.⁶² Specifically, USTR will form a **new trade**

⁵⁷ See <http://www.state.gov/secretary/remarks/2014/02/221134.htm>.

⁵⁸ See http://transatlantic.sais-jhu.edu/publications/CRS_TTIP_report_Feb_2014.pdf.

⁵⁹ See <http://intelligence.house.gov/sites/intelligence.house.gov/files/documents/chairstatement02042014.pdf>.

⁶⁰ See <http://www.whitehouse.gov/the-press-office/2014/02/11/fact-sheet-united-states-france-economic-and-commercial-partnership>.

⁶¹ See <http://www.isakson.senate.gov/public/index.cfm/news-releases?ID=ec1edc42-b6ac-4d0a-9674-c7682207e87f>.

⁶² See <http://www.ustr.gov/about-us/press-office/fact-sheets/2014/February/Values-Driving-US-Trade-Policy>.

advisory committee for public interest group representatives. He also pledged to issue a document describing US negotiating objectives, and provide written updates after each round of TTIP negotiations.

Still on 18 February, the Office of the United States Representative (USTR) announced to the press that **Deputy USTR Michael Punke will take on responsibility for political oversight of the TTIP talks**. Ambassador Punke will fill the position of Deputy USTR Miriam Sapiro, who left her position on 28 February.

On 24 February 2014, the **State of Maine Citizen Trade Policy Commission (CTPC) issued two letters to USTR Froman** stressing the need to ensure that TTIP does not prove detrimental to Maine's existing policies on **state government procurement and food policies**.^{63 64} The CTPC was established to assess and monitor the legal and economic impacts of US free trade agreements on state and local laws. Moreover, CTPC urged the USTR to provide a period of public consultation and the public release of ISDS proposals, consistent with recent announcements by the EU to increase transparency and consultation.

Also on 24 February 24, **President Obama spoke by phone with Italian Prime Minister Matteo Renzi** to congratulate him on his new office.⁶⁵ Both leaders affirmed the close US-Italian partnership with regards to seeking consensus in the TTIP talks. In addition, President Obama will travel to Rome in March 2014 for an official state visit.

On 25 February 2014, the **Office of the United States Trade Representative (USTR) and Small Business Administration (SBA) published a joint blog post discussing how TTIP can benefit SMEs** by expanding its export opportunities.⁶⁶ The blog post highlights that TTIP would "slash red tape," whereby US negotiators will aim to address EU trade barriers documented by US SMEs that disproportionately affect small business exporters.

On the same day, **Deputy USTR Miriam Sapiro**, in remarks to the National Association of Business Economists, **stressed that TTIP provides the greatest potential for gains through greater regulatory compatibility between the United States and the European Union**.⁶⁷ Ambassador Sapiro noted that TTIP would reduce unnecessary costs and administrative delays, while making general and sector-specific regulations more compatible.

On 28 February 2014, the **Congressional Research Service (CRS) published a report examining how TTIP might lead to a convergence of motor vehicle regulatory regimes** in the US and EU.⁶⁸ The report focuses on three aspects: (i) safety; (ii) emissions; and (iii) fuel efficiency. Most significantly, CRS notes that Congress may need to modify existing

⁶³ See <http://www.maine.gov/legis/opla/CTPCprocurementlettertoUSTR.pdf>.

⁶⁴ See <http://www.maine.gov/legis/opla/CTPC%20letter%20ISDS%20to%20USTR.pdf>.

⁶⁵ See <http://www.whitehouse.gov/the-press-office/2014/02/24/readout-president-s-call-prime-minister-renzi-italy>.

⁶⁶ See <http://www.ustr.gov/about-us/press-office/blog/2014/March/CrossPost-SBA-USTR-Helping-US-Small-Business-Trade-With-European-Union>.

⁶⁷ See <http://www.ustr.gov/about-us/press-office/speeches/transcripts/2014/february/remarks-ambassador-sapiro-national-associat>.

⁶⁸ See <http://biblio.pennyhill.com/2014/03/u-s-and-eu-motor-vehicle-standards-issues-for-transatlantic-trade-negotiations-r43399/>.

statutes on motor vehicle regulatory processes or standards to comply with TTIP commitments.

On the same day, **43 US-based interest groups**, including those of labour, environmental, health, consumer, business, family, farm, and faith, issued a **joint letter to USTR Froman urging USTR to organise a public consultation regarding the ISDS mechanism** in TTIP.⁶⁹ The letter cites the EU's imminent public consultation process on the same matter as an impetus for USTR to engage the public interest community.

On 10 March 2014, the **Council of Economic Advisers published the 2014 Economic Report of the President**.⁷⁰ Most importantly, the Report highlights that the TTIP, along with the TPP, will place the US economy at the center of an open trade zone representing two-thirds of global economic output. The Obama Administration aims to leverage these Agreements to create US jobs and expand economic opportunity.

On 11 March 2014, a **bipartisan group of Senators issued a letter to Agriculture Secretary Tom Vilsack and USTR Froman** urging the Obama Administration to **push back against the EU's negotiating efforts to include geographical indications** in TTIP.⁷¹ The Senators cite the potential negative impact on US cheese exports, adding that such commonly used names such as "feta" or "parmesan" are "clearly" generic.

Still on March 11, **National Security Advisor Susan Rice** during a **speech at the Department of State's Global Chiefs of Mission Conference** asserted that TTIP would bring US-EU economic cooperation up to the same level as its security alliance.⁷² Rice also noted the "game-changing potential" of trade agreements to link the US more closely with its partners.

On the same day, **USTR published a position statement** that describes the Obama Administration's specific goals and objectives, and outlines how TTIP will benefit the US economy.⁷³ The statement takes a clear position that USTR will seek to eliminate or reduce non-tariff barriers to US exports, specifically those related to sanitary and phytosanitary (SPS) restrictions, as well as restrictive administration of tariff-rate quotas (TRQs) and permit and licensing barriers.

On 14 March 2014, in a **press release following the 4th TTIP negotiating round**, **USTR Froman** noted that "a lot of work" remains, although both Parties have a "good understanding" on the key issues to resolve.⁷⁴ USTR Froman added that its engagement

⁶⁹ See http://www.etuc.org/sites/www.etuc.org/files/press-release/files/letter_to_amb_froman_requesting_public_consultation_on_investment_2014.pdf.

⁷⁰ See http://www.whitehouse.gov/sites/default/files/docs/full_2014_economic_report_of_the_president.pdf.

⁷¹ See <http://www.donnely.senate.gov/newsroom/press/donnely-lends-support-to-protect-market-access-for-hoosier-dairy-products>.

⁷² See <http://www.whitehouse.gov/the-press-office/2014/03/11/remarks-national-security-advisor-susan-e-rice-department-state-s-global>.

⁷³ See <http://www.ustr.gov/about-us/press-office/press-releases/2014/March/US-Objectives-US-Benefits-In-the-TTIP-a-Detailed-View>.

⁷⁴ See <http://www.ustr.gov/about-us/press-office/press-releases/2014/March/Statement-by-USTR-Froman-at-close-of-fourth-round-TTIP-negotiations>.

with stakeholders, including civil society groups, during the round reflected USTR's commitment to a values-driven trade policy. The next high-level exchange on TTIP will take place on 26 March in Brussels between President Obama, European Council President Van Rompuy, and European Commission President Barroso.

OTHER EU FTA DEVELOPMENTS

ONGOING EU FTA NEGOTIATIONS

- EU-Japan negotiations
- Recent EU FTA developments relating to Ukraine, Vietnam, Thailand, Egypt, Cuba, Canada, and Mercosur

IMPLEMENTATION OF EXISTING EU FTAs

- Korea

Ongoing EU FTA negotiations

Introduction

Below, we also discuss the key developments in EU FTA negotiations with Ukraine, Vietnam, Thailand, Egypt, Cuba, Canada, and Mercosur.

Other pending EU FTA negotiations

i) Ukraine

Following the political crisis in Ukraine, the EU has reiterated several times that it remains ready to sign the EU-Ukraine Association Agreement, which includes a Deep and Comprehensive Free Trade Area (DCFTA).

On 11 March 2014, the European Commission proposed the temporary reduction/elimination of import tariffs on Ukrainian products as part of the EU's rescue package for the country. It is proposed that the EU tariffs for industrial goods exported from Ukraine would be removed immediately for 94.7% of products. For the remaining products (some chemical products, etc.) the tariffs would only be reduced, and for certain products, the special rates would apply within tariff quotas.

This suspension would last until 1 November 2014 (i.e., by the time the DCFTA with the EU is likely to be signed and provisionally applied). The EP and the Council have been asked by the Commission to adopt the proposal under fast-track procedures. The Commission hopes the regulation can be operational in June 2014.

ii) Vietnam

During the early course of March, preparations were ongoing at EU level for the 7th round of negotiations in Hanoi on 17-21 March 2014.

iii) Thailand

While no date has been set for the next round of negotiations due to the current political crisis in Thailand, discrete discussions between the parties are continuing at a technical level.⁷⁵

iv) Egypt

On 10 February 2014, the EU ambassador to Cairo stated that the EU wants to conclude a far-reaching DCFTA with Egypt in the next few years. This DCFTA would cover services, public procurement, competition, intellectual property rights, and investment protection. The EU and Egypt have already concluded an Association Agreement and an Agreement on agriculture and fisheries products.⁷⁶

v) Cuba

On 10 February 2014, the European Council gave the Commission a negotiating mandate for a bilateral Political Dialogue and Cooperation Agreement with Cuba that would promote trade and economic relations between the two Parties.⁷⁷ The EU aims to conclude this Agreement by the end of 2015.⁷⁸

vi) Canada

Draft versions of the investment⁷⁹ and ISDS⁸⁰ chapters of the Agreement were leaked in early February. Both drafts date from after parties reached a political agreement in September 2013. However, during the TTIP stakeholder debriefing on 12 March 2014, the EU Chief negotiator stated that these leaked CETA texts do not contain the final language.

On 1 March 2014, the Canadian Trade Minister stated that the CETA legal text could be made public soon, possibly in the next couple of months. However, it was reported around the same time that not all outstanding issues had been resolved, and that Canada was, for example, still trying to obtain concessions from the EU in the area of geographical indications.⁸¹

vii) Mercosur

An EU-Brazil summit took place on 24 February 2014 in Brussels. Among other things, the Parties discussed EU-Mercosur negotiations and concluded that they were on track to exchange market access offers “in due course”. The EU and Mercosur negotiators were scheduled to check whether the requirements to exchange tariff offers are met on 21 March 2013. However, the timing of this exchange was not yet fixed.

⁷⁵ See <http://www.europolitics.info/eu-pushing-trade-talks-with-bangkok-despite-political-crisis-artb359975-40.html>.

⁷⁶ See <http://www.reuters.com/article/2014/02/10/us-egypt-eu-idUSBREA191QI20140210>.

⁷⁷ See http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/EN/foraff/140946.pdf.

⁷⁸ See <http://www.euractiv.com/development-policy/eu-eyes-warmer-cuba-ties-push-ne-news-533408>.

⁷⁹ See <http://www.tradejustice.ca/wp-content/uploads/2013/08/CETA-Draft-Investment-Text-Nov21-2013-203b-13.pdf>.

⁸⁰ See <http://www.tradejustice.ca/wp-content/uploads/2013/08/Draft-CETA-DisputeSettlement-nov-15.pdf>.

⁸¹ See <http://www.vieuws.eu/eutradeinsights/canada-hopes-to-make-ceta-legal-text-public-soon-in-brief/>.

The European Commission also clarified in a reply to a written question from a Member of the European Parliament on 17 February 2014 that both sides remain committed to exchanging market access offers in “early 2014”.⁸²

Implementation of existing EU FTAs

EU-Korea FTA

On 28 February 2014, the Commission issued its second annual report on the implementation of the EU-Korea Free Trade Agreement, covering the period July 2012 to June 2013.⁸³

Compared to the year before, when the FTA was provisionally applied (July 2010 – June 2011), overall EU exports of goods to Korea have increased, but the increase was less impressive in the second year of the FTA. Overall, imports from Korea into the EU have decreased (except imports of fully/partially liberalised goods). The Commission thinks this could be due to decreased exports from Korea of ships and the relocation of electronics productions from Korea to South East Asia. As regards the automotive sector, the Commission notes that EU car exports to Korea have increased, in particular in the second year of the FTA. Car imports from Korea also increased, but the second year saw a less sharp increase. A significant increase of EU exports to Korea has also taken place in the minerals, machinery and mechanical appliances sectors. A decrease in exports to Korea was reported mainly for the iron and steel sector. Regarding imports from Korea, the Commission notes a decline for electrical machinery and ships.

The report further concludes that the duty drawback regime does not seem to have led to an increase of imports of inputs from Korea’s neighbouring countries into Korea or to a significant change of manufacturing patterns.

The report further notes that services exports from the EU to Korea (GATS modes 1 and 2) increased while imports from Korea decreased.

On 14 March 2014, the Council formally adopted the Decision to sign and provisionally apply the Additional Protocol to the EU-Korea FTA to take account of the accession of Croatia to the EU. The EP will also have to give its assent to the conclusion of this Additional Protocol.

On 20 February 2014, the EU’s Market Access Advisory Committee was due to discuss Korean testing of panoramic sunroofs for vehicles.

⁸² See <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=P-2014-000599&language=EN>.

⁸³ See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2014:0109:FIN:EN:PDF>.