

Commented [COMMENT1]:

#MODEL COD=C:\TEMPLATE.LOC\DOCS\PR\NOLEG\ART45.COD~
#MODEL TRA=C:\TEMPLATE.LOC\TRANSFIL\EN\ART45.EN~
#MODEL VIE=C:\TEMPLATE.LOC\VIEWER\EN\ART45.EN V~
<@> <DR> NO <FR>

14 October 1996

A4-0320/96

REPORT

on the World Trade Organization (WTO)

Committee on External Economic Relations

Rapporteur: Mr Peter Kittelmann

DOC_EN\RR\310\310820

PE 218.565/fin.

CONTENTS

| | Page |
|---|-------------|
| Procedural page | 3 |
| A. MOTION FOR A RESOLUTION | 4 |
| B. EXPLANATORY STATEMENT | 15 |
| <u>Annex</u> : Motion for a resolution B4-0170/94 | 19 |
| Opinion of the Committee on Agriculture and Rural Development | 20 |
| Opinion of the Committee on Economic and Monetary Affairs and Industrial Policy | 25 |
| Opinion of the Committee on Social Affairs and Employment | 29 |
| Opinion of the Committee on the Environment, Public Health and Consumer Protection | 34 |

By letter of 13 October 1994 the Committee on External Economic Relations requested authorization to draw up a report on the World Trade Organization (WTO).

At the sitting of 14 November 1994 the President of the European Parliament announced that the Conference of Presidents had authorized the committee to report on this subject.

At the sitting of 17 November 1994 the President of Parliament announced that he had referred the motion for a resolution tabled pursuant to Rule 45 of the Rules of Procedure by Mr De Clercq and others to the Committee on External Economic Relations as the committee responsible.

At the sitting of 11 December 1995 the President of Parliament announced that the Committee on the Environment, Public Health and Consumer Protection had been asked for its opinion.

At the sitting of 31 January 1996 the President of Parliament announced that the Committee on Agriculture and Rural Development, the Committee on Economic and Monetary Affairs and Industrial Policy and the Committee on Social Affairs and Employment had also been asked for their opinions.

The Committee on External Economic Relations appointed Mr Peter Kittelmann rapporteur at its meeting of 22 November 1994.

It considered the draft report at its meetings of 3 September and 10 October 1996 and at the latter meeting adopted the motion for a resolution by 21 votes to 1, with 2 abstentions.

The following took part in the vote: De Clercq, chairman; Sainjon and Pex, vice-chairmen; Kittelmann, rapporteur; Corrie (for Moorhouse, pursuant to Rule 138(2)), Dimitrakopoulos (for Ferrer), Elchlepp, Falconer, Imbeni, Kone_ny, Kreissl-Dörfler, Lambrias (for Schwaiger, pursuant to Rule 138(2)), E. Mann, Miranda de Lage, Moniz, Novo, Nussbaumer, Pimenta (for Bossi, pursuant to Rule 138(2)), Pollack (for Hindley), Randzio-Plath (for Berès), Smith, Sonneveld (for Toivonen), Valdivielso de Cué and Van der Waal (for de Rose).

The opinions of the Committee on Agriculture and Rural Development, the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Social Affairs and Employment and the Committee on the Environment, Public Health and Consumer Protection are attached.

The report was tabled on 14 October 1996.

The deadline for tabling amendments will be indicated in the draft agenda for the relevant part-session.

A
MOTION FOR A RESOLUTION

Resolution on the World Trade Organization (WTO)

The European Parliament

- having regard to the Commission communication entitled The Global Challenge of International Trade: A Market Access Strategy for the European Union (COM(96) 0053),
 - having regard to the Commission communication on the links between the world trade system and internationally recognized work standards,
 - having regard to its resolution of 15 December 1994 on the conclusion of the Uruguay Round and the future activities of the WTO(),
 - having regard to its resolution of 14 December 1995 on the global harmonization of legislation on direct investment(),
 - having regard to its resolution of 24 May 1996 on the negotiations in the World Trade Organization (WTO) on trade and the environment(),
 - having regard to its resolution of 6 June 1996 on the conclusion of the results of the WTO negotiations on financial services and on movement of natural persons(),
 - having regard to the outcome of the public hearing held by its Committee on External Economic Relations on 23 November 1995 on the future of the international trade order,
 - having regard to the motion for a resolution by Mr De Clercq and others on the World Trade Organization (WTO) - Institutional aspects (B4-0170/94),
 - having regard to Rule 148 of its Rules of Procedure,
 - having regard to the report of the Committee on External Economic Relations and the opinions of the Committee on Agriculture and Rural Development, the Committee on Economic and Monetary Affairs and Industrial Policy, the Committee on Social Affairs and Employment and the Committee on the Environment, Public Health and Consumer Protection (A4-0320/96),
- A. recalling the establishment of GATT, which is meant to help raise living standards, ensure full employment and increase prosperity, and emphasizing, therefore, that world trade must contribute to the creation of jobs, not to ruinous competition for jobs,

(¹) OJ C 18, 23.1.1995, p. 165

(²) OJ C 17, 22.1.1996, p. 175

(³) OJ C 166, 10.6.1996, p. 260

(⁴) OJ C 181, 24.6.1996, p. 21

- B. whereas the volume of world trade has grown to an unprecedented degree and has constantly been higher than the increase in production since the multilateral world trade system came into being,
- C. whereas the growth of world trade became possible only with the lowering of tariff and non-tariff trade barriers agreed at the previous eight rounds of multilateral negotiations in GATT,
- D. whereas the expansion of foreign trade reflects the progressive globalization of markets, restricting the scope for action under national economic policies and making a global legal framework, such as the WTO, necessary, partly with a view to the environment and development cooperation,
- E. whereas, since the multilateral world trade order came into being with the establishment of GATT in 1947, the growing interlinking of economies has made a major contribution to the rise in incomes and employment, at first mainly in the industrialized countries, but increasingly of late in developing and newly industrializing countries,
- F. aware that progressive economic liberalization, allied to the globalization of the means of production, has created new phenomena which pose social threats and new economic challenges that also need to be duly incorporated into the new world economic order, for example the internationalization of world trade by multinational undertakings (MNU), greater potential for business concentration and product specialization, to which may be added the establishment of cartels or market monopoly positions, as well as relocation, with all their inherent regional and social effects,
- G. whereas further liberalization of world trade is of great importance, but whereas this must take place within the framework of a responsible policy towards the environment, social policy and development cooperation,
- H. whereas the plans to establish an international trade organization were thwarted by the non-ratification of the 1947 Havana Charter,
- I. having regard to the pertinent and significant role that the EU may play at the Singapore Ministerial Conference, either in defending the introduction of social and environmental standards into multilateral trade or in recalling the important role that the ILO may be asked to fulfil with regard to the standardization of social requirements,
- J. whereas the WTO must be an area in which multilateral trade is monitored, and whereas, therefore, its credibility is directly linked to its ability to settle disputes and ensure that all its members, without exception, accept the decisions taken,
- K. whereas the European Parliament was represented by a delegation at the most recent GATT Ministerial Conferences,
- L. whereas the first WTO Ministerial Conference is to be held in Singapore in December 1996,

The institutional aspects of the WTO

1. Emphasizes the importance of the WTO's establishment for the enforcement of the rules of the multilateral system of trade in goods in services, the implementation of the results of the Uruguay Round and the continued development of the world trade system necessitated by the economic challenges of the coming millennium;
2. Emphasizes the need to reform the international organizations through improved international cooperation and at last to achieve fair world trade through the improvement of the WTO rules;
3. Welcomes the standardization of the various agreements and codes negotiated in GATT that has been achieved with the establishment of the WTO, since they make for a world trade system with a far clearer legal framework for the contracting parties and the business community;
4. Advocates once again the strengthening of the multilateral trade system, which is based on legal rules and replaces the right of the stronger in international trade, as usually reflected in bilateral or unilateral trade policy measures, with enforceable respect for legal rules adopted by agreement;
5. Calls for a study into the fears that the strengthening of the multilateral trade system does not take adequate account of the developing countries' diverse interests and the increasing disparity between their stages of development and considers, in this connection, that an investigation is required into the social situation in the more than 30 developing countries which have joined the WTO;
6. Calls, furthermore, for full market access for the poorest developing countries without their being required to open their markets fully, but considers world trade terms to be inadequate for certain groups of countries, criticizes the inadequacy of the aid granted to food-importing countries and insists on compliance with the obligations entered into in Marrakesh;
7. Calls at the same time on the industrialized nations to put into practice as far as possible the many concessions to the developing countries which are incorporated in the various trade agreements so that a further boost may be given to the requisite economic development of the developing countries;
8. Welcomes the new procedure which is helping avoid and/or settle trade disputes and calls for the participation of NGOs, the social partners and private undertakings in the dispute settlement procedure in the interests of transparency and legal certainty;
9. Is concerned at the discrimination to which small countries and developing countries are subjected as regards access to the panel procedures, which became manifest at the first panel meeting convened to consider the complaint brought by the USA and various Central American countries against the EU banana market regulation;
10. Calls on all the contracting parties to settle their trade conflicts by the WTO dispute settlement procedure and to respect the decisions of the panels and appeal body by adjusting their trade policies accordingly;
11. Sees the dispute settlement actions hitherto brought before the WTO as an encouraging sign of willingness, particularly on the part of the industrialized countries, to recognize the outcome of the WTO's dispute settlement, which will increase the WTO's international credibility;

12. Calls on the USA to refrain in all due form from taking unilateral trade measures under section 301 of the US Trade Act, given that the new WTO dispute settlement procedure, which covers all aspects of the WTO's terms of references, is functioning satisfactorily and makes such measures superfluous;
13. Calls on the Commission in this context to have the new US legislation concerning the embargoes on Cuba (Helms-Burton Act) and Iran and Libya (Kennedy-Damato Act), and especially their extraterritorial implications, reviewed in the WTO framework to see whether they accord with the provisions of GATT;
14. Welcomes the desire expressed by the Commission in its communication on a market access strategy for the EU to gain acceptance for market access concessions agreed at multilateral level and the emphasis it places in its bilateral relations on the conclusion of free trade agreements;
15. Endorses in this context the coordinated approach to an active market access strategy for the EU, which, through the pooling of information from the business community, the national administrations and the Commission's services, will enable the Commission rapidly to identify problem areas affecting the marketing of EU goods and services in third countries and to take the necessary action, extending even to the application of the regulation on trade barriers, but stresses that the EU's market access strategy must be in line with its development policy and, in particular, that it must not adversely affect the interests of the poorest developing countries;
16. Points out that for their protection undertakings in the EU need better information on the use of trade policy instruments against unfair and underhand trade practices;
17. Hopes that such important trading nations as the CIS republics, China and Taiwan can be admitted to the WTO in the near future;
18. Emphasizes that the creation of a market economy framework, a liberal foreign trade system, the acceptance of WTO obligations commensurate with their level of economic development and a balanced offer of market access opportunities are essential requirements for such admission;
19. Notes with regret, particularly with regard to China's application for membership, that these requirements have not yet been satisfied;
20. Can but conclude that this is blocking Taiwan's application to join the WTO as an independent customs territory, although it has long since satisfied all the requirements for WTO membership;
21. Calls for even closer cooperation between the WTO and such other international organizations as UNCTAD, the International Monetary Fund (IMF) and the World Bank;
22. Emphasizes the need for stable international monetary cooperation on Bretton Woods lines for world trade, increased prosperity and employment, and regards European Monetary Union as a contribution to a stable international monetary order;
23. Points out, in view of the WTO's increased powers, that the absence of any democratic monitoring of its activities may eventually lead to public opposition in the member countries to the expansion of the multilateral trade system and advocates that such monitoring at European Union level be performed by the European Parliament;

24. Urges the WTO contracting parties, therefore, to involve their parliaments in the WTO's activities as closely as possible in accordance with the provisions of their constitutions, so that these activities may become transparent and comprehensible and command the support of the majority of the general public;
25. Considers that it is necessary and would be useful for the non-governmental organizations to be more heavily involved in the work of the WTO than hitherto;
26. Regards a public debate on the evaluation of the trade policies of the WTO contracting parties within the framework of the Trade Policy Review Mechanism, which should be conducted in the contracting parties' parliaments, as a particularly useful point of departure in this respect;
27. Calls on the Commission and Council, therefore, to involve the European Parliament as far as possible in the WTO's activities through the appropriate parliamentary committees; explicitly acknowledges in this context the Commission's efforts to keep Parliament informed;
28. Calls in particular for all agreements negotiated within the WTO framework to be submitted to Parliament for its assent;
29. Considers it essential for the EU to act as a single entity in the WTO and to be represented by the Commission as sole negotiator in all areas falling within the WTO's terms of reference;
30. Calls on the representatives of the Member States gathered at the Intergovernmental Conference to approve the amendments to the Treaty provisions, especially Article 113 of the EC Treaty, which this will entail;
31. Regards it as only logical, in view of economic globalization and the completion of the internal EU market, that the EU should replace the EU Member States and become the sole contracting party to the WTO in the medium term;
32. Emphasizes the need for the WTO to be equipped with the funds and manpower required for the performance of a far wider range of tasks than those undertaken by the GATT secretariat;

The implementation of the results of the Uruguay Round

33. Notes with satisfaction that during the implementation of the results of the Uruguay Round negotiations since the beginning of 1995 the EU's and other contracting parties' compliance with the treaty obligations has not given rise to any appreciable difficulties in the various areas concerned;
34. Calls for better and speedier transposition and implementation of the multilateral trade agreements under the Uruguay Round;
35. Acknowledges the valuable work of the WTO committees in supervising the implementation of the results of the Uruguay Round negotiations, which enables all the WTO contracting parties to review compliance with treaty obligations on the basis of mutual notification of the implementing measures;

36. Calls on the Commission to keep Parliament informed through the appropriate parliamentary committees of all difficulties encountered in the implementation process;
37. Calls on the Commission, the OECD and the WTO to submit reports on the actual impact on prosperity and employment of the implementation of the Uruguay Round by 31 December 1997;
38. Calls on the WTO contracting parties not only to implement the agreed tariff reductions but also to consider how far they can be brought forward and further reductions can be negotiated with a view to lowering peak duty rates and alleviating the escalation of tariffs, which is making it particularly difficult for raw materials to be processed in the developing countries;
39. Believes, however, that, where tariff reductions are brought forward, account must be taken of the current restructuring processes and of the social and economic costs they entail and that they should not be undertaken without an in-depth discussion within the EU of gains and losses;
40. Believes that the WTO must produce a report assessing the measures to dismantle non-tariff barriers to trade, so that countermeasures may be taken against the abuse of such protectionist devices;
41. Expresses concern about the tendency for further grey-area measures to be taken as a substitute for protectionism and emphasizes that trade protection measures must not be allowed to disable the pricing mechanism;
42. Is relieved that the implementation of the results of the negotiations in the agricultural sector has not led to any additional burdens on the budget, since the agricultural reforms have led to a lowering of EU agricultural price levels, while world market prices have risen, resulting in a significant reduction in the budget resources needed for export subsidies in the cereals sector, for example;
43. Points out that, by making greater use of support measures that have no effect on output, the EU can develop the common agricultural policy further without breaching GATT obligations;
44. Points out that, because of the reform of the policy in the cereals sector, EU budget expenditure from the early 1990s was largely devoted to income support payments, with the result that the scope for wider-ranging reforms is restricted from the budgetary point of view;
45. Calls on the Commission to ensure, by completing the reform of the CAP, that the EU does not again have to negotiate from a defensive position at the WTO negotiations scheduled for the year 2000, but is able to submit to its negotiating partners practical proposals previously agreed within the EU for an improvement in the international division of labour in agriculture, with account taken of socio-economic and environmental limiting conditions;
46. Considers that, with respect to some markets, the EU will in all likelihood be able to meet GATT/WTO requirements only with great difficulty and that CAP reform will therefore be necessary ahead of 1999;
47. Refers in this context to the positive effects of the WTO agricultural agreements on the international competitiveness of the EU food-processing industry;

48. Calls on the Commission, when implementing the European Union's obligations in the agricultural sector, to ensure that, with a view to the EU's retaining a significant share of the world market, the possibilities for subsidized and for unsubsidized exports are fully exploited;
49. Notes that almost all the countries which import textile and clothing products have, when implementing the first stage of the agreement on the re-integration of this sector into the GATT rules, liberalized the import of products of little interest to the textile-exporting countries;
50. Points to the need for the promised liberalization of the trade in textiles as part of the tariff reductions and commitments to opening up markets to proceed on schedule, not keeping the largest steps towards liberalization until last, so that the adjustment burdens on the European textiles industry may be spread more evenly over time;
51. Refers to the considerable adjustment burdens that face the European textile industry if liberalization is very largely concentrated on the final stage of implementation, which is scheduled for the year 2005;
52. Advocates, therefore, a balanced product mix that takes account of the interests of importing and exporting countries alike, and so underlines the credibility of the importing countries' obligations, when the various steps to liberalize the textile trade are taken;
53. Refers, moreover, to a separate report on the implications of the Uruguay Round for the EU textile industry;
54. Calls for the start of negotiations to harmonize the preferential rules of origin;
55. Emphasizes that, with the implementation of the agreements on trade in services (GATS) and the protection of intellectual property (TRIPs), EU enterprises enjoy similar conditions in third markets to those enjoyed by foreign enterprises in the EU since the completion of the internal market;
56. Calls for further rules and sanctions to protect intellectual property because in the era of globalization and information technologies the competitiveness of undertakings and economies depends on the knowledge and skills of people;
57. Realizes the difficulty of opening up markets for services but calls on the EU to press for progress towards the liberalization of services in world trade, including the developing countries, similar to that which proved possible in the internal market; stresses the importance of the trade in services to the EU, regrets the inadequate progress made in the GATS and calls for the as yet only partial liberalization of the trade in services to be completed and for treatment on an equal footing with nationals to be made the norm;
58. Calls on the WTO Ministerial Conference to consider by how much the very long periods allowed for compliance with the obligations arising from the GATS and the TRIPs agreement can be reduced;

Aspects on which the negotiations have not been completed

59. Welcomes the conclusion of the interim agreement on financial services, but regrets that the USA found itself unable to accede to this agreement despite improved offers of market access from major contracting parties;
60. Calls on the WTO contracting parties to lay the foundations for the conclusion of a multilateral agreement involving all the contracting parties by offering improved market access on the expiry of the plurilateral interim agreement at the end of 1997;
61. Is concerned that neither the negotiations on basic telecommunications services nor those on sea transport could be completed by the agreed date, this being not least due to the USA's inflexible attitude in both spheres;
62. Calls on the WTO Ministerial Conference to create the conditions for the successful completion of the negotiations on the liberalization of the telecommunications markets by February 1997 as planned; emphasizes the need, however, for the culture of all peoples to be preserved and for the information and communication society to be shaped in a democratically and socially acceptable way within the framework of an international code of conduct;
63. Urges that, in the context of the liberalization of the telecommunications markets, the concept of public service does not disappear and that it does not prejudice or discriminate against potential consumers;
64. Is disappointed at the suspension of the negotiations on the liberalization of sea transport markets, which should have been completed by July 1996; appeals to the contracting parties to resume the negotiations as soon as possible and not to defer them until the year 2000;

The new areas covered by the WTO

65. Appeals to the contracting parties gathered in Singapore to adopt a programme of work to ensure the best possible preparation of the negotiations scheduled for the year 2000, particularly in the areas of trade in agricultural products and trade in services;
66. Emphasizes the need for the WTO to delay no longer in linking trade issues to environmental, social, cultural, consumer and animal protection issues, with the aim of balancing interests, and insists that WTO decisions must on no account jeopardize international or EU standards;
67. Notes the proposals which the WTO Committee on Trade and Environment has submitted to the Ministerial Conference; regrets, however, that the committee has not succeeded in arriving at practical conclusions in all ten spheres;
68. Appeals to the WTO Ministerial Conference, therefore, to set the negotiators clear targets concerning in particular the relationship between environment and trade policy and relations with non-governmental organizations so that they may achieve practical negotiating results as soon as possible;
69. Strongly endorses the opinion that the prices of goods and services do not fully reflect the associated environmental costs; further notes that the present mechanisms of international trade do not appropriately consider either this problem or the question relating to the inadequate information given to consumers on the environmental impact of their choices;

70. Is firmly of the view that the environment should be considered in the entire range of issues covered by the WTO, not only the general rules and disciplines laid down in GATT, the General Agreement on Trade in Services (GATS) and the Agreement on Trade-Related Intellectual Property (TRIPs), but also the specific rules on agricultural subsidies, sanitary and phytosanitary (SPS) measures, technical barriers to trade (TBT), the subsidies code and dispute settlement;
71. Calls for the environmental compatibility of world trade to include polluter-pays levies on the carriage of goods from industrialized and developing countries to reflect its external cost, which in the past has been borne by society as a whole;
72. Condemns distortions of competition caused by social and environmental dumping and calls for such dumping to be curbed by the introduction of environmental and social clauses by way of an amendment of Article XX of the WTO regulations, to allow a minimum of import restrictions in the case of infringements of fundamental standards of the International Labour Organization, such as the ban on child and forced labour, the freedom of association and international environmental conventions, but also draws attention to the scope for promoting socially and environmentally compatible trade by positive action involving social and eco-labels;
73. Advocates that Article XX of the GATT be so amended that the WTO contracting parties are permitted to impose, under multilateral environmental agreements, trade restrictions against products and manufacturing processes which have a global impact on the environment;
74. Refers, moreover, to its separate report on trade and the environment;
75. Considers it essential, at a time when, with advancing globalization, the business community has gained primacy over politicians and economic interests dominate social interests, for a world social policy to be initiated and urges that the discussion of minimum social standards as part of the international trade order be placed on the agenda for the WTO Ministerial Conference;
76. Advocates in this context the setting up of a Committee on Trade and Human Rights (and possibly a Subcommittee on Social Human Rights), which, in close cooperation with the International Labour Organization (ILO), would draw up proposals for internationally binding minimum social standards designed so that specific decisions could be taken at the second WTO Ministerial Conference;
77. Suggests that this debate on minimum social standards should begin with the freedom of trade union activity, including the possibility of concluding collective wage agreements, the prohibition of forced labour, child labour and - as women are frequently exploited in export industries - discrimination on the grounds of sex;
78. Is aware that child labour, especially in the family context, is traditional in developing countries and is therefore primarily opposed to industrially organized forced child labour;
79. Appeals to the industrialized countries in the WTO to help to ensure that the bases for child labour are eliminated by means of programmes to combat poverty and to improve the educational and social systems and by providing information;

80. Emphasizes that WTO social clauses must on no account be abused for protectionist policy purposes or prevent developing and transforming economies from exploiting their comparative cost advantages;
81. Considers it essential for the successful preparation of the Conference that the Commission should have regular consultations with the social partners and rapporteurs/draftsmen from the relevant committees of the European Parliament;
82. Appeals to the WTO Ministerial Conference to prepare negotiations aimed at including in the international trade order rules on the liberalization of international direct investment; these rules should be based on the principles of transparency, most-favoured-nation treatment and non-discrimination and might be guided by the preparatory work undertaken in the OECD;
83. Believes that such rules should be included because, with the globalization of economic activity, international direct investment is increasingly needed to safeguard marketing opportunities in third markets;
84. Points out that the liberalization of trade and investment will lead to more technology transfers that stimulate growth and employment, and therefore calls for the continued liberalization of investment begun in the WTO;
85. Considers it necessary for the liberalization of direct investment to be complemented by the creation of a supporting multilateral legal framework to prevent the misdirection of international investment flows and consequent social and/or environmental dumping and emphasizes that extensive liberalization of investment flows is making the multilateral harmonization of other terms and conditions, especially in the area of social and environmental legislation, increasingly urgent;
86. Expresses concern about the increasingly market-dominant position of the 100 large multinational corporations that use their economic power to play off countries competing as locations for economic activity one against the other, thus enabling them to gain acceptance for trade and investment decisions without regard for employment, welfare concepts and the environment, which runs counter to free and fair world trade and the objectives of the GATT and WTO;
87. Advocates, further, in this connection the drawing up of a Code of Conduct for multinational corporations based on the preliminary work undertaken by the UN and the OECD, compliance with which should be monitored by means of an annual report;
88. Points out that, with the liberalization of investment flows, the need to harmonize competition rules at multilateral level between the main trading partners will become even more urgent;
89. Considers that the WTO work programme to be adopted by the Ministerial Conference should also include the preparation of negotiations on the inclusion of international rules on competition policy;
90. Considers this addition to the international trade order necessary because the market access opportunities negotiated by the WTO contracting parties may be eroded by private enterprises acting in contravention of the rules on competition unless such action is prevented by an effective competition policy;

91. Insists on the introduction of an international competition system with minimum competition policy standards for business activity and a court-type procedure; calls in particular for a ban on price and territorial cartels, control of cross-border mergers and a code for state aid;
92. Recommends that agreement should first be reached on a number of essential basic principles with which the competition policies of the WTO member countries should comply; they should concern the abuse of market-dominating positions, cross-frontier agreements that contravene competition rules (cartels) and discipline in the granting of state aid;
93. Considers that bilateral cooperation agreements between various WTO contracting parties would be a useful complement to the multilateral approach;
94. Refers, moreover, to its separate report on competition policy in the new trade order;
95. Notes the efforts being made throughout the world to create regional areas of economic integration and, provided that these processes conform to the model of open integration, does not regard them as inconsistent with the multilateral international trade order but rather as the germs of a global internal market, which is the long-term goal of the liberalization process in GATT and the WTO;
96. Suggests that the WTO's work programme should include clarification of the procedures for determining what constitutes customs unions and free-trade areas pursuant to Article XXIV of GATT, so that clearer criteria for assessing the compliance of individual economic groupings with GATT may be established;
97. Instructs its delegation attending the Ministerial Conference in Singapore to put the views expressed in this resolution to the other WTO contracting parties;
98. Instructs its President to forward this resolution to the Commission and Council, the governments and parliaments of the Member States and the contracting parties gathered in Singapore for the WTO Ministerial Conference in December 1996.

B
EXPLANATORY STATEMENT

1. The WTO came into being on 1 January 1995, following eight years of negotiations under GATT auspices during the Uruguay Round, concluded in Marrakesh, Morocco, on 15 April 1994.

From the legal point of view, the Uruguay Round results(

) consist of the WTO charter (which establishes the institutional and procedural structure) and the substantive rules, contained in four annexes:

Annex 1A: GATT 1994 (the revised GATT agreement with the related "codes"() and the "schedules of concessions", dealing with trade in goods.)

Annex 1B: GATS, or the General Agreement on trade in services, with its related schedules of commitments.

Annex 1C: TRIPs - Agreement on Trade Related Aspects of Intellectual Property Rights.

Annex 2: the dispute settlement rules, obligatory for all members, which form an integrated and unified dispute settlement mechanism.

Annex 3: the TPRM - Trade Policy Review Mechanism, by which the WTO reviews the overall trade policies of each member on a regular basis.

Annex 4: this annex contains the three "optional" agreements (government procurement, dairy products and bovine meat), which concern only a limited number of signatories. New "optional agreements" may be added, as new subjects emerge during the next years.

2. The governing structure of the WTO includes substantial changes to the GATT 1947 model. It comprises the Ministerial Conference, which meets not less than every two years and four Councils: the General Council, the Council for trade in Goods, the Council for trade in Services and the Council for trade-related aspects of intellectual property rights.

() consist of the WTO charter (which establishes the institutional and procedural structure) and the substantive rules, contained in four annexes;)

Council Decision of 22 December 1994 concerning the conclusion on behalf of the European Community, as regards matters within its competence, of the agreements reached in the Uruguay Round multilateral negotiations (1986-1994). - OJ L 336 of 23.12.1994.

() and the "schedules of concessions", dealing with trade in) Agreements on agriculture, sanitary and phytosanitary measures, textiles and clothing, technical barriers to trade, trade-related investment measures, article VI (anti-dumping), article VII (customs valuation), pre-shipment inspection, rules of origin, import licensing, subsidies and countervailing measures, safeguards.

There are also a "Dispute Settlement Body" and a "Trade Policy Review Body", plus a certain number of committees and working parties.

Decisions are taken by different procedures, ranging from consensus to majority voting (usually two-thirds or three-quarters of the Members are needed for a majority).

3. The Singapore Ministerial Conference

The WTO Ministerial Conference in Singapore (9-13 December) will be the first of the regular biennial Ministerial Conferences provided for in the WTO Agreement. The Ministerial Conference is intended to provide overall guidance and control for the WTO's work, and the conference in Singapore comes at an important time for the EU in the development of its external policy.

A wide range of subjects may be examined at the Conference, including:

a) the "leftover issues" from the Uruguay Round and the implementation of the Uruguay Round results (e.g. (1) enhancing and extending liberalisation of trade in agricultural products; (2) future extensive negotiations on services; (3) further elaboration of the rules on subsidies; (4) further market access efforts; (5) further negotiations in the context of trade related investment measures; (6) further negotiations concerning rules of origin; (7) greater integration of developing countries as well as monitoring the WTO/GATT rules to ensure fair treatment of those countries; (8) the problem of integrating the "economies in transition" (China, Russia, etc.) into the WTO system.

b) a series of new subjects already facing the organisation

- . environment protection and trade policy
- . investment and competition policy in relation to trade rules
- . labour standards and trade policy
- . human rights and trade policy
- . arms control, national security and trade policy
- . monetary issues and trade policy.

Certain basic GATT concepts need also to be addressed and better defined, including

- . the MFN clause and its application
- . regionalism and multilateralism
- . national treatment for services
- . anti-dumping rules and their relations to safeguards.

It is impossible to examine each of these important points in order to indicate priorities; a tentative agenda for Singapore should concentrate, however on the following subjects:

- implementation of the Uruguay Round commitments
- relaunching the negotiations on financial services, maritime transport and telecommunications

- an improvement of market access for developing countries
- if possible, an agreement on substantive results for trade and environment
- a work programme for the foreseeable future.

The work programme should at least include:

- the prevention and reduction of distortions of competition; the aim is to set up a working group at the Singapore conference to begin establishing a multilateral framework of competition conditions in 1997; the focus in this context is on a commitment by all WTO members to accept comprehensive national competition rules and their implementation;

Minimum standards for competition rules and their acceptance at international level must be achieved if there is to be a common platform of cooperation among the national competition authorities. The existing WTO dispute settlement procedure, which functions satisfactorily, can be used in particular to combat distortions of competition that impair free world trade.

At the economic summit held in Lyon from 27 to 29 June 1986 the WTO Ministerial Conference was asked to add to its agenda subjects of particular relevance to the liberalization of trade and investment.

- a commitment to explore the possibilities for further tariff liberalisation, especially on tariff peaks
- work to begin on wider and more comprehensive application of government procurement rules, as well as on rules of origin and standards; particular account is taken of the rules of origin, and the Singapore conference should take a greater interest in the establishment of coherent standards relating to non-preferential rules of origin; the European Union is prepared to cooperate in the WTO with a view to improving the opportunities for this arrangement, with particular importance attached to the developing countries;
- exploration of the relationship between trade and internationally recognized labour standards; a working party should be set up in order to draw up proposals for the second Ministerial Conference; where social standards are concerned, it must be made clear that the advantages the developing countries derive from low wages are not questioned; fundamental safeguards in respect of basic social standards and education opportunities for children should also be sought.

A potentially controversial issue risks however taking a central place in discussions and media coverage: the draft Information Technology Agreement, aimed at abolishing customs duties on goods related to the information society, is strongly supported by the US, while the EU maintains that it can take part in the agreement only if the discriminatory aspects of the US/Japan semi-conductor arrangement are terminated.

A compromise on this point was reached at the Seattle Quadrilateral meeting of 27-28 September 1996, by an 'understanding on semiconductors and ITA' between the European Commission, the USA and Japan.

4. As mentioned, the Singapore Ministerial Conference will have to decide on a working programme, with a view to the foreseeable future.

The main strategical decision to be taken, however, is whether to aim for a new WTO Round, starting presumably around the year 2,000, or whether to consider that negotiation is an ongoing process that should not be concentrated in a particular period.

Both approaches have their advantages and their drawbacks; in particular, the "New Round" approach

- . by covering several sectors and products, provides for the possibility of trade-offs which facilitate the conclusion of agreements
- . on the other hand, it encourages parties to the negotiations to withhold needed liberalization until the moment when it can be taken into account for the conclusion of the New Round.

The EU should decide, as soon as possible, on a coherent strategy on this point.

MOTION FOR A RESOLUTION
pursuant to Rule 45 of the Rules of Procedure
by the following Members: De Clercq, Hindley, Sainjon and Pex
on the World Trade Organization (WTO) - Institutional aspects

Annex

5 October 1994

B4-0170/94

The European Parliament,

- having regard to its resolution of 24 March 1994 on the outcome of the Uruguay Round of GATT multilateral trade negotiations(),
- A. having regard to the establishment of the World Trade Organization, provided for in the Final Act of Marrakesh, which will be responsible for the implementation of all agreements concluded under GATT,
- B. hoping that the Final Act will be ratified on time by all the participating countries so that the WTO can begin its work at the beginning of 1995,
- 1. Notes that, in addition to its Member States, the EU is a contracting party of the WTO;
- 2. Notes that the agreement setting up the WTO does not provide for any bodies to undertake parliamentary scrutiny;
- 3. Requests that all agreements negotiated in the future in the context of the WTO be submitted to the EP for ratification following the same procedure applied for the conclusion of the agreement establishing the WTO;
- 4. Calls on the committee responsible for Community trade policy to examine how the EU can ensure parliamentary scrutiny and the monitoring of WTO activities.

(¹) OJ C 114, 25.4.94, p. 25

OPINION

(Rule 147 of the Rules of Procedure)

of the Committee on Agriculture and Rural Development

for the Committee on External Economic Relations

Draftsman: Mr Willi Görlach

At its meeting of 16 April 1996 the Committee on Agriculture and Rural Development appointed Mr Willi Görlach draftsman.

It considered the draft opinion at its meetings of 24/25 September and 2/3 October 1996 and adopted the conclusions as a whole unopposed with 1 abstention.

The following took part in the vote: Jacob, chairman; Happart and Funk, vice-chairmen; Kindermann (for the draftsman); Arias Canete, Bathet-Mayer, Cabezón Alonso (for Campos), Colino Salamanca, Cunha, Ebner, Filippi, Fraga Estévez, Hallam, Hardstaff, Hyland, Jové Peres, Keppelhoff-Wiechert, Lambraki, Linser, P. Martin, Mayer, Mulder, Needle (for Spiers), Olsson (for Kofoed), Rehder, Rosado Fernandes, Rynänen (for Järvilahti), Santini, Smith (for Thomas), Sonneveld, Virgin (for Goepel) and Wilson.

The World Trade Organization

The agreements under the new General Agreement on Tariffs and Trade (GATT) have been in force since 1 July 1995. Their entry into force followed the creation of the World Trade Organization (WTO).

1. The WTO provided GATT with a solid institutional framework corresponding to that of an international organization. The aim of the GATT negotiations was to liberalize world trade and remove import restrictions and subsidies. The GATT/WTO decision also set the course for the further liberalization of agricultural markets.

2. Agriculture was one of the most hotly disputed topics in the Uruguay Round. It often appeared that the negotiations would collapse due to this sole area. The reform of the common agricultural policy (CAP) was a crucial factor in making an agreement possible. The following GATT/WTO agreements have an impact on the implementation of EU agricultural policy:

1. Internal support: 20% reduction based on the average for the period 1986-88;
2. Market access: conversion of all import barriers to tariffs (tariffication) and a 36% reduction in tariffs based on the period 1986-88. Minimum market access of 5% is to be guaranteed;
3. Cut in subsidies: 21% reduction in subsidized exports and a 36% reduction in budget expenditure on export subsidies based on the average for the period 1986-90.

These requirements are to be met by 30 June 2001. With these agreements, the agricultural sector has been fully integrated into the GATT/WTO framework. For the first time in the history of GATT/WTO, the system of duties has been replaced by tariffs and export subsidies reduced. Farm subsidies covered by the 'Green Box' or 'Blue Box' are exempt from the reduction in subsidies. Green Box measures are aids which are neutral in terms of competition and independent of production. These are primarily research, training and advisory measures, disease and quality controls and environmental and income-support programmes. Blue Box measures are direct compensatory payments combining measures to reduce volume with payments related to surface areas and head of livestock.

3. Up to now, the GATT/WTO agreements have not led to any major changes in the CAP or the agricultural policy pursued by other OECD countries. This is demonstrated by OECD calculations for 1995. These calculations show that the GATT/WTO agreements have not yet had any measurable impact on the agricultural support level in industrialized countries. The cost of agricultural policy to taxpayers and consumers in the industrialized countries amounted to a total of 336 billion dollars. This corresponds to the level in the years 1993 and 1994. In 1995, each OECD citizen had to fork out an average of \$378 to provide support for agriculture. So far, the EU has had no difficulty in fulfilling its commitments. Nevertheless, there are several indications that the situation could deteriorate in the coming years. In the cereal sector, the Commission is forecasting a surplus of 30 million tonnes for the year 2000. In addition, minimum market access will entail import commitments of around 7 million tonnes. As a result, the surplus will rise to around 37 million tonnes. However, the GATT/WTO agreements allow the EU only 26 million tonnes in subsidized exports. It is not yet clear how it will be possible to dispose of the difference of 11 million tonnes. If this were to be achieved through set-aside, the set-aside rate could easily rise to over 20%. It is not to be expected that world market prices can remain above the level for EU prices in the long term. This would have the advantage that the EU will be able to sell its surpluses on the world market in accordance with GATT/WTO rules, i.e. without export subsidies. However, experts see little likelihood of this being possible. Despite an anticipated increase in prices on the world agricultural

market, price levels there will remain below EU levels. In the case of the beef market, which is seriously disrupted by BSE, the permitted subsidized export volumes are already insufficient to remove surpluses from the EU market. This will automatically require the expansion of intervention purchases. The Commission is expecting intervention stocks of around 720 000 tonnes for 1997 alone. These two examples show that the existing GATT/WTO agreements will require the EU to make considerable efforts to meet these requirements in the future.

4. The GATT/WTO partners have agreed that agricultural policy is to be reformed further in the future. Accordingly, the agreement requires the WTO countries to consider whether new negotiations on agriculture should be conducted before the expiry of the current agreements. These are scheduled for 1999. It is likely that the USA and the Cairns Group will urge that subsidies be reduced further in the forthcoming round of negotiations. The new US Farm Bill, which is to come into force in 1996, provides some indications of what might be expected. The US has converted its agricultural policy from the deficiency payments system to compensatory measures independent of production. Deficiency payments are covered by the Blue Box category. The new compensatory measures, however, are covered by the Green Box. It is therefore likely that the US will show little interest in extending the Blue Box in the next round of negotiations. The consequence would be that compensatory measures such as the hectare and beef premiums under the current CAP would be jeopardized.

5. At first, environmental problems did not play a significant role in the negotiations. The contracting parties brought this problem into the negotiations to an increasing extent in the course of the Uruguay Round. At the end of the negotiations, a working party on trade and the environment was set up within GATT, dealing increasingly with environmental issues. The Committee on Trade and the Environment, which has been in existence since the beginning of 1995, now has the task of clarifying the links between trade and environmental issues with a view to the requirements of sustainable development and to put forward appropriate recommendations for multilateral trade. Income compensation for environmental measures formally fulfil the criteria for Green Box measures. Nevertheless, the GATT partners interpret the manner in which these measures are to be implemented in various ways. Should environmental flanking measures no longer fall within the Green Box category of measures, the entire system of supporting environmentally-friendly farming methods would be jeopardized. The discontinuation of environmental compensation payments would mean that farmers would have to offset loss of income through more intensive production. At the same time, production would be concentrated in particular regions and in smaller areas. This would endanger the large-scale conservation of cultivated areas. Farmers would no longer be able to care for the countryside and ecological farming would no longer be encouraged and supported. All in all, the social costs for preserving cultivated land would rise. At the same time, the agricultural sector would be deprived of a model for environmentally-friendly farming in the future.

6. As part of the Uruguay Round, the GATT/WTO partners approved an agreement in the sanitary and phytosanitary sector. Procedural rules were established governing the application and adoption of sanitary and phytosanitary (SPS) measures. The GATT/WTO agreement stipulates that goods of the same or similar nature are to receive equal treatment at borders. De facto, this implies that measures directed against particular production methods are banned. The agreement does not contain any standards. These are to be determined within the relevant international organizations. The rules on the food sector and health controls which apply within the EU differ significantly from international standards. By and large, higher standards apply in EU countries than in importing countries. The Codex Alimentarius drawn up by the FAO and the WHO is the main catalogue of standards for the food sector at international level. In general, however, the standards laid down in this catalogue are lower than those applying within the EU. The way in which standards are decided within the Codex Alimentarius Commission is not subject to

intensive democratic control. The Codex Alimentarius Commission considers the use of hormones in stock-rearing to pose no general health problem. This assessment smoothed the way for the US to bring its case before the disputes settlement body. The commitment to accept imports with lower standards would considerably disrupt equal opportunities between international and home production. Pressure on European legislation would automatically increase with the result that downward harmonization of European standards would be required. Further consequences might be the import of recombinant bovine somatotropin (rBST), higher limit values for pesticide residues in food or weaker rules on labelling.

7. The EU was constantly forced onto the defensive by the offensive negotiating tactics adopted by the US. One reason was that the EU lacked a convincing strategy for the negotiations. Its delaying tactics meant that it gave away the opportunity of contributing its own approaches and views to the outcome of the negotiations.

8. The WTO has considerable powers. One important function of the WTO is to resolve disputes. Arbitration panels decide whether national measures are justified. In practice, the decisions of arbitration bodies cannot be repudiated.

CONCLUSIONS

The Committee on Agriculture and Rural Development calls on the Committee on External Economic Relations, as the committee responsible, to take account of the following conclusions:

The Committee on Agriculture and Rural Development

1. Takes the view that in the coming years the EU will face the politically, financially and organizationally difficult and complex task of adapting the common agricultural policy to the current and any new obligations arising from the WTO agreements and the impending enlargement of the EU to include, in particular, Central and Eastern European countries and that the objectives defined in Article 39 of the Treaty, especially that relating to the incomes of agricultural producers, must not be overlooked in this context;
2. Notes that rises in the prices of cereals due to various circumstances, including weather conditions and the restriction of production in the European Union and the United States, have resulted in significantly less in the way of budget resources needing to be spent on exports in the first year of the implementation of the GATT agreement on the agricultural sector;
3. Points out that the reform of the policy on the cereals sector has resulted in a significant proportion of EU budget expenditure being earmarked for income subsidies since the early 1990s, leaving little budgetary scope for further reforms of the policy;
4. Considers that, with respect to some markets, the EU will in all likelihood be able to meet GATT/WTO requirements only with great difficulty and therefore CAP reform will be necessary ahead of 1999;
5. Calls on the Commission, when fulfilling and monitoring the European Union's obligations, to opt for the least bureaucratic solution, taking account of suggestions put forward by the section of the business community concerned, for example, during the European Parliament's hearing of 3 June 1996 on the implementation of the GATT in the agricultural sector;

Commented [COMMENT2]:

```
#MODEL COD=C:\TEMPLATE.LOC\DOCS\AM\COM.COD
~
#MODEL TRA=C:\TEMPLATE.LOC\TRANSFIL\EN\COM.E
N~
#MODEL VIE=C:\TEMPLATE.LOC\VIEWER\EN\COM.ENV
~
<@><DR>AMENDMENT ##
## ##
##
##
Or. ##
##<FR>
```


6. Calls on the Commission to ensure, when fulfilling the European Union's obligations in the agricultural sector, that all opportunities for subsidized and unsubsidized exports are seized so that the EU may retain an appropriate share of the world market;
7. Regrets that no account has been taken of ecological and social standards in the GATT/WTO provisions currently in force and calls on the Commission to take the lead, particularly within the WTO's Committee on Trade and Environment, in the debate on agriculture and the environment and to defend farmers' interests in the social debate;
8. Fears that, as a result of GATT/WTO provisions, EU standards in the sanitary and phytosanitary sector may be under threat and urges the Commission to defend the EU's standards vigorously in the hormones case and all other matters relating to the SPS code;
9. Welcomes the EU's application to join the Codex Alimentarius, but takes the view that, in its present form and composition, the Codex Alimentarius Commission is not a suitable body to be recognized as a standard-setting organization;
10. Considers that in a number of sectors the Codex Alimentarius standards should not be considered appropriate to the EU as they stand and that the EU must expressly reserve the right to apply more stringent standards of its own;
11. Calls on the Commission to carry out, in preparation for the negotiations, a study of the levels of support for the agricultural sector in the various WTO countries, using the OECD comparison of levels of subsidization as its point of departure;
12. Considers it urgently necessary for the EC Commission to submit a strategy shortly for the round of negotiations scheduled for the year 1999;
13. Urges the Commission to ensure that its proposals for a reform of the policy on the various agricultural sectors do not weaken the EU's bargaining position before the new negotiations planned for after 1999;
14. Considers that future negotiations will be successful only if the EU no longer allows negotiating conditions to be dictated to it as occurred in the Uruguay Round, which might require some reform in those sectors untouched by the MacSharry reforms, and that the EU must be particularly conscious in this context of the expansionist nature of the USA's Farm Bill 1996;
15. Takes the view that the WTO negotiating mandate given to the Commission must be approved by the Council and the European Parliament and that it must be adjusted to current trends at set intervals;
16. Emphasizes the need for the EU to remain an exporter of agricultural products in the future.

EUROPEAN PARLIAMENT

26 September 1996

OPINION
(Rule 147)

for the Committee on External Economic Relations

on the World Trade Organization (COS0388 - COM(96) 0053 - C4-0145/96 - INC96-0284 - COM(96)0284)

Committee on Economic and Monetary Affairs and Industrial Policy

Draftsman: Mrs Christa Randzio-Plath

At its meeting of 31 January 1996 the Committee on Economic and Monetary Affairs and Industrial Policy appointed Mrs Christa Randzio-Plath draftsman.

The committee considered the draft opinion at its meetings of 15 July and 24 September 1996.

At the latter meeting the committee unanimously adopted the conclusions.

The following took part in the vote: von Wogau, chairman; Katiforis and Metten, vice-chairmen; Randzio-Plath, draftsman; Areitio Toldeo, Barton (for Caudron), Billingham, Blokland (for de Rose), de Brémond d'Ars, Carlsson, Cassidy, Christodoulou, Cox (for Watson), Donnelly, Falconer (for Rapkay), Garcia Arias, Garcia-Margallo and Marfil, Garosci, Glante, Harrison, Hendrick, Herman, Imaz San Miguel, Jarzembowski (for Friedrich), Kuckelkorn, Lindqvist, Meier (for Rönnholm), Mezzaroma, Miller, Murphy, Peijs, Pérez Royo, Pomes Ruiz (for Konrad), Read, Schlüter (for Langen), Secchi, Sisó Cruellas (for Spindelegger), Tappin (for Ruffolo), Thyssen and Wibe (for Torres Marques).

I. Introduction

1. The 1996 WTO Conference in Singapore with its emphasis on globalization faces a double challenge: it has to substantiate the promised gains in prosperity on conclusion of the Uruguay Round (UR) and tackle new and sensitive issues. They are: world trade and social, environmental and monetary dumping and an urgently needed international competition system, transport and safety. For the EU as the largest partner in world trade the success of multilateral world trade cooperation is an imperative. It accounts for 23% of world trade (1994). One in ten jobs directly depends on exports. European direct foreign investment in non-Community countries is more than one-third of world direct investment. Exports to third countries account for 10% of GDP. There is a clear link between the liberalization of multilateral trade and improved access to third-country markets for producers and growth and

Commented [COMMENT3]:

```
#MODEL COD=C:\TEMPLATE.LOC\DOCS\PA\PA1.COD~
#MODEL TRA=C:\TEMPLATE.LOC\TRANSFIL\EN\PA1.EN
~
```

```
#MODEL VIE=C:\TEMPLATE.LOC\VIEWER\EN\PA1.ENV~
<@><DR>Amendment ##
```

```
##
```

```
##<FR>
```

employment prospects in the EU. The economic recovery of 1993-4 could largely be ascribed to a steady increase in exports. However there has still been no report assessing the impact of the Uruguay Round.

The globalization of markets is proceeding apace. Over the last 45 years, while world output has quintupled, world trade has increased fourteenfold. This means that all economies are importing more goods and services than they need and exporting more than they produce. In the process, industry and the labour markets are being increasingly influenced by developments outside their national borders. The globalization of markets and the internationalization of company activity make it increasingly likely that regulatory measures will become ineffective. Agreements restricting competition in the form of territorial or pricing arrangements between companies operating on an international scale and the creation of monopolies or oligopolies with their economically harmful implications will become an increasing possibility without international regulatory capability. The onward march of liberalization in international regulatory policy is a determining factor in international competition for the location of industry. There is however, no free and fair competition in global markets. As a rule, the larger the company, the greater the proportion of turnover earned abroad and/or proportion of foreign investment. On a world-wide basis about one-third of foreign investment in manufacturing industry is accounted for by the 100 largest transnational companies, while again the ten largest out of the 100 largest TNCs are responsible for 33% of all foreign investment. The 1993 UN report on world-wide investment activity therefore rightly notes that the world of the TNCs is not only large but also highly concentrated. Only an international competition system can prevent price and territorial cartels and help save countries and peoples from falling into the clutches of profit-seeking interests because the nation State is powerless to act.

Finally, the GATT and WTO are committed, via free and fair world trade, 'to raising standards of living, ensuring full employment and a large and steadily growing volume of real income and effective demand, developing the full use of the resources of the world and expanding the production and exchange of goods' (preamble to the GATT). This GATT and WTO objective must be upheld. It is in Europe's interests, as in the long term it cannot prevail against the competitive advantages of southern and eastern countries with their rapidly expanding markets and low costs or other industrialized countries with lower levels of deregulation. The WTO must therefore be used to establish socially and environmentally-compatible oriented development by minimum standards, so as to avoid distortions of competition by social and environmental dumping.

II. Conclusions

The Committee on Economic and Monetary Affairs and Industrial Policy has adopted the following conclusions and calls on the Committee on External Economic Relations to take them into account:

1. Calls for better and speedier transposition and implementation of the multilateral trade agreements under the Uruguay Round;
2. Calls on the Commission, the OECD and the WTO to submit reports on the actual impact on prosperity and employment of the implementation of the Uruguay Round by 31 December 1997;
3. Points out that for their protection undertakings in the EU need better information on the use of trade policy instruments against unfair and underhand trade practices;

4. Believes that the WTO must produce a report assessing the measures to dismantle non-tariff barriers to trade, so that counter measures may be taken against the abuse of such protectionist devices;
5. Considers that further progress in reducing duties is required, especially in respect of already very low rates of duty and an extension of the binding of duties;
6. Realizes the difficulty of opening up markets for services but calls on the EU to press for progress towards the liberalization of services in world trade, including the developing countries, similar to that which proved possible in the internal market; stresses the importance of the trade in services to the EU, regrets the inadequate progress made in the GATS and calls for the as yet only partial liberalization of the trade in services to be completed and for treatment on an equal footing with nationals to be made the norm;
7. Considers that reciprocity in global markets must increasingly be the hallmark of the WTO, especially in the trade in services;
8. Points to the need for the promised liberalization of the trade in textiles as part of the tariff reductions and commitment to opening up markets to proceed on schedule, not keeping the largest steps towards liberalization until last, so that the stresses of adaptation for the European textiles industry may be spread more evenly over time;
9. Calls for the start of negotiations to harmonize the preferential rules of origin;
10. Condemns distortions of competition caused by social and environmental dumping and calls for such dumping to be curbed by the introduction of environmental and social clauses by way of an amendment of Article XX of the WTO regulations, to allow a minimum of import restrictions in the case of infringements of fundamental standards of the International Labour Organization such as the ban on child and forced labour, the freedom of association and international environmental conventions, but also draws attention to the scope for promoting socially and environmentally compatible trade by positive action involving social and eco-labels;
11. Calls for the environmental compatibility of world trade to include polluter-pays' levies on the carriage of goods from industrialized and developing countries, to reflect its external cost which has in the past been borne by society as a whole;
12. Points out that the liberalization of trade and investment will lead to more technology transfers with their effect of stimulating growth and employment, and therefore calls for the continued liberalization of investment begun within the WTO;
13. Points out that with the liberalization of investment flows the need to harmonize competition rules at multilateral level between the main trading partners will become even more urgent;
14. Insists on the introduction of an international competition system with minimum competition policy standards for business activity and a court-type procedure; calls in particular for a ban on price and territorial cartels, control of cross-border mergers and a code for state aid;

15. Emphasizes the need for stable international monetary cooperation on Bretton Woods' lines for world trade, increased prosperity and employment, and regards European Monetary Union as a contribution to a stable international monetary order;
16. Believes that the destruction of jobs by the globalization of markets must be halted and for the impact of globalization on specific industries and sectors to be countered by stepping up structural policy aid;
17. Welcomes the new procedure which is helping avoid and/or settle trade disputes and calls for the participation of NGOs, the social partners and private undertakings in the dispute-settlement procedure in the interests of transparency and legal certainty.

OPINION

(Rule 147 of the Rules of Procedure)

of the Committee on Social Affairs and Employment
for the Committee on External Economic Relations

Draftswoman: Mrs Irene Crepaz

At its meeting of 19 March 1996 the Committee on Social Affairs and Employment appointed Mrs Irene Crepaz draftswoman.

At its meetings of 27 June and 24 July 1996 it considered the draft opinion.

At the latter meeting it adopted the conclusions as a whole with 28 in favour and one abstention.

The following were present for the vote: Hughes, chairman; Menrad, vice-chairman; Blak; Boogerd-Quaak; Cabezón Alonso; Carniti; Colombo Svevo (for Chanterie); Correia; Filippi (for Fourçans); Ghilardotti (for Jöns); Gil-Robles Gil-Delgado (for Mather); Glase; Hernandez Mollar; Kerr; Mann; Mendonça; Peter; Podestà (for Crowley); Pronk; Ribeiro; Schiedermeier; Schörling; Skinner; Stenius-Kaukonen; Theonas (for Bertinotti); van Velzen; Vieira; Waddington (for Andersson); Weiler.

I. The WTO

The conclusion of the Uruguay round negotiations on 15 December 1993 and the signing of the Final Act in Marrakesh, Morocco, in April 1994 signalled the creation of the WTO. Out of a potential membership of 152 countries, 76 became members of the WTO on its first day, in January 1995. At present more than 120 countries are members of the WTO and 28 are seeking to become members among which China, Russia, Ukraine, Saudi Arabia, etc. Its essential functions are:

- administering and implementing the multilateral and plurilateral trade agreements which together make up the WTO;
- acting as a forum for multilateral trade negotiations;
- seeking to resolve trade disputes;
- overseeing national trade policies; and
- cooperating with other international institutions involved in global economic policy-making.

The WTO is not simply the successor of the General Agreement on Tariffs and Trade (GATT) that entered into force in January 1948, it is much more:

- GATT was a set of rules with no institutional foundation. The WTO is a permanent institution with its own secretariat;
- GATT commitments were applied "on a provisional" basis. The WTO commitments are full and permanent;
- GATT rules applied to trade in merchandise goods. The WTO covers also trade in services and trade related aspects of intellectual property;
- GATT was a multilateral instrument but had over the years many additions on a plurilateral basis. The WTO agreements are almost all multilateral and thus commit the entire membership;
- The WTO has a more automatic, faster, dispute settlement system.

The GATT hasn't disappeared though. It lives on as "GATT 1994", the amended and updated version of GATT 1948, which is an integral part of the WTO Agreement and which continues to provide the key disciplines affecting international trade in goods.

II. Trade and social development

Over the last decades trade and capital liberalization lead to the globalization of "national economies" and brought about the phenomenon of a global economy and market. The GATT was the cornerstone of this development and continuous to provide the key discipline in preventing a self-defeating and destructive drift into protectionism. The outcome of the latest round is a clear evidence of GATT's beneficial impact. Tariff reductions agreed at the Uruguay round, and for the most phased in over five years, will result in a 40% cut in developed countries' tariffs on industrial products (from an average 6,3% to 3,8%). A provisional analysis by the GATT economists' on market access for goods estimates world income gains at US\$ 235 billion annually and trade gains at \$755 billion annually, by 2002. These estimates should increase substantially when gains from increased trade in services and dynamic effects are taken into consideration.

Despite the tremendous contribution in economic development made by free trade it is observed that, in a growing number of less developed countries, economic gains generated by free trade are not accompanied by social development. In fact, as the ILO points out in its contribution to the recent G7 Employment Conference that was held in

Lille(

) the globalization of the economy and the resulting increased international competition has restricted the capacity of governments to pursue autonomous economic

The World Bank in its report of 1995 on "World Development" recognizes the threat to the international trading system posed by persistent abuse of workers' rights. The World Bank equally stressed the importance of sound industrial relation practices in achieving efficient labour markets. This presupposes though a democratic system where workers enjoy rights that allow them to stop unscrupulous governments from trying to obtain a competitive advantage through discrimination, exploitation and repression. A second conclusion imposes itself. In order for international trade to be beneficial to economic development of a country it must be possible to make choices and to express preferences. In other terms we have to give citizens at work at least the same rights that we recognize to citizens as consumers.

III. The call for social clauses in international trade

At present there is no international mechanism establishing the missing link between the respect of basic labour rights and international trade. This critical issue emerged from the Uruguay round and has been discussed at the Copenhagen Social Summit and more recently in the frame of discussions within the specific ILO working party. The latter has since its establishment in 1919 strived for a common definition of basic international labour standards. ILO's tripartite structure(

) gives Conventions and Recommendations, adopted by the full Conference of its 173 members through an elaborate two year process of discussion, particular weight

Although the ILO itself formally does not characterize a category of Conventions as "core", since its establishment 76 years ago, a number of Conventions have been identified as codifying the basic rights of workers. These are the following: freedom of association and protection of the right to organize (Convention 87), the right to organize and to bargain collectively (Convention 98), abolition of forced or compulsory labour (Conventions 29 and 105), minimum age for employment (child labour - Convention 138), prevention of discrimination in employment and equal remuneration for work of equal value (Conventions 111 and 100). The fact that nearly 100 states have ratified at least five of the seven attests for itself as to their universal character.

() the globalization of the economy and the resulting increased international competition has restricted the capacity of governments to pursue autonomous economic policies. The increased interdependence has as a corollary that
) Lille, France, 1-2 April 1996, "The social dimension of the liberalization of international trade" by ILO.

² National representatives of governments, employers and workers participate in ILO's full Conference.

Obviously the delineation of these rights has not yet been fully settled cautions the ILO(

), especially equality of treatment and minimum age. Some developing countries have expressed doubts as to the true motive of the interest other developed countries

IV. An effective system of social standards

There is no use in multiplying international legal instruments if these are not observed or cannot be effectively enforced. In practice this implies clearly established rules and an effective monitoring procedure. Although Conventions such as those of the ILO have some level of complexity, it is believed that their interpretation has now reached a point of maturity which allows a high comfort level. It would thus make sense to consider making the observance of "core" Conventions an inherent obligation for all its members. All the same, since the ILO is already engaged in monitoring adherence to its Conventions and has shown the willingness to step up its efforts in that direction, it could be entrusted with the presentation of a specific annual survey focusing on these rights that would serve as a basic document for discussions in other fora such as the WTO.

As is the case, the WTO Council can act only by unanimity and thus the idea of internationally applied trade sanctions seems impractical if not inappropriate(

). It would make much more sense to consider offering practical incentives to those states that respect the core social standards. The EU has already such a mechanism

) supports the idea of encouraging the respect for basic social rights and recognizes the necessity to discuss these matters in a multilateral forum. The WTO Ministerial

To provide momentum for the enforcement of social standards and to alleviate fears of covert protectionism, the EU should lead in efforts to integrate developing countries into the trading system. This could take the form of adequate funding for the set up of a trust fund by the World Bank and International Monetary Fund to pay principal and interest on multilateral debt on behalf of the debtors. In addition, the EU should also actively support the implementation by the Paris Club of the Naples terms for reducing bilateral debt. In terms of eligibility for the above schemes attention should be paid to the commitment and efforts undertaken by states concerned in the field of social rights. In parallel to the above the EU should take steps to encourage the import of products from countries that adhere to core social standards by taking concrete measures aimed at informing the consumer for example via appropriate labelling.

V. Conclusions

The Committee on Social Affairs and Employment calls on the Committee on External Economic Relations to include in its draft resolution the following points:

³ The social dimension of the liberalization of international trade, Contribution to the G7 Employment Conference, Lille, 1-2 April 1996.

⁴ GATT Article XX(e) provides for an exception from free trade for products relating to prison labour.

⁵ The global challenge of international trade: a market access strategy for the European Union (COM(96)0053).

1. Invites the Council of Ministers of the EU to mandate the Commission to endorse and actively seek the set up by the Ministerial Conference of the WTO in Singapore of a Committee for Trade and Human Rights, which should in particular address human rights questions in employment;

2. Proposes the adoption by the EU of a clause to be included in the WTO agreement along the following lines: "The contracting parties agree to take steps to ensure the observance of the minimum labour standards specified by a working group to be established jointly by the WTO and the ILO, and including a ban on all forms of discrimination, and standards on freedom of association and the right to collective bargaining, the minimum age for employment, non discrimination, minimum pay, equal remuneration and abolition of forced labour";
3. Expresses its strong support for incentives that bring developing states closer to the observation of core social standards and help them integrate into the world economy; such as funding the set up of a trust by the IMF and the World Bank to pay principal and interest on multilateral debt and providing concrete help for the reduction of bilateral debt by the Paris Club;
4. Considers indispensable for the successful preparation of the Conference that the Commission establishes regular consultations with the Social Partners and rapporteur/draftsmen from the relevant Committees of the European Parliament, calls, furthermore, on the Commission to include Members of the EP in its delegation to the Ministerial Conference of the WTO in Singapore;
5. Urges Member States of the EU to implement the commitments agreed at the UN World Summit on Social Development in Copenhagen in 6-12 March 1995, in order to ensure a balanced approach between economic and social development that takes into consideration the respect of basic human and social rights;
6. Calls on the Commission to advocate making it possible for non-governmental organizations to exploit their expertise in the area of safeguarding economic, social and cultural human rights at all levels of the WTO and to involve them in the deliberations of the competent bodies.

EUROPEAN PARLIAMENT

27 September 1996

OPINION

(Rule 147)

for the Committee on External Economic Relations

on the World Trade Organization; report by Mr Kittelmann

Committee on the Environment, Public Health and Consumer Protection

Draftsman: Mr Carlos Pimenta

PROCEDURE

At its meeting of 21 November 1995 the Committee on the Environment, Public Health and Consumer Protection appointed Mr Pimenta draftsman.

It considered the draft opinion at its meetings of 22 July 1996 and 25 September 1996.

At the latter meeting it adopted the following conclusions unanimously.

The following took part in the vote: Collins, chairman; Dybkjær, vice-chairman; Pimenta, draftsman; Apolinario, Blokland, Eisma, Fitzsimons, Graenitz, Koch (for Florenz), Kuhn, Lange, Lukas, Roth-Behrendt and Virgin.

THE GATT AND THE ENVIRONMENT

The origins of the institutional relationship between trade and the environment goes back to the early 1970s when the GATT established an ad hoc working group on Environmental Measures and International Trade (the EMIT Group). However, once it was established, the EMIT Group did not actually convene for twenty years until, as a result of a series of controversies in the late 1980s, and notably the Tuna/Dolphin case, the impact of trade rules on environmental protection legislation began to affect the politics of the Uruguay Round negotiations.

As a result of a concerted campaign spearheaded (at the behest of the European Parliament) by the European Union and the United States government, the Ministerial Meeting held at Marrakesh in April 1994 to conclude the Uruguay Round formally replaced the moribund EMIT Group with a fully-fledged Committee on Trade and Environment as an integral part of the structure of the World Trade Organization (WTO). The Committee (the CTE) was also provided at Marrakesh with wide terms of reference and a comprehensive work programme to take it up to the first Ministerial Conference due to take place in Singapore in December.

Detailed consideration of the CTE's performance up to Singapore and the priorities it should pursue beyond Singapore is properly the subject of the draft Kreissl-Dörfler Report, which should not be duplicated in this Opinion. However, while the CTE's mandate is wide-ranging, it is not exhaustive and there are a number of fundamental issues raised by the WTO's general impact on the global environment which cannot adequately be addressed within the remit of the CTE, which is, above all, a body dealing with technical and legal issues. These wider issues are therefore properly the subject of this Opinion.

THE TRADE AND ENVIRONMENT INTERFACE

The whole momentum of the GATT process, from its inception in the post-war discussions on the Havana Charter right up to and including the conclusion of the Uruguay Round and the establishment of the WTO, was the acknowledged need to prevent there ever being a repeat of the mistakes of the protectionism of the 1930s, which contributed to global depression and arguably to world war. In particular, the entire philosophy of the GATT has been to extend the mechanisms of the market economy to cover the whole of global trade. While this may have yielded benefits for the global economy, it has also carried with it significant costs to the environment and the global commons (the oceans, biodiversity, the atmosphere, etc.) which the GATT has thus far been incapable of rectifying.

These costs can be identified in three specific aspects of the functioning of the world market economy as promoted by GATT/WTO rules, namely the price mechanism, consumer information and the financial markets. The multilateral trading system is not designed to cope exclusively with these deficiencies in the operation of the market economy, even after its reinforcement by the establishment of the WTO, and it should not be. This is the proper job of other organizations. But equally, the perfectly correct application of existing WTO rules could seriously hinder adequate solutions, whether by other international organizations, or by individual governments acting collectively, being implemented to solve these deficiencies. Equally it is argued that the several of the existing Multilateral Environmental Agreements (Montreal Protocol on CFC's, CITES, Basel Convention, etc.) have Trade Related Environmental Measures that are at least partially inconsistent with the formal GATT/WTO doctrine, thus being in a situation where formally any WTO Member State could be tempted to challenge its global validity.

The GATT/WTO must recognize, as does the North American Free Trade Agreement (NAFTA), the legitimacy of International Environmental Agreements and adapt its mechanisms, notably the dispute settlement rules, accordingly.

It is an issue of the utmost importance to the entire future of the WTO, for it presents the WTO with a fundamental political challenge : find a solution to the trade-environment interface, or lose public support and legitimacy. Equally, it presents the WTO with a great political opportunity : find a solution to the trade-environment interface which enhances sustainable development, and strengthen the global economy, and the WTO's role in it, well into the coming millennium.

GLOBALLY SUSTAINABLE DEVELOPMENT, NOT NORTH V. SOUTH

At its most fundamental level, the trade and environment interface is about globally sustainable development. The most far-reaching achievement of the Rio Summit was to arrive at a commonly agreed set of definitions for what sustainable development means. The task now is to put those definitions into practice. The trade-environment interface was a prominent part of the Rio agenda and getting the trade and environment relationship right will thus be a crucial pillar in the building of a really sustainable world market economy.

The emphasis on "globally" sustainable development and the "world" market economy is pivotal. Much of the debate in and around the WTO in Geneva on trade and environment has portrayed it as a classically "North versus South" debate. While this is a fair reflection of how too much of the debate is currently being conducted, nothing in reality could be further from the truth. For while it is perfectly true that the EU and the US have traditionally been the most vocal advocates of environmental concerns,

since Rio these concerns have no longer been confined to them. But it remains the case that transatlantic leadership on sustainable development is necessary to make real political progress.

However, as the recent Conference in Lisbon on desertification made clear, the economic and social burden of the degradation of the global environment falls disproportionately on the developing countries, particularly those in Africa, Latin America and Asia. Consequently, while the rich northern democracies may be better able to afford to respond to their publics' demands for environmental protection legislation, developing countries will ultimately bear most of the burden of their failure to act.

THE GLOBAL MARKET ECONOMY AND NON-SUSTAINABILITY

The WTO is the very heart of the multilateral trading system and thus of the world market economy. While the protection of the global commons is not the responsibility of the WTO per se, the WTO is responsible for ensuring that the multilateral trading system does not undermine the protection of the global commons, as its Preamble agreed at Marrakesh acknowledges. Many of the issues in this debate go well beyond the scope of the CTE, but nonetheless provide the general framework in which the CTE must produce the results of its work.

The strongest economic argument in favour of extending the principles of the market economy to cover most, if not all, of world trade is that, by comparison to all other economic systems, the free market economy is the most efficient at allocating resources. But it is equally generally recognised that the "free market" is notoriously bad at conveying non-economic values (referred to in the jargon as "externalities", of which the protection of the environment is a classic example) through the mechanisms of the market place to the end consumer. Not only does this inadequacy make it impossible for the consumer to make "rational" decisions in the economic sense, it equally leads to massive misallocations of resources, which can in turn lead to huge economic costs. The practical manifestations of this phenomenon are well-known and manifold : climate change, monocultural farming and ground pollution leading to soil erosion, land degradation and misallocation of water resources, all of which contribute to desertification, the partial or total loss of production capacity and the economic and human costs that it entails.

This is not confined to agriculture, but is the outcome of the complex inter-relationship between agricultural and industrial production, but its effects are most visible in those countries which depend the most on the use of the land to provide a living for their people. The market-based multilateral trading system fails, at present, to deliver sustainability as a result of its inability adequately to integrate externalities through three of its central mechanisms:

* prices, * information and * financial markets and allocation of capital.

The classical supply-and-demand price system can only convey the costs of environmental degradation and unsustainable resource use by "external" (which normally means government) mechanisms, whether these be legislation or fiscal measures. The WTO itself cannot substitute for governments in this sense, but will have to become much more sensitive in the application of its own rules to government actions, both multilateral and unilateral, genuinely intended to preserve or enhance global sustainability covering the whole range of fiscal and para-fiscal (legislative) measures applying to goods, services and capital, and in their absence, measures, such as eco-labels, intended to supplement the information provided by the market price to enable consumers to make "rational choices" in the widest sense.

THE WTO AND MORAL SUSTAINABILITY

Most of the trade and environment debate, both in terms of the time devoted to it and in terms of the overwhelming volume of trade involved, concerns environmental issues of sustainability that have, directly or indirectly, economic costs or benefits attaching to them, even if these cannot always be quantified accurately in a mathematical sense. However, a smaller part of this debate, involving a tiny proportion of the total volume of trade, concerns issues which are totally unrelated to economics, but on which the depth and strength of feeling on religious, ethical and more broadly moral grounds is just as genuine. The GATT has always recognised that trade restrictions on moral grounds are perfectly legitimate, as witnessed by the specific exemption contained in Article XX(a) of the General Agreement. However, Article XX(a) is one of the very few Articles on which the official "Analytical Index" of the General Agreement is completely silent and on which there has never been any case law.

This is an area on which governments have long reserved their right to legislate and quite legitimately so. But as the global economy becomes increasingly integrated, it is becoming ever more urgent for the WTO to address how its rules will be applied to such moral considerations in the future, as nothing is so certain to undermine the reputation of the WTO in the public mind than WTO Panel rulings undermining cherished national legislation on such moral issues.

Other grey areas of uncertainty are the ones relating to the protection of "global commons". This is particularly urgent following the US-Venezuela Gasoline Panel which, inter alia, defined unpolluted air as an "exhaustible natural resource", relating to a provision of the GATT that had always been intended to deal with export restrictions on fossil fuels, thus indicating that WTO Panels could be becoming increasingly innovative in their interpretations of the familiar texts of the General Agreement.

THE WTO BEYOND SINGAPORE

Much of this debate concerns the re-appraisal, if not indeed the amendment of, Article XX of the General Agreement relating to allowed exemptions from the specific WTO disciplines. Traditionally, because the GATT's scope was initially rather limited and has only expanded gradually over time, interpretations of Article XX have been extremely strict. Post-Singapore, however, the WTO must find ways of amending Article XX, in conformity with the Marrakesh Preamble, if the trade rules which all of its Member States support are not to come into increasing conflict with those same Member States' non-trade political and legislative objectives. Equally, the WTO, for similar reasons, is going to have to come to terms with legitimate parallel international undertakings, such as genetic tampering and biodiversity as well as more traditional moral issues such as animal welfare. Such profound questions have historically only been successfully dealt with in the context of a broad package of agreements and this is equally likely to be true in the aftermath of Singapore. The WTO will need, however, to take care that in the normal give-and-take of trade deals fundamental principles are not compromised: the political backlash from that would be totally devastating for the WTO's future prospects.

CONCLUSIONS

The Committee on the Environment, Public Health and Consumer Protection calls on the Committee on External Economic Relations, as the committee responsible, to incorporate the following conclusions in its report:

1. Urges the World Trade Organisation (WTO) and its Member States to recognise that its credibility depends on its succeeding in finding a proper and appropriate balance between the rules and disciplines of the multilateral trading system and legitimate non-trade rules and policy objectives, notably for environmental protection;

2. Strongly endorses the opinion that the price of goods and services do not fully reflect its associated environmental costs. Further notes that the present mechanisms of international trade do not adequately consider neither this problem nor the question relating to the deficient information given to the consumer on the environmental impact of its choices;

3. Urges the WTO to realise without delay its Marrakech undertakings on environment protection by making appropriate changes to its rules and procedures;

4. Is firmly of the view that the environmental considerations should cover the entire range of issues covered by the WTO, not only the general rules and disciplines laid down by GATT, General Agreement for Trade in Services (GATS), Trade Related Intellectual Property (TRIPs), but also the specific rules on agricultural subsidies, sanitary and phytosanitary (SPS), technical barriers to trade (TBT), the subsidies code and dispute settlement;

5. Draws the attention to the fact that the Committee on Trade and Environment (CTE) of the WTO has not delivered a single agreed policy document, on any of its ten work programme items, since its creation on April 1994; Further asks detailed explanations from the European Commission about the very bleak prospects for progress at the Singapore Ministerial meeting and how it will address this situation;

6. Urges the Commission and Member States to deploy all means at their disposal in order to achieve in the Singapore Ministerial meeting:

- concrete results on some of the existing CTE agenda items, as stated in the European Parliament previous resolutions;
- a work programme and a time frame for its development between Singapore and the next WTO Ministerial meeting in 1998;
- a mandate for negotiation of the relevant changes in the Articles of WTO/GATT;

7. Recalls the repeated demands of the European Parliament, most recently in its May 1996 resolution, and underlines that lack of progress on Trade and Environment can have adverse impacts on the future of international trade.