

SPEECH DELIVERED BY THE DEPUTY MINISTER FOR FOREIGN AFFAIRS,
ROLANDAS KRIŠČIŪNAS,
TO THE INTA COMMITTEE

Thank you, Professor Moreira, Honourable Members,

I am grateful for this opportunity to speak here to the Members of the International Trade Committee today and take stock of the important developments in the field of the external trade that have taken place over the last 6 months, during the Lithuanian Presidency.

But before that, let me express my appreciation for the excellent cooperation and active engagement that EP members have shown on different issues during this highly intensive period. In shaping EU trade policy agenda, we faced a very dynamic and productive 6 months that marked progress and considerable results, in both the multilateral and bilateral fields. In July, when Minister Linas Linkevičius gave a speech at INTA, he underlined that at a time when the European economy faces difficult challenges, it is essential to focus our efforts on measures that boost economic growth and bring tangible results. And today I am delighted to note that with the joint efforts of the Council, the Commission and the EP, we have managed to attain key objectives and achieve some important outcomes in a number of areas that will eventually bring significant benefits to the EU.

The Lithuanian Presidency started its work with the slogan **“Focus Europe”** aimed at creating a **credible, growing and open Europe**. External trade has contributed to each of the three goals, in particular working for openness and new opportunities for growth.

Let me start with the most recent and probably the most important development: the **agreement on the Bali package**. The successful Bali outcome provides a significant boost to the multilateral trading system. This package is also the first multilateral trade pact in WTO history. Bali achieved significant success in three areas: it sealed a deal that will make trading around the world much smoother, first of all, by simplifying customs procedures; it guaranteed food supply for the poorest and introduced arrangements that will benefit the least developed countries. For the EU, certainly, major gains would come from the Trade Facilitation Agreement. But, most importantly, it is a demonstration of our commitment and determination to work harder to make the WTO a significant vehicle for growth through fairer, more efficient and more effective trade. It's a small but significant step towards the completion of the Doha Development Agenda. And I would like to acknowledge that the MEPs' presence in Bali and their strong advocacy in favour of open trade was also seen as a signal of the importance which the EU attaches to WTO/DDA.

Another milestone of the Lithuanian Presidency was the **Eastern Partnership Summit** in Vilnius, where we had an opportunity to welcome the full initialling of the AA/DCFTA with Georgia and Moldova - partners who for their part delivered and who are willing to proceed further towards enhanced economic integration with the EU. The political ambition to sign the agreements as early as possible next year remains firm on their side, therefore - I believe - it is in the interest of us all to work towards this objective and ensure all necessary support to make this happen [by September 2014 at the latest]. While assessing the results of the Summit, we should not underestimate the efforts and the achievements of the two Eastern Partnership countries, in particular in the light of the current political and economic pressure exerted by Russia ahead of the Vilnius Summit. The value of the Summit results is

high, despite the fact that Ukraine has failed to deliver. The decision of Ukrainian Government not to proceed with the signature of the Association Agreement/DCFTA is a disappointment not just for the EU, but - as recent events prove – also for people in Ukraine. This agreement would have brought the EU – Ukraine relations to a new, much higher level. The EU's offer to Ukraine remains on the table as the EU is committed to the Ukrainian people who show a determination to choose in favour of Europe.

In this context, let me take this opportunity to thank the members of the European Parliament for their firm commitment to the Eastern Partnership process and for the support shown to Lithuania against the backdrop of the politically motivated trade restrictions imposed by Russia on Lithuanian goods.

The 2nd half of 2013 has also been marked by important developments/results in advancing trade and investment relations with the **EU key strategic partners**. First of all, I would like to highlight the political breakthrough that has been achieved with Canada in the negotiations on Comprehensive Economic and Trade Agreement (CETA). We have been aiming for this for quite a while. Negotiators have worked hard to overcome the remaining differences on core issues and have finally managed to arrive at a deal which is ambitious and comprehensive in its outcome. This is particularly relevant in the times of economic uncertainty. Now, we look forward to the formal conclusion of the negotiating process, which will allow us to make our assessment of the final package. And – I trust – that this agreement, once in place, will generate new opportunities for growth and represent a stepping stone for EU negotiations with other developed countries.

Another highlight of the last 6 months was the beginning of the TTIP negotiations. Despite some impediments that overshadowed the start of the negotiating process, the first 2 rounds have been very productive and have paved the way for the intensive process ahead. The third round is taking place in Washington as we speak and it is expected to be a critical round leading to the next – more substantive – stage in the negotiations – the start of talks on market access offers and text- based discussions. But before that, political stocktaking will take place in the first half of February with a view to identifying areas of convergence as well as more complicated areas where political guidance might be needed. Certainly, challenges lie ahead of us, but we all know that big opportunities are always led by big challenges. And I am sure that the European Union is entering this process with the maximum commitment in order to achieve the anticipated objectives.

Another important step forward was an adoption of the EU mandate for negotiations on an investment agreement with China, which led to the recent launch of negotiations at the EU-China Summit. As you may know, these are going to be the first negotiations on a stand-alone investment agreement with a third country and they give us an opportunity to significantly deepen and enhance EU-China investment relations further. After having said that, I would also point to the decision reached on negotiating directives on investment protection with the fast-growing ASEAN region. In this context, it is important to mention that negotiations on investment are already advancing with Singapore – the first country in the region with which the EU has recently initialled a free trade agreement.

The Presidency has also worked to advance FTA negotiations with Japan. Even if our initial expectations for the 3rd negotiating round were higher than the actual progress achieved, the recent commitment made by Japan at the EU-Japan summit

to speed up the process allows me to believe that the negotiations will regain their momentum next year. I hope that the upcoming one -year progress review will give Japan an additional incentive to significantly advance the process eliminating NTBs.

I would now like to turn to another important strategic partner – Russia – the third largest trading partner of the EU and a market where an improvement in trade conditions for EU business is so necessary. The EU's economic and trade relations with Russia are not straightforward and easy and are marked by persistent failure to implement the commitments agreed upon at the time of Russia's accession to the WTO. This led to the establishment of WTO dispute settlement panel on discriminatory recycling fees on imported vehicles. Other Russian non – WTO-compliant trade measures, in particular its binding of import tariffs, are also under careful scrutiny. In addition, the EU continues to witness a surge of newly emerging, trade distorting measures. In this context, the EU should remain firm in insisting on impartial and consistent application of WTO rules.

The Presidency has also worked for progress in other bilateral negotiations. The trade part of the Association Agreement with all Central American Countries was opened for provisional application on 1st December. The Multiparty Trade Agreement with Colombia and Peru is also fully applicable since 1st August. Furthermore, negotiations with Ecuador were resumed this autumn.

Dear Chairman, Honourable Members,

Legislative files constituted a very important part of our joint work as co-legislators, and I am particularly delighted to convey to you, to Rapporteurs and to other members of the INTA Committee our appreciation for the close and frank

dialogue that took place during our thorough examination of the legislative proposals that we had on the table.

First of all, I would like to thank the INTA Committee for excellent cooperation in the process of adoption of two regulations: Regulation extending autonomous preferences to Moldova and Regulation on Kosovo wine tariff rate quotas.

We also made good progress in our discussions on the **Enforcement Regulation**. I am confident that agreement on this dossier is within reach during the current legislative period.

Another file - **the investor-to-state dispute settlement Regulation**, or instrument on financial responsibility – proved to be a very complex one. The Council unanimously considered that the Commission proposal could have had a strong negative impact on national budgets. Thus it is very important to strike a balance, especially when determining who the defendant is and who pays (if a case is lost). The Parliament and the Presidency made every effort to bridge the gap in positions during three political trilogues, but a compromise has not yet materialized. I hope that, building on the work done, the next Presidency will manage to engage productively and bring matters to a successful conclusion.

Mr. Chairman, Honourable Members,

During this semester we joined forces to deal with very complex issues. Next May's elections to the European Parliament, and the end of the current Commission's term of office increased the pressure on us. Moreover, the EU's policy towards its Eastern Neighbours was confronted with external economic and political pressures based

on geopolitical interests.

We also witnessed great historical results: the Bali agreement that was rescued at the very last moment; the ambitious agreement reached with Canada; the qualitative changes that took place in the Eastern Neighbourhood policy; the negotiations on the investment agreement opened with China. [I would again like to take the opportunity to thank you, Professor Moreira, the INTA Committee and the European Parliament for your dedication and commitment and your constructive approach to the process of shaping EU trade policy in general.]

Important bilateral negotiations are still going on, including on the TTIP, and further work on important legislative files is required. I would therefore like to warmly welcome the incoming Greek Presidency and wish them the best of luck in taking forward the ambitious EU trade policy agenda.

Thank you for your attention and your invaluable support.