

EUROPEAN PARLIAMENT

1999



2004

Sitting documents

16 November 1999

A5-0062/1999

REPORT

on the communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 – C5-0155/1999 – 1999/2149(COS))

Committee on Industry, External Trade, Research and Energy

Rapporteur: Konrad Schwaiger

EN

EN

CONTENTS

Page

Procedural page	3
MOTION FOR A RESOLUTION.....	4
Opinion of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy	16
Opinion of the Committee on Economic and Monetary Affairs	19
Opinion of the Committee on Legal Affairs and the Internal Market	23
Opinion of the Committee on Employment and Social Affairs.....	28
Opinion of the Committee on the Environment, Public Health and Consumer Policy	35
Opinion of the Committee on Agriculture and Rural Development.....	40
Opinion of the Committee on Culture, Youth, Education, the Media and Sport	44
Opinion of the Committee on Development and Cooperation	47

PROCEDURAL PAGE

By letter of 14 July 1999 the Commission forwarded to the European Parliament its communication to the Council and the European Parliament on the EU approach to the WTO Millennium Round.

At the sitting of 4 October 1999 the President of Parliament announced that he had referred the communication to the Committee on Industry, External Trade, Research and Energy as the committee responsible and to the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Policy, the Committee on Agriculture and Rural Development and all the committees concerned for their opinions.

The Committee on Industry, External Trade, Research and Energy had appointed Konrad Schwaiger rapporteur at its meeting of 29 July 1999.

It considered the communication from the Commission and the draft report at its meetings of 29 July, 27 September, 4 October, 12 October, 19 October, 9 November and 15 November 1999.

At the last meeting it adopted the motion for a resolution by 39 votes to 9, with 4 abstentions.

The following were present for the vote: Westendorp y Cabeza, chairman; Brunetta, Ahern and Mombaur, vice-chairmen; Schwaiger, rapporteur; Alyssandrakis, Baltas, Belder (for Butel), Bodrato, Carraro, Caudron, Chichester, Clegg, Corbey (for Desama), Corrie (for Folias, pursuant to Rule 153(2)), De Clercq, Désir, Ettl (for Glante, pursuant to Rule 153(2)), Jonathan Evans (for Karoutchi), Ferrer I Casals, Fiori (for Matikainen-Kallström), Flesch, Ford, de Gaulle (for Le Pen), Hansenne, Harbour, Kreissl-Dörfler (for Piétrasanta), Lamassoure, Langen, Liese (for Rovsing), Lucas, McNally, Maes, Erika Mann, Morgantini, Murphy, Niebler, Paasilinna, Plooijs-Van Gorsel, Purvis, Radwan (for Quisthoudt-Rowohl), Raschhofer, Read, Rübig, Santer (for Scapagnini), Savary (for Zimeray), Ilka Schröder, Seppänen, Thors, van Velzen, Wijkman and Wuermeling (for Valdivielso de Cué).

The opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Economic and Monetary Affairs, the Committee on Legal Affairs and the Internal Market, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Policy, the Committee on Agriculture and Rural Development, the Committee on Culture, Youth, Education, the Media and Sport and the Committee on Development and Cooperation are attached.

The report was tabled on 16 November 1999.

The explanatory statement will be delivered orally.

The deadline for tabling amendments is 8 p.m. on 16 November 1999.

MOTION FOR A RESOLUTION

European Parliament resolution on the communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 – C5-0155/1999 – 1999/2149(COS))

The European Parliament,

- having regard to the communication from the Commission (COM(1999)0331 – C5-0155/1999 – 1999/2149(COS)),
 - having regard to its resolutions of
 - 14 December 1995 on the communication from the Commission entitled ‘A level playing field for direct investment world-wide’¹,
 - 14 November 1996 on competition policy in the new trade order and the communication from the Commission on trade and environment²,
 - 11 March 1998 on negotiations in the framework of the OECD on a multilateral agreement on investments (MAI)³,
 - 18 June 1998 on the Second Ministerial Conference of the World Trade Organisation⁴,
 - 13 January 1999 on the communication from the Commission on the trading system and internationally recognised labour standards⁵,
 - 4 May 1999 on multilateral commercial relations: the European Union and the developing partner countries of the European Union⁶,
 - having regard to the declaration by the WTO Ministerial Conference of 20 May 1998 setting out the framework for preparations for the adoption of the agenda for a new multilateral round of negotiations,
 - having regard to the report of the Committee on Industry, External Trade, Research and Energy and the opinions of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, the Committee on Economic and Monetary Affairs, the Committee on Legal Affairs and the Internal Market, the Committee on Employment and Social Affairs, the Committee on the Environment, Public Health and Consumer Policy, the Committee on Agriculture and Rural Development, the Committee on Culture, Youth, Education, the Media and Sport and the Committee on Development and Cooperation (A5-0062/1999),
- A. whereas in the past 50 years the multilateral trade system has made it possible to increase world trade in goods 17-fold, which is more than double the increase in aggregate output, although this has not brought about any substantial reduction in the world’s economic

¹ OJ C 17, 22.1.1996, p. 175

² OJ C 362, 2.12.1996, p. 243

³ OJ C 104, 6.4.1998, p. 143

⁴ OJ C 210, 6.7.1998, p. 222

⁵ OJ C 104, 14.4.1999, p. 63

⁶ OJ C 279, 1.10.1999, p. 34

inequalities, nor has such progress been translated systematically into an improvement in the quality of human life and relations,

- B. whereas the current trade liberalisation process has not yet brought significant benefits for large parts of the populations of developing countries, especially the poor; whereas the interests and concerns of developing countries must therefore be taken fully into account in the world trade system,
- C. whereas free, fair and socially balanced world trade must be further developed and consolidated under the multilateral world trade system,
- D. whereas the increasing globalisation of the economy makes it necessary to further develop multilateral rules which enable all nations to benefit from the development of trade, whilst respecting the diverse nature and resources of the developing countries so that a balance is struck between the interests of Europe and third countries,
- E. whereas there is a greater need to manage properly and effectively the globalisation process by improving cooperation between the WTO and other international institutions, including the Bretton Woods institutions and other UN organisations, with a view to a more consistent approach to trade, monetary, financial and political issues,
- F. whereas the establishment of the World Trade Organisation (WTO) in 1995 created an institutional framework for the multilateral trade system and whereas that system must as a matter of urgency be made more democratic and be operated in a more transparent fashion,
- G. whereas the European Parliament endorsed the outcome of the GATT Uruguay Round negotiations in December 1994,
- H. whereas it was laid down in the Uruguay Round agreements that new negotiations on trade in agricultural products and on services would begin by the end of 1999 (the 'built-in agenda'),
- I. whereas agriculture must be one of the topics to be discussed at the multilateral trade negotiations which are due to open in Seattle,
- J. whereas the interpretation and application of WTO rules has had a significant and detrimental impact on a range of EU and third country policies and legislation with non-trade objectives; whereas this has aroused serious concern about the relationship between WTO rules and other legitimate national and international policy objectives,
- K. whereas compliance with and full adherence to the Uruguay Round agreements is the starting point on which any new negotiations must be based,
- 1. Welcomes the proposal by the Commission to advocate at the WTO Ministerial Conference in Seattle that a comprehensive trade round (Millennium Round) be launched which, in addition to the topics of the built-in agenda, should consider other fields, this being a precondition for a balanced outcome to the negotiations for all parties; this approach can contribute to economic growth throughout the world and is necessary for the

preservation and creation of prosperity and employment in Europe and the world;

2. Endorses the general negotiating approach for the Millennium Round set out in the communication from the Commission, in which the Commission has incorporated many of the demands made in previous resolutions of the European Parliament, and observes that the proposed fields for negotiation should be seen as a complete package and guided by the principle of a single undertaking in order to ensure that the priorities of all WTO members are given equal attention throughout the negotiation process;
3. Understands the thinking behind the proposal that the Millennium Round should be limited to three years, but considers that ultimately the quality of the outcome of the negotiations is more important than bringing them to a close on schedule;
4. Attaches importance, in this connection, to a carefully thought out and coherent EU negotiating strategy which will optimise the prospects for the success of this overall approach; this applies to the general problem-solving approaches, the flexible pursuit of the objectives of the negotiations and the manner in which the negotiations proceed;

Individual fields for negotiation

Trade in agricultural products

5. Considers that the decisions of the Berlin European Council on reform of the common agricultural policy constitute the basis for negotiation with the objective of making it possible for the EU to secure the European agricultural model, based on family farms and characterised by multifunctionality, sustainable production of agricultural goods and management of the environment and preservation of the countryside; believes, in view of the plural nature of the European agricultural model, that particular attention must be paid to those forms of agriculture which are most at risk, namely small family-type farms, less-favoured areas and areas subject to environmental constraints; stresses the importance of agricultural trade, as Europe is the second largest exporter and largest importer of agricultural products;
6. Believes that European farming must continue to participate in and benefit from international trade, without undermining the founding principles of the common agricultural policy;
7. Points to the particular desire of the developing countries for free market access for agricultural products, an issue of crucial importance to the successful conclusion of the WTO Millennium Round;
8. Calls for provisions established under the WTO Agreement on Agriculture, which allows ongoing support for environmentally oriented programmes, to be maintained and extended to include a wider range of relevant non-trade objectives, on the one hand, and in order to support a transition towards sustainable environmentally-friendly agriculture with good animal welfare standards, on the other;

9. Calls urgently for a revision of the agreement on sanitary and phytosanitary measures (SPS) and for food safety policy to be based on the precautionary principle, so as to enable the EU to continue to pursue its policy of a high level of food safety and consumer and environmental protection;
10. Welcomes in particular the EU's position that the precautionary principle should be explicitly included in the WTO rules, with particular regard to Article XX GATT;
11. Emphasises the need to harmonise the definition of the precautionary principle, in order to avoid misunderstandings or differences in interpretation; notes that the definition of the precautionary principle as adopted at the Conference on the Environment and Development in Rio could become an internationally accepted model; is of the opinion that the structure and working methods of the Codex Alimentarius should also be radically revised to ensure open and democratic policy-making in relation to food safety; regards it as essential, further, to lay down appropriate food safety measures;
12. Notes that the precautionary principle is a legally binding criterion for action evaluation under the EU Treaty and therefore welcomes the EC's recognition that this principle needs to be integrated into WTO rules; cautions, however, that in seeking to achieve this there should be no attempt to narrow its scope or otherwise make its application conditional on trade interests;
13. Calls, in the framework of the SPS and TBT Agreements, for levels of acceptable risk to be subject to internationally agreed guidelines; in this context, points out the important role of mutual recognition agreements in resolving disputes;
14. Points out that labelling is not the solution in disputes concerning food safety, but that labelling improves consumers' freedom of choice and helps to prevent trade disputes;
15. Calls for the agricultural support systems of the WTO member countries to be made public and adjusted so that a fair assessment of farm subsidies can be carried out;
16. Notes that the liberalisation of trade in the fisheries sphere must take account of the existing legal framework, in particular the United Nations International Convention on the Law of the Sea and the objectives of international agreements on environmental preservation and natural resource management and of the International Fisheries Agreement, and calls, therefore, for a list of sensitive products to be drawn up in order to ensure that the international fishery industry complies with the principles governing responsible fishing methods; notes the important role played by the EU's common fisheries policy, not only in safeguarding employment and keeping the social and economic fabric intact, but also by making a vital contribution to supplying the Community market;

Services

17. Notes that in the first five years of its existence the agreement on services (GATS) permitted substantial progress towards liberalisation, particularly with regard to financial services and telecommunications;
18. Stresses that negotiations should be comprehensive and bring about a deeper and broader package of improved commitments from all WTO members to market access and national treatment and that GATS disciplines should be strengthened with the aim of ensuring a transparent and predictable regulatory environment; negotiations should also include unfinished discussions on specific issues (safeguards, subsidies, government procurement);
19. Welcomes the fact that in a period of instability on financial markets the additional agreement on financial services has come into force and will thereby make a contribution to the transparency of financial transactions throughout the world and increase the capital supply available to companies and consumers; hopes that the other WTO contracting parties will make substantial commitments under the agreement on financial services;
20. Urges that the negotiating parties should seek to ensure that the basic telecommunications agreement (BTA) is developed further and that more states accede to it;
21. Is convinced, however, that – with adequate accommodation of public sensitivities relating to sectors or services of public interest – other sectors should be included; insists that further liberalisation must not prejudice Member States' rights under the Treaty to determine the respective roles of the private and the public sectors in the provision of health and education services and their right to regulate the provision of such services; calls on the Commission to consult it before including further areas;
22. Urges that sectors and services with a specific social mandate, such as health, education and cultural policy, should be dealt with exclusively in a framework laid down by the state concerned and asks the EU to ensure that these sectors are not dealt with in the context of the revision of the GATS Agreement;
23. Takes the view that progress towards further liberalisation should be made contingent on the ability of the contracting parties to regulate access to public services in order to guarantee universal coverage;
24. In recognition of the European audiovisual sector's special role in sustaining cultural pluralism, a healthy economy and freedom of expression, reaffirms its commitment to the freedom of action in the sphere of audiovisual policy obtained at the Uruguay Round; takes the view that the GATS rules on cultural services, in particular in the audiovisual sector, should not jeopardise the cultural diversity and autonomy of the WTO contracting parties;
25. Urges the institution of an arbitration system to approve subsidies to minority languages and cultures which are both genuinely necessary and distort international competition to the least possible extent;

Public procurement

26. Takes the view that the substance of the Uruguay Round decisions on liberalisation in the sphere of public procurement must above all be consolidated and that, in addition, principles such as transparency, reciprocity and national treatment must be applied; further-reaching negotiations must be conducted which take account of the level of development of each individual country;

Electronic commerce

27. Regards it as essential that electronic commerce should be incorporated on a long-term basis into the GATS framework, within which it can receive support with a view to its worldwide promotion; in addition, vital international agreements on principles in the spheres of liability, taxation, standardisation and technical standards must be laid down and existing trade barriers abolished, particularly for small- and medium-sized undertakings;
28. Supports the Commission proposal that all GATS provisions, whether relating to general obligations (MFN, transparency, domestic regulation, competition, payments and transfer) or specific commitments (market access, national treatment or additional commitments), and general derogations from GATS should be applicable to electronic deliveries;

Investments and competition policy

29. Calls for the establishment under the auspices of the WTO, as the appropriate institution, of a multilateral legal framework governing direct foreign investment which takes account, on the one hand, of the interests of the developing countries in a manner acceptable to them, and, on the other, of the Member States' social, environmental and cultural laws, and urges that the same problems should not arise as those created by the MAI, which had been prepared by the OECD;
30. Proposes that the ILO's Declaration of Principles on Multinational Enterprises and Social Policy, the OECD's Guidelines for Multinational Enterprises and the Principles of Corporate Governance should be incorporated into the draft WTO agreement on investment; takes the view that every investment agreement should be negotiated at WTO level;
31. Advocates, therefore, negotiations on a multilateral investment agreement in the context of the Millennium Round which offers foreign investors greater legal certainty and clarity than all the bilateral agreements and gives the recipient countries the opportunity of pursuing sustainable economic and environmental development;
32. Points out that the opening-up of markets agreed between the WTO contracting parties could be undermined by anti-competition practices in the private sector, and calls therefore for the inclusion in the multilateral trading system of rules for an effective competition policy;

33. Emphasises that this agreement lays down basic principles for an effective competition policy through the establishment of uniform minimum standards for the prevention of anti-competitive practices, such as the formation of cartels, the abuse of a dominant position in the market, the prevention of vertical and horizontal restrictions on competition, as well as the establishment of independent competition authorities in all WTO member states to enforce minimum competition law standards; steps must be taken to ensure that a situation does not arise in which companies would have to comply with differing national interpretations of competition law;
34. Points out, in this connection, that the introduction and application of multilateral rules to govern the conduct of an effective competition policy by the WTO contracting parties could, in the longer term, replace the trade protection measures which are still needed as part of an anti-dumping policy;

Tariffs

35. Calls for a further reduction in duty on industrial products and for the abolition of tariff peaks and tariff escalation, which is particularly disadvantageous to developing countries;
36. Urges the Commission to take into account, during the negotiations, the needs of small- and medium-sized undertakings, particularly as regards the simplification of procedures and rules in the field of customs and product certification;
37. Recognises the need for developing countries to receive concrete benefits from the Round if a successful conclusion to the WTO Millennium Round is to be secured and therefore welcomes the EC proposal to make commitments at Seattle, prior to the start of the negotiations, with respect to providing tariff-free access for virtually all the products of the least developed countries (LDCs), taking into consideration the exporting interests of these countries; proposes that further commitments are made to reduce non-tariff barriers, to remove the remaining duties over time and to help poorer countries build up their trade capacity;
38. Takes the view that the negotiations on tariff and non-tariff barriers must succeed in establishing conditions governing market access which enable European industry to compete on fair terms on a global basis, in particular in those sectors where differences in the conditions governing market access serve to distort competition;

Technical barriers to trade

39. Regards it as important that the WTO should continue to facilitate international trade, with due regard to people's quality of life;
40. Considers that the Millennium Round offers a unique political opportunity to strengthen the existing provisions of the agreement, to settle a number of outstanding issues and to broaden the scope of some of the agreement's provisions, to the benefit of both industry and consumers;
41. Emphasises the need to dismantle existing non-tariff and technical barriers to trade and prevent the introduction of new non-tariff and technical barriers by means of an appropriate

and legally binding process for monitoring and resolving such issues;

Trade and the environment

42. Regrets that the work of the WTO in this area has hitherto failed to produce any tangible results and regards it as essential to ensure the compatibility of trade policy rules with the requirements of sustainable development; because trade liberalisation may also lead to increasing traffic volumes, particular attention must be paid to transport-related environmental damage;
43. Welcomes, in this connection, the gradual acceptance of the EU's trade and environment policy instruments by the countries of Central and Eastern Europe associated with the EU and by Turkey;
44. Calls, therefore, for negotiations on this issue to be included in the Millennium Round, although it must be made clear to the other contracting parties that the EU is not seeking to achieve any protectionist aims in the form of 'eco-protectionism', but, rather, that it has made the health of the people of its Member States a priority;
45. Is aware that the WTO cannot be a substitute for the conclusion of multilateral environmental agreements (MEAs), but believes that WTO procedures should recognise international environmental agreements; calls, therefore, on the EU negotiators to ensure that countries which have acceded to multilateral environmental protection agreements can give effect to those agreements on their territory by means of legislation and other measures;
46. Notes that EU policy on animal welfare has been particularly adversely affected by WTO concerns and therefore welcomes the proposal of both the Council and the Commission to address this issue in future negotiations;
47. Calls on the Commission to ensure that the question of processes and production methods (PPMs) is included in the negotiations, in order to enable consumers to distinguish between products on the basis of their PPMs, and to consider the possibility of allowing trade measures against products if it can be clearly shown that the environmental damage caused during production is significant and transboundary and that the measures taken are both non-discriminatory (between domestic and foreign goods) and commensurate with the damage caused;
48. Stresses that the concept of environmental protection must be included in all areas of the World Trade Organisation and the agreements to be negotiated in the context of the Millennium Round (mainstreaming);

Protection of intellectual property

49. Is aware of the difficulties faced by many developing countries in implementing the undertakings entered into under the agreement on trade-related aspects of intellectual property rights (TRIPs), and therefore calls on the Commission to offer such contracting parties comprehensive technical aid in implementing an effective policy on the protection of intellectual property rights which require the preparation and implementation of

effective framework conditions;

50. Takes the view that the 'built-in agenda' on TRIPs concerning the extension of protection on the basis of indications of geographical origin and the filing of patents should be followed up and scrutinised; a cautious approach should be adopted on additional agreements to the TRIPs Agreement, taking into account the concerns and interests of all countries as well as users and rightsholders; initiatives launched outside the WTO, in particular in WIPO and other official international institutions, should be taken into account;
51. Is also aware of the objections to the patenting of living organisms raised by many (developing) countries and calls on the Commission to evaluate the existing TRIPs agreement; should such an evaluation necessitate changes, the Commission should act accordingly;
52. Draws attention, more particularly, to the need, in the context of the TRIPs agreements, to improve the protection of indications of geographical origin, a vital competitive asset for European agricultural products;
53. Believes that granting the least developed countries longer transitional periods, under the Millennium Round, for implementing the undertakings under the TRIPs agreement is a possible way of resolving this problem, but is opposed to any comprehensive renegotiation of the agreement, and emphasises that the TRIPs agreement should contribute to enhanced transfer of technology and know-how to developing countries;

Trade and development

54. Is convinced that an open, multilateral trading system satisfies the desire of developing countries for sustainable economic development, but at the same time stresses the need to take better account of the specific requirements of the least developed countries in the WTO, and emphasises that different countries must be allowed to have different national development strategies, which should not be hindered by WTO rules;
55. Endorses the objective of ensuring that the negotiations are genuinely a 'development round' and calls on the Commission to pay particular attention to development policy in all the areas covered by the Millennium Round negotiations;
56. Calls on the Commission to pay particular attention to the aspect of development policy in
all negotiating areas under the Millennium Round;
57. Underlines the need to assist the developing countries in capacity-building in order to enable them to participate fully in the WTO and in the Millennium Round negotiations, strengthen their negotiating capacity and help them to make better use of the WTO's dispute settlement body;

58. Acknowledges the particular importance of the development partnership of the EU with the ACP countries and therefore calls on the Commission to ensure that a worthwhile, effective and coherent EU development policy which exploits the full scope of the Lomé Convention remains possible under the new WTO rules;
59. Calls for the System of Generalised Preferences to be used more effectively as an incentive system to ensure the necessary implementation of social and environmental clauses by developing countries; calls on other industrialised countries to adopt similar incentive schemes, to encourage improved environmental and social standards;

Core labour standards

60. Welcomes the fact that the Commission has taken up Parliament's call for the ILO's core labour standards to be included in the world trade system and expects that this issue will be resolutely addressed at the Ministerial Conference in Seattle;
61. Supports the recent Council agreement to promote the creation of a joint ILO/WTO Standing Working Forum on Trade, Globalisation and Labour Issues and the suggestion that its remit include a dialogue between all interested parties on the relationship between trade policy, trade liberalisation, development and fundamental labour rights;
62. Points out that in 1998 the ILO member countries adopted a Declaration on Fundamental Principles and Rights at Work and the follow-up to that declaration, which must serve as a reference point for all international organisations;
63. Believes that the ILO's core international labour standards and workers' fundamental rights should be considered in the WTO and calls, therefore, for a joint WTO and ILO working programme to implement the ILO's 1998 conference Declaration on Fundamental Principles and Rights at Work, for example through the establishment of a permanent forum;
64. Emphasises, with that aim in view, the importance of granting the ILO observer status within the WTO;
65. Regards the right to establish free trade unions and free employers' organisations as a basic human right and as the cornerstone in creating a social market economy which will ensure that a level of protection reflecting a country's level of development is achieved; urges that the implementation of this right in a free and fair manner should also be addressed in the joint WTO and ILO working forum;
66. Strongly endorses incentives that bring developing countries closer to compliance with fundamental social standards and help them to integrate into the world economy, and calls, therefore, on the industrialised countries represented in the WTO to provide the developing countries with exemplary aid in the area of schooling and vocational training which will enable them to take action on their own initiative against industrial forms of child labour in particular and in the sphere of gender mainstreaming;

Dispute settlement procedure

67. Notes that the WTO's new dispute settlement procedure has proved successful in many cases, but that some of its rulings have caused a controversy over trade interests and non-trade concerns; calls on WTO members to exercise due restraint in the use of the dispute settlement mechanism;
68. Calls for greater transparency in the WTO's dispute settlement procedures, particularly as regards public access to the proceedings, which would reflect the paralegal nature of panels, and looks forward to the establishment of an independent international trade jurisdiction in the framework of the dispute settlement procedure;
69. Calls on the Commission to make the relationship between the WTO's dispute settlement procedure, on the one hand, and such procedures under international agreements, on the other, a subject of negotiation and to ensure that an appeal may be made to other obligations in the WTO dispute settlement procedure:

Institutional aspects

70. Calls on the Member States of the EU to show a united front at the Ministerial Conference in Seattle and throughout the talks under the Millennium Round so that the Commission, as the EU's chief negotiator, can bring the full weight of the EU to bear in the negotiations;
71. Calls on the Council and the Commission to examine the possibility of setting up a WTO Parliamentary Assembly to achieve greater democratic accountability;
72. Calls on the Commission to coordinate its activities at the Ministerial Conference in Seattle in close cooperation with the countries applying to join the EU and the developing countries associated with the EU in order to achieve a broad consensus on the global negotiating approach proposed by the EU and to enable the EU to take a leading role in the Millennium Round;
73. Strongly supports the need for greater transparency, fairness and predictability throughout the whole negotiating process, taking into account the interests and concerns of civil society;
74. Welcomes the initiative of the European Commission to conduct a 'Sustainability Impact Assessment' of the new round and supports the establishment of an ongoing programme of impact assessment; asks the Commission not to neglect the assessment of the impact of previous liberalisation processes;
75. Calls on the Commission to keep it fully informed, in accordance with the undertakings given by the Commissioner for Trade during the EP hearings, before and, to an equal extent, during the Ministerial Conference in Seattle and throughout the Millennium Round, and to discuss with it, as soon as possible in accordance with a strict timetable laid down after the Seattle Ministerial Conference on the basis of the resolutions adopted by Parliament, in the form of an ongoing and wide-ranging consultation the essential elements of the EU's negotiating strategy; underlines the urgent need for new procedures

which will ensure full provision of information to it on the work and calendar of and the decisions taken by the 133-committee;

76. Reserves the right, in the course of the Millennium Round, to give the Commission recommendations, pursuant to Rule 97(5) of its Rules of Procedure, on the individual items being negotiated, and calls on the Commission to take due account of such recommendations;
77. Insists on being consulted, pursuant to the assent procedure set out in Article 300 of the EC Treaty, on the conclusion of the results of the Millennium Round;
78. Instructs its delegation, during the Ministerial Conference in Seattle, to explain, and forcefully put across, to the representatives of the other WTO contracting parties its position outlined in this resolution on the Millennium Round;
79. Calls on the Council to consult Parliament before it adopts the negotiating guidelines it will lay down prior to the opening of the new WTO negotiating round;
80. Calls on the Council to consult Parliament prior to the conclusion of the agreements, whether they take the form of sectoral agreements or a single undertaking;
81. Calls on the Council and Commission to inform and consult Parliament regularly and in good time on all negotiations on specific sectors;
82. Calls for changes to the Treaty at the next IGC to extend the authority of the Commission to negotiate on behalf of the European Union to areas other than goods, in particular services and intellectual property;
83. Calls for changes to the Treaty at the next IGC to give a formal role to the European Parliament during the course of the WTO negotiations and to any WTO agreement automatically subject to Parliament's assent;
84. Instructs its President to forward this resolution to the Commission, the Council, the governments and parliaments of the Member States and the Secretariat of the WTO.

OPINION
(Rule 162 of the Rules of Procedure)

for the Committee on Industry, External Trade, Research and Energy

on the Communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 - C5-0155/1999 – 1999/2149(COS)) (Schwaiger report)

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Letter from the committee chairman to Mr Westendorp y Cabeza, chairman of the Committee on Industry, External Trade, Research and Energy

Brussels, 13 October 1999

Dear Mr Westendorp y Cabeza,

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy considered the above subject at its meeting of 12 October 1999.

At that meeting it adopted the following conclusions:

It is often argued that further liberalisation of world trade is conducive to the raising of living standards globally and to the creation of additional resources.

Traditionally, trade is also considered to promote peaceful relations between states. When the foundations of the current world trade order were laid after the second world war, analyses of developments in commerce before the outbreak of that war strongly contributed to the determination of the leading personalities of the time to pursue a free trade agenda. In more recent years, opportunities for certain countries to achieve strong export-led economic growth may be seen to have counteracted temptations to their governments to conduct aggressive policies.

Without doubt, the proposed WTO Millennium Round will be about much more than revising the conditions under which operators of international trade will work in the years to come. Its relevance to broad political developments, to the pursuit of sustainable development, to the prospects of poor countries and to social issues is generally recognised, although the opinions on what conclusions should be drawn differ widely.

Over and above the aspects mentioned, the continued development of the WTO and its legal instruments raises important questions at a systemic level. By considerably strengthening previously existing provisions and procedures, in particular by the introduction of a new mechanism for the settlement of disputes, the agreements concluded at the end of the last round of negotiations put the management of world trade on a sounder footing. The room for arbitrary unilateral action was circumscribed and the rule-based character of the system emphasised.

Meanwhile, the strengthened trade rules and enforcement mechanisms have rendered problems of incompatibility with policy objectives and legal provisions in other policy areas acute. Mainly for this reason, the WTO has largely failed to win the confidence of the general public in the EU and elsewhere as regards the fairness of its rules. Civil society organisations are protesting - with perfect reason - that WTO trade rules are allowed to take precedence over international environmental law (e.g. on protection of endangered species), that poor countries' development needs are far from fully respected and that enforcement of international human rights law is undermined by prohibitions on measures, for example against the import of products manufactured by child workers or prisoners under appalling conditions.

There are at least three conclusions to draw from this. Firstly, the deflection of serious threats to the global environment, the effective implementation of the right to development and the fight against systematic violations of human rights must not be undermined by trade rules, but facilitated. Secondly, conflicts between trade rules and provisions of international law in other areas must be resolved also for the sake of safeguarding the integrity and status both of the treaties directly concerned and of the international legal order as a whole. Thirdly, decision-making procedures relating to the management of world trade need to be reformed in order to strengthen their democratic legitimacy.

The Commission communication certainly notes most of the criticisms mentioned. Its wordings on environmental and social issues are however vague: "the New Round should maximise positive synergies between trade liberalisation (...), environmental protection and economic development", an "overall outcome where environmentally friendly consequences can be identified" should be pursued and the Community should "ensure the WTO continues to address, and is seen to address, issues of concern to the broader public such as health, environment and social concerns". The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy invites the Commission and the Council to further elaborate the EU's positions on the basis of these principles.

On the other hand, Mr Pascal Lamy, the new trade commissioner, showed a more committed attitude when addressing the European Parliament on 6 October this year. He also, commendably, put the Seattle Ministerial Conference and the proposed Millennium Round in the context of globalisation and the need for active measures to control adverse effects that globalisation may have.

The EU agenda for the Seattle Conference must include clear objectives in relation to environmental, development, social and educational issues. When finalising this agenda, the EU must fully respect its treaty-based commitment to ensure consistency in its external activities (article 3 of the Treaty on European Union, TEU), as well as its relevant commitments concerning human rights (article 11, TEU), the environment (article 174 of the Treaty establishing the European Community, TEC) and development co-operation (articles 177-178 TEC).

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy calls for a EU position firmly based on the above considerations and a cautious attitude as regards the pursuit of more narrow sectoral interests that may jeopardise the attainment of the necessary overriding objectives.

The Committee also wishes to stress its view that the EP should continue to be fully involved in the preparations for and the negotiations of the new round⁷.

Yours sincerely,
(s) Elmar Brok

⁷ The following took part in the vote: Brok, chairman; Lalumière, vice-chairman; Belder, Brie, Diez Gonzalez, Lagendijk, Napolitano, Pack (for Santer), Poos, Sakellariou, Salafranca Sánchez-Neyra, Schori, Souladakis, Swoboda, Queiró, Wuori.

27 October 1999

OPINION
(Rule 162)

for the Committee on Industry, External Trade, Research and Energy

on the communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 – C5-0155/1999 – 1999/2149(COS)) (Schwaiger report)

Committee on Economic and Monetary Affairs

Draftsman: Christa Randzio-Plath

PROCEDURE

At its meeting of 4 October 1999 the Committee on Economic and Monetary Affairs appointed Christa Randzio-Plath draftsman.

It considered the draft opinion at its meetings of 19 October and 26 October 1999.

At the latter meeting it adopted the following conclusions by 32 votes to 0, with 1 abstention.

The following were present for the vote: Abitbol, vice-chairman and acting chairman; García-Margallo y Marfil, vice-chairman; Randzio-Plath, draftsman; Agag Longo, Berenguer Fuster, Bullmann, van den Burg (for Balfe), Jonathan Evans, Folias (for Sartori), Gasòliba i Böhm, de Gaulle, Goebbels, Green, Huhne, Jonckheer, Karas, Katiforis, Kauppi, Knörr Borràs, Lulling, Maaten (for Riis-Jørgensen), Marinos, Pérez Royo, Radwan, Rapkay, Schmidt, Ilka Schröder (for Lipietz), Tannock, Thyssen, Torres Marques, Trentin, Villiers and von Wogau.

BACKGROUND

Introduction

From an economic policy viewpoint the World Trade Organisation's Millennium Round needs to tackle new topics if fair world trade is to be achieved. Eight rounds of negotiations in some 50 years and the liberalisation of world trade have made a substantial contribution to the spread of prosperity. Since 1951 there has been a 17-fold increase in world trade, a 4-fold increase in world output and a doubling of world per capita incomes. Although most developing countries have not enjoyed an adequate share of this growth, they do support the existing multilateral trade system.

World economic growth is increasingly dependent on trade. WTO and OECD studies of the impact of the Uruguay Round have confirmed the positive direct impact of the trade rounds on the world economy, and that protectionism is an obstacle to growth. Further trade liberalisation

and expansion through WTO could thus help stimulate competition, growth and employment in Europe. The EU already has the greatest share of world trade and could improve its exports still further if the Millennium Round improved market access and produced stronger multilateral rules.

Global stability

The financial crises have sparked a new debate on the management of world-wide interdependence, transparency, supervision and security. Globalisation, especially of financial markets, has to be underpinned by active governments, strong international institutions and clear rules. The rapporteur believes that international financial stability is essential for international growth and prosperity. Coherent trade, monetary and financial policies can help produce this stability.

Competition

Globalisation and technological progress have led to comprehensive integration of world markets. This has produced global competition problems as companies merge producing new monopoly-type structures, and price and territorial cartels are created throughout the world which are banned on EU territory. Competition is thereby being reduced on world markets and market strength built up. The rapporteur considers that multilateral framework arrangements for competition rules under the WTO with minimum competition standards and independent competition authorities are urgently required.

Financial services

Multilateral arrangements to liberalise trade in services were agreed at the Uruguay Round. In addition to the General Agreement on Trade in Services (GATS), specific market access offers were negotiated for individual service sectors such as financial services, and form annexes to the GATS. This was originally only a partial, provisional agreement. It had been agreed that market access commitments entered into before the end of 1997 would be reviewed with the aim of permanently incorporating financial services in the GATS. Negotiations to this effect were successfully concluded at WTO level on 12 December 1997. Seventy contracting parties concluded an additional agreement providing improved market access on most-favoured-nation terms. The 'Fifth Protocol' came into force on 1 March 1999. The Agreement guarantees foreign financial institutions essentially free market access and national treatment in more than 95% of all world trade in financial services. It covers the three main areas of financial services, banks, securities and insurance. The aim of the agreement is not to liberalise capital transactions still further, but to give companies better opportunities to invest in foreign markets. The rapporteur calls on the other WTO signatory States to accede to the agreement.

Duty on non-agricultural products

The reductions in duties on non-agricultural products achieved in past trade rounds have done much to expand global trade. Although customs duties between industrialised countries are already very low, there are still wide variations between the customs tariffs of the various WTO members. Further reductions and harmonisation would further stimulate world trade.

CONCLUSIONS

The Committee on Economic and Monetary Affairs calls on the Committee on Industry, External Trade, Research and Energy to incorporate the following amendments in its report:

1. Welcomes comprehensive trade negotiations which can contribute to economic growth throughout the world and are necessary for the preservation and creation of prosperity and employment in Europe and the world;
2. Calls on the WTO contracting parties and the international financial institutions to counteract international currency and financial crises by greater consistency as between trade, monetary and financial policies and by restricting the volatility of capital movements;
3. Calls for an international competition system under the WTO and calls on the Council and Commission to achieve a binding framework of multilateral competition rules at the WTO negotiations, to contain the following provisions:
 - (a) the establishment of uniform minimum standards for the prevention of anti-competitive practices such as the formation of cartels, the abuse of a dominant position in the market, and the prevention of vertical and horizontal restrictions on competition;
 - (b) an obligation on the signatory States to bring their domestic competition laws and the structures for their enforcement into compliance with the multilateral agreements;
 - (c) the establishment of independent competition authorities in all WTO member States to enforce minimum competition law standards;
 - (d) an obligation of the signatory states to apply their domestic competition law to extra-territorial cases only where there is a clear public interest;
 - (e) an extension of the dispute settlement machinery laid down in the agreement setting up the WTO to cover disputes in relation to the enforcement of the minimum standards of international competition law, guaranteeing that disputes will be settled by more transparent procedures than at present;
 - (f) the establishment of uniform multilateral investment protection rules to create stable conditions for investment through transparent and non-discriminatory procedures both in industrial states and in developing countries;
 - (g) a provision taking into account the consideration of the standards of the International Labour Office and the multilateral agreements on the environment;
4. Stresses that competition policy must not be uncoupled from other policies such as social policy, environmental policy, consumer protection, economic and social cohesion and development policy;
5. Welcomes the fact that in a period of instability on financial markets the additional agreement on financial services has come into force and will thereby make a contribution to the transparency of financial transactions throughout the world and increase the capital supply available to companies and consumers; calls on the contracting parties to meet their obligations under the agreement in full and hopes that the other WTO contracting parties will accede to the agreement on financial services;

6. Believes that there is a need for further reductions in what are already very low customs duties; calls for the abolition of all peak rates of duty and the harmonisation of all WTO member States' customs tariffs for non-agricultural products.

9 November 1999

OPINION
(Rule 162)

for the Committee on Industry, External Trade, Research and Energy

on the communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 – C5-0155/1999 – 1999/2149(COS)) (Schwaiger report)

Committee on Legal Affairs and the Internal Market

Draftsman: J. Wuermeling

PROCEDURE

At its meeting of 11, 12 and 13 October, the Committee on Legal Affairs and the Internal Market appointed Mr J. Wuermeling draftsman.

It considered the draft opinion at its meeting of 8 and 9 November 1999.

At the latter meeting it adopted the following conclusions by fifteen votes to two, with one abstention.

The following were present for the vote: Beysen, chairman; Wuermeling, draftsman; Berger, Doorn, Fourtou, Garaud, Harbour, Inglewood, Koukiadis, MacCormick, Manders, Marinho, Mathieu, Medina Ortega, Moraes, Ripoll i Martínez Bedoya, Uca, Villiers, Wallis and Zimmerling.

BACKGROUND/GENERAL COMMENTS

CONCLUSIONS

The Committee on Legal Affairs and the Internal Market calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Paragraph 1a (new)

- 1a. Stresses the importance of these negotiations, which are not only intended to further open up the markets but could lead to a first step towards drawing up a genuine global regulatory framework in response to the rapid globalisation of world markets;

Amendment 2

Paragraph 1b (new)

- 1b. Hopes, therefore, that topics falling outside the existing rules will be incorporated into the WTO framework, including employment, environment, culture, health, competition and investment;

Amendment 3

Paragraph 22

22. Regrets that the work of the WTO in this area has hitherto failed to produce (*two words deleted*) results and regards it as essential to ensure the compatibility of trade policy rules with the requirements of sustainable development and MEAs;

Amendment 4

Paragraph 26

26. Calls on the Commission to ensure that the question of production processes and methods (PPMs) is included in the negotiations in order to enable consumers to select, on the basis of labelling, goods produced under environmentally-friendly conditions and with respect for animal welfare;

Amendment 5

Paragraph 27a (new)

- 27a. Insists on the need for effective protection of intellectual property as an essential element of fair trade;

Amendment 6

Paragraph 29

29. If necessary, could envisage granting development countries longer, but limited transitional periods, under the Millennium Round, for implementing undertakings under the TRIPs Agreement as a possible way of resolving this problem, but is generally opposed to any comprehensive renegotiation of the agreement;

Amendment 7

Paragraph 29a (new)

- 29a. Calls for the TRIPs Agreement to be reviewed with a view to stabilising and developing the level of protection provided, incorporating in it the new standards laid down in WIPO and, more particularly, in the two WIPO Treaties concluded in December 1996 (WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty) and taking new technological developments into account;

Amendment 8

Paragraph 29b (new)

- 29b. Calls on the Commission to ensure that effective coordination is established between work carried out in WIPO and work relating to the TRIPs Agreement with a view to adapting the latter as soon as international consensus has been achieved in WIPO;

Amendment 9

Paragraph 29c (new)

- 29c. Calls for consideration to be given to the extent to which the TRIPs Agreement provides effective protection for trademarks used as Internet domain names;

Amendment 10

Paragraph 29d (new)

- 29d. Supports the Commission's efforts to establish a regulatory framework for government procurement markets with a view to opening them up further by reviewing the GPA and GATS;

Amendment 11

Paragraph 32

32. Acknowledges the particular importance of partnership for development (7 words deleted) and therefore calls on the Commission to ensure that the EU's development policy, particularly in the context of the Lomé Convention and after the latter expires in 2000, is (2 words deleted) in line with the rules of the multilateral trading system;

Amendment 12

Paragraph 39a (new)

- 39a. Recognises the need to ensure the application of the rule of law at international level, but deplores the lack of transparency of the WTO's dispute settlement procedures and calls for action to be taken to improve transparency, particularly with regard to the appointment of panel members, the deliberations of the latter and access to documents;

Amendment 13

Paragraph 40a (new)

Legal clarity

- 40a. Regards linking up the rules of the various global organisations (WTO, UN, ILO, etc.) as a feasible approach; draws attention, however, to the possible implications for the clarity, certainty and transparency of the law;

Amendment 14

Paragraph 40b (new)

Legal certainty

- 40b. Calls, therefore, for a clearly defined hierarchy of international standards;

Amendment 15

Paragraph 40c (new)

- 40c. Calls on the Commission to assert the European Union's opposition to any use of unilateral measures to resolve commercial disputes and its commitment to the dispute settlement system set up by the WTO;

Amendment 16

Paragraph 40d (new)

- 40b. Calls on the Commission to officially submit its proposals for the improvement of the dispute settlement system as formulated in its reflection document of 1998, for example the setting up of a permanent body of members of specific professional groups and improvements to the consultation stage;

Amendment 17

Paragraph 40e (new)

Electronic commerce

- 40e. Stresses the need to define the commercial principles applicable to electronic commerce and calls on the Commission to support the position that electronic commerce involves two types of delivery:
- the physical delivery of goods ordered by electronic means, covered by GATT, and
 - the electronic delivery of services, covered by the AGCS;

Amendment 18

Paragraph 43a (new)

- 43a. Stresses, however, its own responsibility and democratic legitimacy as the body elected to represent the citizens of Europe, which can be supplemented at most by the involvement of non-governmental organisations;

Amendment 19

Paragraph 43b (new)

- 43b. Regards it as the natural role of the European Parliament to be the leading forum of political debate about the Millennium Round in Europe;

26 October 1999

OPINION

(Rule 147)

for the Committee on Industry, External Trade, Research and Energy

on the communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 C5-0155/1999 – 1999/2149(COS)) (Schwaiger report)

Committee on Employment and Social Affairs

Draftsman: Mr Harald Ettl

PROCEDURE

At its meeting of 28 September 1999 the Committee on Employment and Social Affairs appointed Mr Harald Ettl draftsman.

It considered the draft opinion at its meetings of 13 October and 25 October 1999.

At the latter it adopted the following conclusions unopposed with 2 abstentions.

The following took part in the vote: Menrad, acting chairman and vice-chairman; Hermange and Portas, vice-chairpersons; Ettl, draftsman; Aviles Perea, Bernié, Bouwman (for Hudghton), van den Burg, Damiao, De Rossa, Dover (for Bushill-Matthews), Evans, Fatuzzo, Figueiredo, Flautre, Ghilardotti, Gillig, Glase, Howitt (for Skinner), Hughes, Jensen (for Lynne), Koukiadis, Kratsa, Laguiller, Lambert, Lisi (for Cocilovo), Mantovani, Nobilia, Ojeda Sanz (for Podesta), Oomen-Ruijten (for Lombardo), Perez Alvarez, Pronk, Reis, Schmid, Smet, Stauner (for Mann), Trentin (for Cercas Alonso) and Weiler.

BACKGROUND / INTRODUCTION / GENERAL COMMENTS

The WTO Ministerial Conference, intended as the prelude to a further round of liberalisation in the year 2000, will be held in Seattle from 30 November until 3 December. At this round of negotiations the WTO's 136 members will have to decide on the exact scope of further negotiations in both the areas of further liberalisation and further rule making. This is not yet agreed. Particular account is to be taken of the developing countries' interests in this context.

Comprehensive round

The 1994 WTO Agreement provides for a review of the goods and services sector. The trend since the Uruguay Round has shown that, despite initial steps towards liberalisation, prosperity in the developing countries has not improved to anything like the extent expected. On the contrary, UNCTAD and OECD development reports reveal that a major part of the biggest losers in the Uruguay Round were the ACP countries⁸. An important question for the Member States of the European Union, which are steadily evolving towards social balance, is how far any other liberalising steps taken in the WTO context will have implications for the place of national and European protective clauses.

The principal instruments for regulating the labour market, social legislation and the public social security sector must not be weakened or eliminated by the various agreements and provisions of the WTO Agreement.

Social standards

The first major liberalising steps without monitoring mechanisms for the environment, health protection and social development resulted in a widening gap between the rich and poor. This showed that it was essential for there to be some kind of regulating mechanism that is, on the one hand, based on minimum standards and, on the other hand, helps to prevent social and environmental dumping in the highly industrialised nations.

Social standards and concerns must be built into any advancement of the trading system. To prevent any reversion to protectionism and to achieve social balance, the ILO Conventions that enshrine fundamental rights at work, and were endorsed by the UN World Summit on Social Development (Copenhagen 1995), must be integrated in their entirety into the WTO procedures and agreements. This integration should take the form of a working group on workers' rights. These Conventions, also known as Core Labour Standards are:

Freedom of Association and Protection of the Right to Organise (Convention 87)

Right to Organise and Collective Bargaining (Convention 98)

Forced Labour (Convention 29)

Abolition of Forced Labour (Convention 105)

Discrimination in respect of employment and occupation (Convention 111)

Equal Remuneration (Convention 138)

Worst Forms of Child Labour (Convention 182), adopted in 1999.

Where core labour standards are concerned, the main aim is to ensure that workers' fundamental rights are safeguarded as an aspect of human rights. How far social security systems develop as a result depends on the strength of the economy concerned and the dialogue between employers and employees.

⁸ Angola, Antigua and Barbuda, Bahamas, Barbados, Belize, Benin, Botswana, Burkina Faso, Burundi, Cabo Verde, Cameroun, Comores, Congo, Côte d'Ivoire, Djibouti, Dominica, Eritrea, Ethiopia, Fiji, Gabon, Gambia, Ghana, Grenada, Guinea, Guinea Ecuatorial, Guinée-Bissau, Guyana, Haïti, Jamaica, Kenya, Kiribati, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Niger, Nigeria, Papua New Guinea, Republica Dominicana, République Centrafricaine, République Démocratique du Congo, Rwanda, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Samoa, São Tomé e Príncipe, Sénégal, Seychelles, Sierra Leone, Solomon, Somalia, South Africa, Sudan, Suriname, Swaziland, Tanzania, Tchad, Togo, Tonga, Trinidad and Tobago, Tuvalu, Uganda, Vanuatu, Zambia, Zimbabwe

It has also become clear that promoting 'voluntary codes of conduct and social labels' makes a decisive contribution to ensuring compliance with workers' fundamental rights in international trade and production relations. Codes of conduct can be described here as a commitment by enterprises to abide by fundamental labour standards. Social labels are geared to consumers and indicate that fundamental labour standards have been observed in the production of the goods and services concerned⁹.

The various codes of conduct currently in force concern, to varying degrees, the use of child labour and forced labour, discrimination at the workplace, the right to organise and workers' representation, wages and working times, and health and safety at the workplace. The European textile and clothing sector, for example, is covered by a code of conduct adopted in September 1997 in the context defined above, which refers to the ILO declaration on core labour standards. This code has since been incorporated in national collective agreements and so acquires a legally binding status for employers and employees in this sphere.

The ILO declaration on core labour standards must be the least that is required. The goal approved by all sides is the global improvement of working conditions. The codes are, however, no substitute for legislation, and governments have a key role to play as regards the enforceability of labour legislation. The 'social labels' complement this and provide an effective tool for disseminating information on 'ethical production and trade'. In the future the ILO might cooperate in the structuring of certificate standards and act as an information centre and a clearing house or monitoring agency in this area.

The WTO should help to ensure the development of and compliance with the 1998 ILO Declaration of Fundamental Principles and Rights of Work, which declares that all Members, even if they have not ratified the Conventions in question, have an obligation arising from membership of the ILO to promote and to realise, four basic rights enshrined in the above ILO conventions:

- a) freedom of association and the effective recognition of the right to collective bargaining;
- b) the elimination of all forms of forced or compulsory labour;
- c) the effective abolition of child labour; and
- d) the elimination of discrimination in respect of employment and occupation.

Environment and health

To prevent continued environmental dumping, it needs to be agreed that WTO rules should accommodate multilateral environmental agreements. For the world of work this means:

1. the inclusion of processing and production methods in the WTO rules so that processing and production methods which are environmentally harmless and acceptable in health terms and have a sound scientific basis (e.g. using internationally agreed norms) may be identified;

⁹ In early January 1999 the European Parliament adopted in this context two resolutions that concern, in particular, the link between the trade system and internationally recognised labour standards (Sainon report, A4-0423/98, and Howitt report, A4-0508/98).

2. appropriate standards relating to safety and health at the workplace where technical standards are adjusted;
3. the promotion of sustainable jobs as defined by the United Nations Commission on Sustainable Development;
4. formal recognition of the importance of the principle of prevention when aspects of trade and production have an impact on the environment and/or health, with a view to precluding hazards at the workplace.

Services

With the Uruguay Round services were for the first time included in the WTO's world trade system. Today the service sector already accounts for two thirds of economic performance and employment in the EU. In global trade in services the EU leads with a share of 26%, ahead of the USA with 22%. The global trade in services has grown by an average of over 8% p.a. in the past ten years. Given this tremendous dynamism in the service sector, the negotiations on further trade liberalisation need to be conducted with particular sensitivity. Countries must retain the right to declare certain sectors non-tradable public services. The protection of sectors that have a special social mandate like health and education for a country's development is especially necessary in developing countries. Requiring the service sector to be opened up completely is not yet possible because not everything can be left to internationally coordinated deregulation or to the free markets. In some sectors the opening to international participation, subject to good regulatory principles, can be beneficial for sustained development.

Settlement of disputes

The aim in the dispute settlement procedure must be transparency, accountability and the democratic involvement of all representatives of the parties concerned including social partners and civil society. Social and environmental concerns have also to play a role in the dispute settlement procedure. The right of the Member States to a say in the dispute settlement procedure should be linked to parliamentary reporting. The Commission must in this case subject itself to monitoring by the Member States and the European Parliament.

Investment

The ILO's Tripartite Declaration¹⁰ of Principles concerning Multinational Enterprises and Social Policy and the OECD Guidelines¹¹ for Multinational Enterprises should leave their mark on the draft WTO Agreement on investment. Investment incentives for multinational enterprises must not entail any infringements of core labour standards or negligence in the protection of the environment.

If the WTO is to pursue a new multilateral strategy, there will need to be an international legal system that regulates international investment and prevents short-term speculative capital movements. It must be possible for the countries concerned to adjust investors' activities to national rules, with account taken of the WTO's principles.

It must also be ensured that the principles of democratic society and sustainable development are respected.

¹⁰ 17 I.L.M. (1978) 422

¹¹ OECD Press Release A (76), 20

Government procurement

This concerns the plurilateral (voluntary) Agreement on Government Procurement signed in 1996. It is necessary in this context to recognise the legitimacy of economic, social and ecological factors and also equality of opportunity, which have a significant influence on government procurement policies. Particular efforts must be made to ensure that government procurement is transparent and that the core labour standards are respected in this connection. Employees involved in the execution of government contracts must be assured of appropriate protection. Migrant workers are particularly affected by this. This weakness in the agreement might be overcome, for example, through the adoption of an ethically oriented procurement policy, i.e. business with enterprises should be rejected as a matter of principle if it results in the violation of human rights.

Electronic commerce

The question of taxability of electronic commerce should be addressed in the WTO's future work programme. Another aspect is the need to ensure compliance with national and EU rules, especially in the areas of labour law and consumer protection. Now that virtual mobility makes cross-frontier work possible, the question of social clauses also needs to be clarified in this sphere.

Negotiating principles

To prevent undesirable developments in the labour market, each sector must be viewed and discussed separately. One sector must not be sacrificed to another to achieve a better result.

The deregulation that is de facto a consequence of the agreement without regard for social and especially workers' interests, the aim being to reduce government activity, is unacceptable.

If social and environmental clauses guaranteeing greater fairness in international trade are to be implemented, positive incentive systems will be needed.

CONCLUSIONS

The Committee on Employment and Social Affairs calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following amendments in its report:

1. considers it to be of the utmost importance for open economies such as the European economies for there to be growth of international trade and therefore emphasises the European Union's direct and indirect interest in an increase in international trade flows and in the removal of the barriers to such trade;
2. expects that an increase in prosperity in the developing countries will be achieved with the removal of import restrictions as a consequence of further liberalisation, and the strengthening of multilateral rules;
3. expects no steps towards further progressive liberalisation taken in the WTO context to have adverse effects on the place of national and European protective legislation;
4. asks the EU as well as the WTO to undertake an in-depth analysis of the impact of current trade liberalisation under WTO auspices on the stability of jobs, gender and the

income gap between the poor and the rich in all WTO member countries before new negotiations on liberalisation start;

5. calls for action to prevent the main instruments for protecting workers in the labour market and social legislation from being weakened or eliminated by the various agreements and provisions of the WTO Agreement;
6. believes that the next step towards further progressive liberalisation must be taken with due regard for the need for social balance and that the deregulation which is de facto a consequence of the agreement is unacceptable if social concerns are not taken into account;
7. believes that, if social balance is to be achieved, the ILO's core international labour standards and workers' fundamental rights must be incorporated in the various WTO agreements; to achieve this objective, collaboration between the WTO and ILO should be consolidated and intensified, in particular for example by the establishment of a permanent forum;
8. expects the WTO to contribute to the development and observance of global codes of conduct concerning labour standards and, in addition to that, a voluntarily introduction of social labels for products would contribute to the observance of fundamental workers' rights and would provide consumers with relevant information;
9. believes that the WTO should help to ensure the development of and compliance with the 1998 ILO Declaration of Fundamental Principles and Rights of Work, which states that all members, even if they have not ratified the conventions in question, have an obligation arising from their membership of the ILO to promote and to realise the basic rights (freedom of association and the effective recognition of the right to collective bargaining; elimination of all forms of forced or compulsory labour; effective abolition of child labour; elimination of discrimination in respect of employment and occupation) enshrined in the ILO conventions;
10. calls for the inclusion of processing and production methods in the WTO rules so that processing and production methods which are environmentally harmless and acceptable in health terms and have a sound scientific basis (e.g. using internationally agreed norms) may be identified and therefore asks for the introduction of the precautionary principle into all WTO sectoral agreements;
11. calls for action to prevent sectors which have a specific social mandate, such as health and education, from being declared tradable public services and asks the EU to make sure that education, health and culture are not covered by the revision of the GATS agreement, but explicitly excluded from it, as they should not be considered tradable goods or services;
12. believes that efforts should be made to achieve greater transparency, accountability and democratic involvement of all representatives of the parties concerned in the dispute settlement procedure, including the social partners and civil society;

13. expects the monitoring of the Commission by the European Parliament and the Member

States to be guaranteed;

14. proposes that the ILO's Declaration of Principles on Multinational Enterprises and Social Policy, the OECD's Guidelines for multinational enterprises and the 'Principles of Corporate Governance' should leave their mark on the draft WTO agreement on investment (the Principles of Corporate Governance (SG/CG 99) were adopted by the OECD Conference of Ministers in May 1999 and require management to show consideration for the interests not only of the shareholders but equally of the workers and the public interest);
15. calls for action to prevent investment incentives for multinational enterprises from entailing violations of core labour standards or negligence in the protection of the environment;
16. expects that states will adjust their national regulations on investments according to the WTO and ILO principles, provided that national regulations are not weakened thereby;
17. calls for the recognition of the legitimacy of economic, social and ecological factors and equality of opportunity, which have a significant impact on government procurement policy;
18. calls for the protection of national and EU rules, especially in the areas of labour law and consumer protection;
19. expects the question of the taxability of electronic commerce to be addressed in the WTO's future work programme;
20. considers it absolutely essential that no sector should be sacrificed to another in order to prevent undesirable developments in the labour markets;
21. believes that the deregulation mandate enshrined in the agreement does not run counter to acquired social rights;
22. believes that international environmental agreements should not be undermined by WTO practices;
23. recommends the introduction of positive incentive systems, such as GSP preferences and financial aid, to ensure the necessary implementation of social and environmental clauses;
24. calls for the system of preferences to be geared to compliance with fundamental social clauses;
25. strongly endorses incentives that bring developing countries closer to compliance with fundamental social standards and help them to integrate into the world economy.

27 October 1999

OPINION
(Rule 162)

for the Committee on Industry, External Trade, Research and Energy

on the communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 – C5-0155/1999 – 1999/2149(COS)) (Schwaiger report)

Committee on the Environment, Public Health and Consumer Policy

Draftsman: Dagmar Roth-Behrendt

PROCEDURE

At its meeting of 22 September 1999 the Committee on the Environment, Public Health and Consumer Policy appointed Dagmar Roth-Behrendt draftsman.

It considered the draft opinion at its meetings of 13 and 26 October 1999.

At the latter it adopted the following conclusions by 50 votes to 1.

The following took part in the vote: Jackson, chairman; De Roo and Oomen-Ruijten, chairmen; Roth-Behrendt draftsman; Arvidsson, Bowe, Bowis, Breyer, Busk (for Maaten), Corbey, Davies, De Sarnez, Doyle, Evans (for McKenna), Flemming, Florenz, Goodwill, Gorostiaga Atxalandabaso (for Kronberger), Gutierrez-Cortines, Helmer, Hulthén, Keppelhoff-Wiechert (for Ayuso Gonzalez), Klass, Korhola, Lange, Lannoye (for Isler Béguin), Lienemann, Liese, Lund, Malliori, Meijer (for Gonzalez Alvarez), Mennea (for Olsson), Moreira Da Silva, Emilia Müller, Nistico, Patrie, Paulsen, Redondo Jiménez, Ries, Sacconi, Scheele, Schnellhardt, Sjöstedt, Stockmann, Sturdy, Thomas-Mauro, Trakatellis, Vachetta, Valenciano Martinez-Orozco and Whitehead.

BACKGROUND/GENERAL COMMENTS

In 1994 the European Parliament gave its assent to the Uruguay round of trade negotiations, including the establishment of the World Trade Organisation (WTO). Since that time, the international trade regime, as operated by the WTO, has had a significant impact on domestic policy measures which are not aimed at securing domestic trade advantage. In particular, within the EU, measures relating to protection of consumers, animals and the environment have been either challenged or questioned with respect to their WTO compatibility.

A number of high-profile disputes have resulted, principally between the EU and the United States, notably with regard to Beef-Hormones, GMOs, Bananas, Aircraft Hush-kits and Leghold traps. Although EU measures have often come under attack, there have also been instances

where the EU has sought to overturn genuinely motivated US measures, e.g. in the shrimp-turtle dispute. This has been detrimental to these and other non-trade policy measures and it has also damaged the public credibility of the WTO.

Where the WTO was intended to create certainty on matters of international trade, it has caused great uncertainty with regard to the application and negotiation of international agreements, notably the Biosafety Protocol. It also affects other national policy measures dealing with a wide range of non-trade issues including food safety and quality, animal and environmental protection.

Although the creation of the WTO's Dispute Settlement system has been one of its major successes, it is also the principle cause of public anxiety. The WTO is increasingly perceived as deciding on which national policy measures are legitimate and sanctioning punishment for non-compliance. Not only does this raise anxieties about sovereignty, but also democracy because the WTO is widely considered to be non-transparent, non-accountable and difficult to reform. In parallel with this process, many developing countries are expressing concerns about the way in which WTO is being used to further advantage the interests of developed nations and multinational corporations at their expense. In this context, it is clear that these numerous concerns need to be addressed as an integrated part of any 'new round' of WTO negotiations.

At the centre of these concerns is the ability of nations to establish and effectively operate policies with non-trade objectives, but which may be trade-related. In particular to be able to establish higher standards of protection and not to have these undermined or diluted as a result of trade. These concerns also extend to the ability to maintain certain cultural values and to take a different approach to new developments such as GMOs. Some of these issues could ultimately be the subject of international agreements, but due to cultural and economic differences it is likely that there will continue to be a diversity of approach on many issues - this reality needs to be accommodated within WTO rules.

Fundamental to many concerns are the process and production methods used. These factors may not be detectable in the final product, but are of great importance to consumers and policy makers. The current WTO rules do not generally allow for such distinctions and treat all commodities and goods of a certain type as being alike. It has even been suggested that making such distinctions through labelling schemes could contravene WTO rules. The increased sophistication of consumers and the introduction of new technologies mean that the existing approach to determining 'like products' is inadequate.

Similarly, concerns about the long-term effects of new technologies and production methods, combined with new information about existing methods and negative experiences such as BSE, may cause some nations to adopt a more precautionary approach. Although WTO rules do not necessarily prevent the use of the precautionary principle, the Beef-hormone example demonstrates how the existing system is geared towards trade concerns. It does not adequately respect the right of nations to take a different approach - tending to favour the vendor rather than the consumer.

The EC consultation document calls for "greater legal clarity" between WTO rules and multilateral environmental agreements (MEAs). However, it is necessary to go beyond merely ensuring that trade measures specified within an MEA are automatically compatible with WTO rules. There also needs to be acceptance of trade measures taken pursuant to the objectives of an

PE 231.700/fin. 36/53 RR\385701EN.doc

MEA, something which may be highly relevant to the successful operation of the Kyoto Protocol. Other unilateral measures with non-trade objectives can also be justifiable in some cases and these should not be unduly constrained by WTO rules - in particular, the general exceptions established under Article XX of the GATT should not be interpreted so narrowly as to prevent their effective use. If necessary, the scope of Article XX could be broadened to more explicitly accommodate concerns such as protection of the environment and animal welfare.

CONCLUSIONS

The Committee on the Environment, Public Health and Consumer Policy calls on the Committee on Industry, External Trade, Research and Energy, as the committee responsible, to incorporate the following conclusions in its report:

The European Parliament:

1. regrets profoundly that the Council Presidency has not been in a position to schedule a joint meeting of the environment and trade ministers to prepare for the EU mandate;
2. calls, before the negotiations get properly under way in Seattle, for a detailed assessment to be made of Uruguay Round and WTO decisions with a view to taking stock of and analysing such disputes as might have arisen, especially in the light of environmental, health, and consumer protection requirements;
3. is of the view that issues of concern to civil society should occupy a prominent place in the new round if it is to achieve public credibility; this should be accompanied by a commitment to establish more democratic, transparent and accountable WTO rules and procedures;
4. recalls that while the aim of the WTO round is to increase world trade, it should also be mindful to encourage environmental protection in the participating countries, including developing countries;
5. having regard to the scientific research and advice available, stresses that the Precautionary Principle is now a legally binding criterion for action evaluation under the EU Treaty and demands that the EU mandate encompasses an acknowledgement of this principle by the WTO in all sectors; welcomes the EC's statement on the need to integrate the Precautionary Principle within the relevant WTO rules, but cautions that in so doing there should be no attempt to narrow its scope or otherwise make its application conditional on trade interests;
6. urges the need to harmonise the definition of the precautionary principle, in order to avoid misunderstandings or differences in explanation; notes that the definition of the precautionary principle as adopted at the Conference of Environment and Development in Rio has been agreed world-wide; and calls for the recognition of this definition within the WTO;

7. maintains that legislators must be empowered to forestall dangers to public health or the environment by banning dangerous products and, moreover, that consumers have the right to be informed about the composition of and the methods used to produce foodstuffs and other products; and consequently considers labelling to be of crucial importance;; labelling schemes should not become the first or only policy measure available to legislators, particularly in cases where there is a potential risk to public or environmental health; calls therefore for the structure and working methods of the Codex Alimentarius to be radically revised to ensure open and democratic policy-making in relation to food safety and the application of the Sanitary and Phytosanitary Agreement;
8. recognises that in addition to assurances of quality and safety, consumers must have the right to know about the content and production methods used in food and other products; to this end, labelling is vitally important; it is therefore unacceptable that WTO rules should be applied to restrict the use of labelling schemes either voluntary or mandatory, providing that these are operated in a transparent and non-discriminatory manner;
9. urges WTO negotiators to address the question of non product related Process and Production Methods (PPMs) which are of increasing importance to the public and to policy makers concerned with the environment and consumer policy; special consideration must be given to animal welfare and conservation measures which have been substantially and adversely affected since the establishment of the WTO; and to the implications for climate protection, and in particular energy consumption, which must be regarded as matters of growing significance;
10. calls for the 'Green Box' established under the WTO Agreement on Agriculture, which allows ongoing support for environmental oriented programmes, to be maintained and extended to include a wider range of relevant non-trade objectives on the one hand, and in order to support a transition towards sustainable environmentally friendly agriculture with good animal welfare on a global level on the other;
11. believes that the Committee on Trade and Environment (CTE) has failed to adequately explore solutions for the full integration into the WTO system of the fundamental principles related to non-economic policy objectives, notably those concerning the protection of the environment, public health, cultural and ethical diversity and values, including animal welfare; the work program of the CTE should be streamlined and time-tabled to achieve concrete proposals for early consideration by the WTO Council to facilitate progress on these issues in parallel with the new round;
12. recalling that the WTO Agreement recognises the need to balance the interests of trade with sustainable development, the European Parliament welcomes the initiative of the European Commission to conduct a "Sustainability Impact Assessment" of the new round; the European Parliament would support the establishment of an ongoing programme of impact assessment which should also be independent of the interests of any individual WTO members and believes that this should include an assessment of the environmental effects of existing WTO agreements;

13. believes that environmental concerns, including avoidance of pollution and conservation of species, must be mainstreamed within the new WTO negotiations and accordingly restates its request for consideration of the establishment of a 'Council for the Environment and Sustainable Development', either in parallel to or as a special meeting of the General Council and under the auspices of the United Nations;
14. welcomes the defence of EU policy on issues such as hormones and GMOs, but regrets the inconsistency of this approach on other issues such as leghold traps; is greatly concerned that new measures to protect people, animals and the environment will be unduly constrained by WTO rules and therefore calls for a renewed effort by the EU to ensure that the legitimacy of such non-discriminatory measures is recognised;
15. calls on EU negotiators to ensure that countries which are members of Multilateral Environmental Agreements (MEAs) can use non-protectionist trade restrictions to make those agreements effective in areas such as the environment and public health and that the ecological and health implications of trade liberalisation and WTO activities have been sufficiently elucidated before approval is given to any significant expansion in the organisation's sphere of operations and power; points in particular in this connection to the need to take measures under the Kyoto agreement to reduce the environmental damage being caused by the growing volume of air traffic;
16. calls on WTO members and the WTO to exercise due restraint on the application of its rules and dispute settlement mechanism and to make the WTO disputes system more accessible and open to public scrutiny, in particular to allow submissions and representations from civil society, ensure availability of documents and to provide for other forms of public access; also, clarification as to the role and basis of scientific proof brought before the settlement bodies must be ensured;
17. recalls the commitments made by the Commissioner-designate for Trade during the EP hearings to fully involve EP in the preparations for the Millennium Round; believes that this should be the first stage of an ongoing and wide-ranging consultation with EP throughout the new round of negotiations.

21 October 1999

OPINION

(Rule 162)

for the Committee on Industry, External Trade, Research and Energy

on the Commission communication to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 - C5-0155/1999 - 1999/2149(COS)) (Schwaiger report)

Committee on Agriculture and Rural Development

Draftsman: Mr Arlindo Cunha

PROCEDURE

At its meeting of 1 September 1999 the Committee on Agriculture and Rural Development appointed Mr Cunha draftsman.

It considered the draft opinion at its meeting of 18 October 1999.

At the latter meeting it adopted the following conclusions unopposed, with 3 abstentions.

The following took part in the vote: Graefe zu Baringdorf, chairman; Daul and Redondo Jiménez, vice-chairmen; Arlindo Cunha, draftsman; Auroi, Ayuso Gonzalez (for Ebner), Bautista Ojeda, Berlato, Busk, Campos, Giori, Garot, Goepel, Izquierdo Rojo, Jové Peres, Keppelhoff-Wiechert, Kindermann, Korakas (for Fiebiger), Maat, Mayer, Parish, Pesälä, Rodríguez Ramos and Stevenson.

BACKGROUND/GENERAL COMMENTS

The conclusions of the Berlin European Council state clearly that the EU's framework of reference for the agricultural negotiations of the WTO Millennium Round shall be the reform of the CAP in the context of Agenda 2000. The Agriculture Council of 27 September 1999 spelt out these principles in greater detail, and the Finnish Presidency has undertaken to submit a strategic negotiating document for agriculture to the Helsinki European Council.

In view of the short time remaining before the Seattle talks begin, it is essential that the EU works out a joint strategy and, having established it, speaks with a single voice. This will only be possible if there is close cooperation between the three institutions, namely the Council, the Commission and the European Parliament.

The Committee on Agriculture and Rural Development wishes to contribute to this debate, starting out from a number of the positions which have already been agreed, i.e.:

Firstly, if the Union is to go on the offensive in these negotiations it must bring a true picture of

PE 231.700/fin.

40/53

RR\385701EN.doc

EN

its agriculture to the negotiating table. In reality, the Union's agriculture is extremely multifunctional, combining its economic role with the preservation of the environment and the rural landscape and ensuring a human presence throughout its territory. In this sense, it is agriculture which underpins the planning of land use. If agriculture disappears from a given area, everything else disappears along with it: the economy, employment, the heritage, cultural and culinary traditions - in short, history itself. This European reality, which we desire to preserve at all costs, goes under the name of the European agricultural model: it is vital that the Union should under no circumstances whatever accept any measure that threatens the survival of its agriculture and its countryside in their present form.

A clear-cut stand on the Union's part will allow us to call for the same from our partners at the talks. The US, which has always been highly critical of EU subsidies, has increased its aid to the agri-food sector by US\$ 8 bn (from US\$ 10 143 m in 1998 to US\$ 18 200 m in 1999). A further increase of US\$ 11 bn is proposed for 2000. The EU, by contrast, has, with Agenda 2000 and the agricultural budget guideline, already publicly assumed a policy of stringent controls over spending for the next few years.

Secondly, the Union can only accept the idea of entering into negotiations on the agri-food sector if it is made clear that free trade must go hand in hand with fair trade. Competition and economic freedom must not be conceived solely in terms of traditional commercial measures (tariff and price reductions), but must also take on board other considerations which are now viewed as equally important, if not more so: food quality, food safety, environmental protection, animal welfare, and consumer sensibilities in general.

Thirdly, the union must ensure that the debate in the WTO takes continuous account of the precautionary principle, and must also have its say in how this is done. It must ensure the right of individual countries to apply special measures and place conditions on the marketing of certain products where grave doubts exist as to the risks they may pose to public health or the environment, while not creating the risk that the Union might suffer trade reprisals in the future for protecting its citizens by operating safety rules for hormone-treated meat or GMOs.

Fourthly, it must be stressed that, within the context of its general characteristics, the Union's agriculture is also extremely diverse in its regional variations. If we are to defend the European agriculture model, we have to realise that not all forms of agriculture have the same capacity for adaptation and survival. In particular, measures will be needed for such 'at-risk' cases as small family-type farms, less-favoured areas and areas subject to environmental constraints. Fair treatment for the whole range of agricultural structures must be ensured by the proper weighting of 'blue fund' aid against 'green fund' aid, and, in general, by action to augment the importance of the second under the existing 'second pillar' of the CAP.

CONCLUSIONS

The Committee on Agriculture and Rural Development urges the Committee on Industry, External Trade, Research and Energy to incorporate the following conclusions in its report:

The European Parliament:

- A. whereas the European Union is the world's second biggest exporter and biggest importer of agricultural products;
 - B. whereas the decisions of the Berlin European Council on the reform of the CAP in the context of Agenda 2000 are the framework of reference for the forthcoming multilateral trade negotiations as far as agriculture is concerned, as was confirmed by the Agriculture Council of 27 September 1999;
 - C. whereas the Berlin decisions have resulted in the European Union's already having made a major effort to reduce frontier protection levels,
 - D. having regard to the specific role of agriculture in the society of Europe and in land use planning and the fact that not all regions have non-agricultural potential which would allow farms to develop multifunctional, alternative activities,
 - E. whereas the increase in agricultural support measures in the USA demonstrate that the problems caused by the Uruguay Round agreements are not exclusively European problems, and that the Millennium Round needs to see a change of direction,
 - F. whereas the EU should be making a massive effort to prepare for the accession of the countries of Middle and Eastern Europe, particularly as regards the environment, food safety and jobs in the agricultural and horticultural spheres; whereas this effort should be taken into account in the WTO negotiations,
- 1. Endorses the launching of a fresh round of WTO trade negotiations, while stressing that the Union's negotiating strength will depend on its capacity to speak with a single voice and involve the parties concerned, namely producers and consumers, from the very outset of the process of establishing rules of world trade, backed up by a coherent analysis of the years in which the multilateral agreement signed in Marrakesh in 1994 has been operative;
 - 2. Reaffirms its defence of the European agricultural model and its multifunctional character, based on reconciling the economic dimension of agriculture with its environmental, social and planning aspects; believes, in view of the plural nature of the European agricultural model, that particular attention must be paid to those forms of agriculture which are most at risk, namely small family-type farms, less-favoured areas and areas subject to environmental constraints;
 - 3. Believes that European farming must continue to participate in and benefit from international trade, without undermining the founding principles of the common agricultural policy;
 - 4. Draws attention to Article 20 of the agreement on agriculture that emerged from the Uruguay Round of multilateral negotiations, allowing the possibility of non-commercial measures being included in future negotiations, and stresses that this is of particular importance for environmental protection, food quality, food safety and animal welfare, and, in general, coincides with consumer sensibilities in Europe;

5. Considers that the negotiations must aim at securing the legitimization of the precautionary principle, without the risk of trade reprisals for those applying it, with a view to guaranteeing high safety standards for the citizens of Europe in the areas of public health, animal health and nature conservation, and ensuring that no products are placed on the EU market, about which there are serious doubts on objective grounds;
6. Stresses the need for these negotiations to pay particular heed to measures for labelling foodstuffs and protecting the specifications of origin of different agricultural products, as one of the best means of implementing food safety and quality policy in practical terms;
7. Calls on the European Union to adopt a position supporting the need to take account of the specific interests of developing countries whose economy is largely based on agriculture.

19 October 1999

OPINION

(Rule 147)

for the Committee on Industry, External Trade, Research and Energy

on the communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(1999)0331 – C5-0155/1999 - 1999/2149(COS)) (Schwaiger report)

Committee on Culture, Youth, Education, the Media and Sport

Draftsman: Barbara O'Toole

PROCEDURE

At its meeting of 11 October 1999, the Committee on Culture, Youth, Education, the Media and Sport appointed Mrs O'Toole draftsman.

It considered the draft opinion at its meetings of 11 and 19 October 1999.

At the latter meeting it adopted the conclusions unanimously.

The following were present for the vote: Gargani, chairman; Graça Moura, Iivari and Ruffolo, vice-chairmen; O'Toole, draftsman; Alyssandrakis (for Alavanos), Andreassen, Aparicio Sanchez, De la Perrière, Echerer (did not take part in the vote), Fraisse, Gröner, Heaton-Harris, Hieronymi, Hoff (for Bossu), Karas (for Perry), Kirkhope (for Ridruejo), Klamt (for Sgarbi), Lynne (did not take part in the vote), Manisco, Marinos (for de Veyrac), Mennea, Okking, Pack, Prets, Sanders-ten Holte, Scallon (for Zessener), Schori (for Roure), Taylor, Vander Taelen, Vattimo (for Veltroni), Wyn and Zabell Lucas.

INTRODUCTION

Present Situation

Post Uruguay Round (1986-1994) Outcome

By the close of the Uruguay round the Union had obtained under the GATS agreement **freedom of action in the area of audio-visual policy**.

Due to the particular importance of the audio-visual sector to the European Union's cultural policies, the Union and the Member States did not make a commitment on audio-visual services within GATS and therefore these services are excluded from:

- disciplines of national treatment and market access,
- application of rules which apply only when a commitment has been made,
- added 5 exemptions to Most Favoured Nation clause to give audio-visual services the needed

room for manoeuvre.

This room for manoeuvre relates to policies at national and Union level and allows for:

- adequate protection for existing national and Union measures in the audio-visual sector (e.g. Television without Frontiers, MEDIA etc),
- a margin of manoeuvre to further the development of national and Union audio-visual policies,
- instruments to respond to evolution of audio-visual sector.

Potentially controversial issues in the run up to GATS 2000 in Seattle

Liberalisation and Transparency

Liberalisation concerns all services and although audio-visual services are recognised as being of a specific nature some trading partners may insist on obtaining some commitments in this field.

The overall objective of liberalisation is:

- to enhance market access and national treatment,
- to strengthen rules that only apply after a commitment has been made.

This would affect the room for manoeuvre which the Union and its Member States gained after Uruguay via the 5 exemptions in the MFN clause.

The increase in transparency, in response to pressure from various players in the AV sector towards more effectiveness and user-friendliness of the Agreements, is likely to concern:

- the definition of the services covered by the GATS agreement,
- schedules of commitments and lists of MFN exemptions,
- policies and measures in the audio-visual sector which can exist and develop in an autonomous manner.

Again this will limit the Union's and its Member States' room for manoeuvre and make it more difficult for the EU to preserve cultural diversity - a European objective as defined in Article 151 of the EC Treaty.

As demonstrated, the increase in transparency would require the Union and all other Parties to the Agreement to ensure more cohesion between the various definitions in current use of what constitutes audio-visual services in relation to the GATS agreement, i.e. the need to gather all GATS parties around a commonly agreed definition.

The Union and its Member States have a broad concept of audio-visual services, embracing a vast range of activities irrespective of the technology used.

The majority of our trading partners who often take a restrictive view which does not always include new technologies does not necessarily share this concept. The concept of audio-visual services is likely to be challenged in various areas such as:

- e-commerce,
- information and entertainment services,
- on-line trading.

Recommendations for GATS 2000

The EU should clarify and define objectives, measures and policies carried out at National and European levels.

The issue of definitions may be crucial for maintaining the scope of protection both required by the EU and provided by the lack of commitment on audio-visual services within GATS and the exemptions from the MFN clause.

The EU and its member states should be free to develop their own specific policies to safeguard culture, pluralism and quality of democratic debate within their societies.

It is also necessary to promote the audio-visual sector itself through:

- reinforcing the European audio-visual Industry,
- fostering its development as a competitive actor in the worldwide market.

CONCLUSIONS

The Committee on Culture, Youth, Education, the Media and Sport calls on the Committee on Industry, External Trade, Research and Energy, which is the committee responsible, to incorporate the following considerations into its report:

1. Stresses that in its communication on 'The EU Approach to the WTO Millennium Round' the Commission does not deal specifically with issues relating to the audio visual sector;
2. Is of the view that this sector plays an important role in sustaining cultural diversity, pluralism, social cohesion and a healthy democracy in Europe;
3. Emphasises the crucial importance of this sector to the European economy, employing 1,8 million currently and an estimated 4 million by 2004 and sustaining a European growth rate of 13% but underlines the negative trade balance which the EU operates at 6 billion dollars;
4. Cultural services, particularly in the audiovisual sector, are different from other services. The relevant GATS rules on liberalisation should not in future call into question the autonomy of the WTO contracting parties in ensuring pluralism, cultural diversity and freedom of expression
5. Proposes that the EU reject any concept of a virtual good, which would classify audio-visual programmes among others in such a way that they would not be considered as services in relation to GATS.

OPINION
(Rule 162)

for the Committee on Industry, External Trade, Research and Energy

on the Communication from the Commission to the Council and the European Parliament on the EU approach to the WTO Millennium Round (COM(99)0331 – C5-0155/1999 – 1999/2149(COS))

Committee on Development and Cooperation

Letter from the committee chairman, Mr Miranda, and the draftsman, Mr Corrie, to Mr Westendorp, chairman of the Committee on Industry, External Trade, Research and Energy

Strasbourg, 28 October 1999

Dear Mr Westendorp,

At its meetings of 4 October and 26 October 1999, the Committee on Development and Cooperation considered the above subject. At its meeting of 27 October 1999, the committee adopted this draft opinion unanimously (1).

The WTO Millennium Round on liberalisation of trade takes place at a time when the gap between developed and the less developed countries is continuously growing (as highlighted in the World Development Report 1999 by the World Bank). In fact, the last two decades have seen the continuing marginalisation of developing countries, especially after the end of the Cold War, when the geopolitical interests of the industrialised countries in Third World regions faded away.

There is a persistent lack of basic facilities in developing countries: 60% of the population has no access to basic sanitation, more than 30% lack access to safe drinking water, 25% do not have adequate housing, 20% do not have access to modern health services.

To date, globalisation and increased trade liberalisation have certainly brought benefits to some countries, but the percentages mentioned above clearly show that, for large numbers of people in developing countries – especially the poorest – there are no such benefits. We must recognise that the net beneficiaries of the Uruguay Round have mainly been the developed countries. In contrast, for those areas where developing countries have comparative advantages (agriculture, labour, textiles), the gains expected under the Uruguay Round have been modest. Furthermore, the increased industrialisation in developing countries – for instance on the basis of the processing of agricultural products - is hampered by the less efficient but well protected outputs from the industrialised world, including Europe.

The possible negative impact of trade liberalisation on developing countries is generally stronger than on developed countries: we know that developing countries' economies face greater volatility and vulnerability owing to their limited capacity to withstand external risks and threats.

Trade liberalisation increases this volatility and may cause political instability, as the rate of unemployment is in general much higher, while social security systems and financial institutions are weak or do not exist at all. The crisis in Asia has clearly demonstrated that liberalisation (especially financial sector liberalisation) without sound regulation and supervision can lead to dangerous instability in the financial sector, to socio-economic instability and, in the end, to increased poverty.

Trade liberalisation will be of benefit to developing countries only if it is balanced and reflects the special concerns of developing countries. Consequently, the agenda, the process and the results of the negotiations of the Millennium Round must respond to the interests of the developing world. The negotiations must be comprehensive and not be limited to sectors where the industrialised world has comparative advantages, like financial services. It must also include agriculture, industrial products (today, manufactures account for 70% of the exports of developing countries!), textiles and construction services in a way which takes into account the particular interests of the developing countries.

The built-in agenda of the Millennium Round comprises only agriculture and services, but the Commission rightly wants a comprehensive round which should include the new issues identified at the 1996 Singapore ministerial meeting as well as more traditional items such as industrial tariffs.

As far as agriculture is concerned, the EU will hardly be able to avoid making additional concessions as regards market access. The EU cannot pay compensation to its agricultural producers for respecting higher environmental and consumer protection standards and, at the same time, block market access for third countries.

A very important point in the negotiations (which is not dealt with in detail in the Communication) is the need to take into account the compatibility of the WTO rules with the relative preferences for specific trading partners of the EU. One of the principal questions will be whether the EU manages to secure agreement on the establishment of a system of tariffs which would avoid negative impacts on relative preferences such as the GSP scheme or the Lomé provisions. The WTO should recognise preferential agreements as development aid instruments.

Even if the Commission does stress that the new round should benefit developing countries, we must recognise that, in many items on the agenda of the Millennium Round, strong differences persist between the EU and the developing countries: this is true, for instance, of core labour standards, environment, investment, anti-dumping measures, TRIPS and competition policy.

Core labour standards:

The Commission will not insist on the creation of a working party on this subject in the framework of the WTO, given the strong resistance of developing countries. The Commission will nevertheless (inter alia) seek to enhance cooperation between WTO and ILO and amend the incentive scheme under the GSP, granting improved market access provided that the developing countries meet core ILO conventions.

Environment:

The Commission wants to focus on clarification of the relationship between WTO rules and trade measures taken pursuant to Multilateral Environmental Agreements, Non-Product Related Process and Production Methods requirements, eco-labelling schemes and core environmental

principles, notably the precautionary principle. Here again, developing countries fear that the link between trade and environment policy is just another excuse for a new form of protectionism. In this regard, the EU must present a credible concept which excludes abuse of environmental standards.

Investment:

The Commission is trying to support a new attempt to establish a multilateral framework of rules governing international investment. The approach must be different from the one taken in the MAI negotiations in the OECD. On the one hand, direct investment in developing countries is urgently needed for economic development. On the other hand, any agreement on investment must preserve the ability of host countries to regulate the activity of investors and to take account of the need for sustainable development.

Anti-dumping measures:

Developing countries have complained that anti-dumping measures are often simply hidden forms of protectionism. New negotiations on this item should take place in order to strengthen the provisions of the Uruguay Round anti-dumping agreement on special and differential treatment for developing countries.

TRIPS

Some developing countries have asked for a modification of the TRIPS agreement, possibly in order to secure longer transitional periods before its application becomes obligatory. The Commission does not want to re-open the discussion on this point.

Competition policy:

Many developing countries are reluctant to have competition policy included on the agenda. The same arguments are put forward as for the liberalisation of trade in general: that it could be used as an instrument for market access for firms from developed countries but that it would not be in the interest of consumers in developing countries.

In its Communication (COM(1999)331), the Commission insists that the WTO must ensure that future trade liberalisation and rule-making support sustainable development and take account of the capacities and constraints of developing countries. In fact, the strategy of the EU in the Millennium Round must be consistent with its development policy, especially with a view to combating poverty. The Commission and the Member States should keep this in mind when the items mentioned above are discussed. The European Union's principal attitude in Seattle should be one of strong support for the approach of the new WTO Director-General, Mr Moore, who described the negotiations as a 'development round'.

The Committee on Development and Cooperation calls on the committee responsible to incorporate the following into its draft resolution:

1. whereas, in the current WTO-driven trade liberalisation process, for a large number of people in the developing countries – especially the poor – benefits are not significant,
2. whereas it should none the less be emphasised that, although liberalisation of world trade results in economic growth because of its multiplier effects, multilateral liberalisation principally benefits the industrialised nations and scarcely benefits the developing countries which are currently the major losers in the international trading system,

3. whereas the interests and concerns of developing countries must be taken fully into account in any meaningful world trade system, since the developing countries' share of international trade accounts for one third of exports of goods and nearly one quarter of exports of services,
4. whereas an in-depth reform of the WTO system leading to transparency and democratic control of the institution, as well as a full and in-depth analysis of the impact of current WTO-driven trade liberalisation for sustainable development, including the consequences for women and children, are required so that sufficient data is available in order to cope with the risks of and the errors made to date in the liberalisation process.
5. whereas trade liberalisation must be organised in a balanced way which takes into account the increased vulnerability of open economies in developing countries in the event of trade shocks,
6. whereas the results of the Millennium Round should allow developing countries to exploit fully their comparative advantages, to expand their markets and to facilitate the flow of knowledge, which will contribute to increasing their productivity,
7. whereas the existing and any new rules on trade liberalisation must comply with the overall objective of sustainable development, and whereas, in particular, the position of the poorest people deserves attention, given that that sector of the world's population experiences directly the adverse consequences of environmental degradation and social abuses and has very little chance of avoiding such adverse consequences,
8. Is of the opinion that the WTO rules should enshrine the precautionary principle in situations where human health and safety may be threatened and where scientific evidence is contradictory – for example in the recent case of genetically modified seeds and foods;
9. Emphasises that the European Union must take the lead in the Millennium Round;
10. Insists that the European Union's approach in the negotiations must take full account of the interests and concerns of developing countries, by accepting special and differentiated provisions, as in the Lomé Convention, in order to secure a balanced liberalisation of trade;
11. Insists on the recognition by the WTO of preferential agreements as development aid instruments, so that trade agreements, in which industrialised countries give a group of developing countries improved market access without requiring reciprocal free access to the markets of the developing countries, are accepted in the WTO rules;
12. Supports proposals to convert special and differentiated treatment provisions into legally binding obligations which will help to ensure that panel rulings take better account of the social and economic repercussions in developing countries;

13. Underlines the need to assist developing countries to participate fully in the WTO by supporting an independent Advisory Centre to help developing countries to make better use of the WTO's dispute settlement body;
14. Calls for a transparent negotiation process which recognises the specific contribution of non-governmental organisations;
15. Calls for funding for representations of the least developed countries in Geneva and the provision of the support required to strengthen their negotiating capacity;
16. At the same time, calls for funding to support capacity building, with particular regard to infrastructure, transport, information technologies, and adequate legislation, in particular for SMUs, which are indispensable if the developing countries are to derive full benefit from the opportunities which trade liberalisation may offer;
17. Calls for the establishment of new international trade rules to reconcile political conflicts at national and international levels between free trade and sustainable resource management;
18. Insists that the least developed countries should have asymmetrical free access (i.e. no duties or quotas) to the markets of the industrialised countries by 2003 and that developing countries in general should acquire increased access to EU markets, including for products covered by the common agricultural policy, while ensuring that the economies of the OCTs, which are the natural extensions of Community territory and subject to structural handicaps which hamper their development, are not destabilised;
19. Calls for the comprehensive prohibition of agricultural export subsidies and the introduction into the WTO of a new food security clause which allows all developing countries to protect their food systems on social, economic and environmental grounds;
20. Calls on the EU and the Member States to support the total abolition of trade-distorting and environmentally harmful agricultural subsidies in the OECD countries;
21. Calls for the inclusion of negotiations on fishery subsidies in the Millennium Round with the aim of removing trade-distorting and environmentally harmful subsidies;
22. Insists on a full and in-depth revision of the TRIPS agreement, repeats its call for the patenting of life to be definitely excluded from the TRIPS agreement and asks the Commission to withdraw its demand to make new WTO membership subject to immediate implementation of the TRIPS agreement;
23. Calls for a full review of the TRIPS agreement in the coming Round, with a view to securing a less restrictive TRIPS agreement with the possibility of shorter periods of patent protection, exemption of least developed countries from the agreement and the acceptance of Farmers' Rights as a sui generis system;
24. Proposes an open dialogue on core labour standards and environmental issues and insists on enhancing policy consistency on economic, social and environmental issues at a

multilateral level by fostering cooperation between the relevant institutions (WTO, ILO, WHO, UNDP, UNEP);

25. Insists that WTO rules should not hamper effective eco-labelling schemes and green public purchasing;
26. Calls for a joint standing working party on trade, globalisation and labour issues to be set up by the ILO and the WTO;
27. Emphasises that new agreements should contribute to enhanced transfer of technology and know-how to developing countries; stresses that different countries must be allowed to have different national development strategies, which should not be hindered by WTO rules; rejects any agreement on multilateral investment which would not preserve the ability of host countries to regulate the entry and activity of investors and to take account of the need for sustainable development;
28. Rejects any attempt to negotiate at WTO level a MAI-like agreement on investment but notes that new negotiations are necessary at international level and recognises that this could take place in WTO or other international institutions;
29. Insists that the countries most affected by the AIDS pandemic should to be allowed to exercise their right to issue compulsory licences authorising the production and local distribution of medicinal products protected by patents, pursuant to Article 31 of the TRIPS agreement;
30. Insists that new rules on food safety must take consumers' concerns into account;
31. Calls for the introduction of mechanisms with a view to giving full compensation to the developing countries, especially the net food-importing countries, for negative effects of future trade liberalisation, which is additional to ODA;
32. Calls on the Commission and the Member States to propose a formal programme of trade adjustment assistance for developing countries;
33. Is deeply concerned that some services, such as health and education, should be privatised and takes the view that such a development must be carefully evaluated since it may have serious implications;
34. Calls on the EU and the Member States to ensure that EU animal welfare legislation is included in, or at least made compatible with, the future WTO rules.

Yours sincerely,

Joaquim MIRANDA

John CORRIE

- (1) The following took part in the vote: Miranda, chairman;, Dybkjaer, vice-chairman; van den Berg, vice-chairman; Corrie, draftsman; Boudjenah, van den Bos, Carlotti, Deva, Ferrer (for Casini), Howitt, Khanbhai, Kinnock, Kreissl-Dörfler, Knolle, Maes (for Lannoye), Martinez Martinez, Nair (for Carrilho), Rod, Sandbaek, Sauquillo Pérez del Arco, Scheele (for Junker) and Zacharakis.