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Foreign Affairs

Trade

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President **Margarete Schramböck**
Federal Minister for Digital and Economic Affairs of
Austria

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¹ • Where declarations, conclusions or resolutions have been formally adopted by the Council, this is indicated in the heading for the item concerned and the text is placed between quotation marks.
 • Documents for which references are given in the text are available on the Council's internet site (<http://www.consilium.europa.eu>).
 • Acts adopted with statements for the Council minutes which may be released to the public are indicated by an asterisk; these statements are available on the Council's internet site or may be obtained from the Press Office.

ITEMS DEBATED

Modernisation of the World Trade Organization

The Council discussed ongoing work on the modernisation of the World Trade Organization (WTO). The Commission briefed ministers on the latest developments in its initiative to develop and promote the [EU comprehensive approach](#), which aims to review all the main functions of the organisation: rulemaking, monitoring and dispute settlement.

Ministers expressed their strong support for the Commission's ongoing efforts to revive cooperation in the multilateral framework. They called for an ambitious and prompt reform of the functioning of the WTO appellate body so as to resolve the current deadlock over the process for appointing new judges. They also welcomed the recent joint EU-Japan-US proposal to improve compliance with members' notification of trade measures.

The Council encouraged the Commission to continue its work with key partners and the wider WTO membership on reforming the organisation.

The growing trade tensions which have negatively affected the multilateral trading system and the WTO have prompted the EU to start a **general, strategic reflection on the possible future WTO agenda and ways to revitalise cooperation in the multilateral framework**. In June 2018, the European Council invited the Commission to propose a comprehensive approach for improving the functioning of the WTO in crucial areas.

On 18 September, the Commission published a concept note setting out ideas to modernise the main WTO functions: rulemaking, monitoring and dispute settlement.

The EU is now expected to deliver concrete proposals for improvements:

- **dispute settlement:** the ongoing crisis facing the WTO appellate body, due to the US blockage of appointments of new judges, has been identified as the issue requiring the most urgent solutions, as the body is now left with only 3 members. The EU is working on a draft proposal for improving the appellate body's functioning while safeguarding its essential principles.

- **monitoring:** the EU has been working with the US and Japan, in the framework of trilateral cooperation, on strengthening the WTO as an institution. On this basis, it is preparing a draft proposal to enhance transparency and improve compliance with members' notification of trade measures.

- **rulemaking:** the EU has intensified work on developing new rules, with a particular focus on industrial subsidies and forced technology transfer among those elements identified in the concept note, so as to address the underlying tensions in the multilateral system.

In addition to the work carried out within the WTO bodies, the Commission has started a dialogue with key partners: with the US and Japan within the trilateral group, and with China through a joint working group. The EU has also been promoting its WTO reform agenda in the framework of G20 discussions and other multilateral ministerial meetings. Most recently, Canada hosted a ministerial meeting of 13 like-minded WTO members on 24-25 October 2018 to discuss the issue, which the EU attended.

The previous ministerial discussion on the WTO modernisation took place at the informal FAC (Trade) meeting on 5 October 2018 in Innsbruck. During the discussion, ministers expressed their full support for the Commission's approach on modernising the WTO, whilst stating that solving the appellate body crisis was a priority.

State of play of ongoing trade negotiations

The Commission reviewed the state of play of a number of important ongoing bilateral trade negotiations, in particular those with Mercosur, Indonesia, Chile, Australia, New Zealand, China and Tunisia. The Council was also informed about the most recent progress with regard to discussions on the Multilateral Investment Court project, and on the possible accession of the EU to the Mauritius Convention on transparency.

The Council took note of the recent adoption of Commission proposals for the signing and the conclusion of trade and investment agreements with Vietnam. The Council's preparatory bodies have already begun examining both agreements.

In addition, ministers reiterated their commitment to free and fair trade and their support for a positive trade agenda. They called on the Commission to continue its efforts to reach timely and well-balanced outcomes to all the ongoing negotiations.

– Mercosur

Based on Council negotiating directives from 1999, negotiations on a free trade agreement (FTA) with Mercosur started in 2000 as part of the wider negotiations on a bi-regional association agreement, also covering political dialogue and cooperation, with the founding members of Mercosur: Argentina, Brazil, Paraguay, and Uruguay. After a long hiatus, negotiations had been re-launched in 2010.

Significant progress had been achieved since the relaunch of the negotiations in 2010, with the text of the agreement largely agreed. However, following big expectations regarding the possible conclusion of the negotiations in the margins of the WTO Ministerial Conference in December 2017, the pace of progress had slowed down. The latest negotiating round was held in the week of 14 September 2018 ([see report](#)). Overall, only limited progress was made, in particular regarding the four key outstanding issues for the EU: (i) market access for cars and car parts; (ii) market access for dairy products; (iii) maritime services; and (iv) protection of GIs.

– **Indonesia**

Negotiations for an EU-Indonesia free trade agreement were launched in July 2016 (see [press release](#)). The aim of these talks is to conclude a free trade agreement that will facilitate trade and investments, and cover a broad range of issues, including tariffs, non-tariff barriers to trade, trade in services and investment, trade aspects of public procurement, competition rules, intellectual property rights as well as sustainable development.

Six rounds of negotiations have been held so far. The latest round took place from 15 to 19 October in Palembang, Indonesia, where a wide range of issues were discussed. Initial tariff offers were exchanged in July, while initial market access offers for services and investment were exchanged before the October round.

The next round is planned for 11 to 15 March 2019 in Brussels.

– **Chile**

On the basis of a Council mandate granted in November 2017 (see [press release](#) and mandate [13553/17 ADD 1 DCL 1](#)), the EU and Chile are currently negotiating the modernisation of the trade part of the EU - Chile Association Agreement. The latter was concluded in 2002 and includes a comprehensive FTA that entered into force in February 2003.

So far three rounds of negotiations have taken place, the last of which took place in Brussels from 28 May to 1 June 2018. In all, 22 negotiating groups met, resulting in constructive exchanges and substantive progress in most areas, ranging from trade in goods and services to investment dispute settlement, etc. ([see report](#)).

– **Australia**

On 22 May 2018, the Council adopted the decision authorising the opening of negotiations on a free trade agreement between the EU and Australia (see [press release](#) and [mandate](#)).

So far the EU and Australia have been conducting their trade and economic relations under the 2008 EU-Australian Partnership Framework. This aims to facilitate trade in industrial products between the EU and Australia by reducing technical barriers, and to improve trade in services and investment.

The aim of the negotiations is to further reduce existing barriers to trade, remove custom duties on goods and provide better access for services and public procurement. The sectors likely to benefit most from an FTA are motor equipment, machinery, chemicals, processed foods and services.

So far only one round of negotiations has taken place, on 2-6 July in Brussels ([see report](#)). Discussions were held in a constructive atmosphere and showed a shared commitment to negotiating an ambitious and comprehensive agreement. 17 working groups met, covering almost all areas of a future FTA. The negotiators presented their respective approaches, in most cases on the basis of draft proposals. The second round is scheduled for November 2018 in Australia.

– **New Zealand**

On 22 May 2018, the Council adopted the decision authorising the opening of negotiations on a free trade agreement between the EU and New Zealand (see [press release](#) and [mandate](#)).

In 2017 the EU and New Zealand entered into a partnership agreement, which contains a number of economic and trade cooperation rules. The newly-started trade negotiations aim to reduce existing barriers to trade in goods and services, create a level playing field for European companies, and promote smart, sustainable and inclusive growth.

So far two negotiating rounds have taken place, the last of which was held in Wellington from 8 to 12 October 2018 and covered all areas except for small- and medium-sized enterprises and digital trade. In the majority of cases, the negotiations were based on EU proposals.

The discussions helped bridge gaps between the two sides' positions in a number of areas, and enabled the closure of the corresponding portions of texts. They also served to clarify which follow-up actions each side needed to complete ahead of the third negotiating round, scheduled to take place in Brussels in February 2019.

– China

In 2013 the EU and China launched negotiations on an investment agreement. The aim is to provide investors on both sides with predictable, long-term access to their respective markets and to protect investors and their investments. On 15 January 2016, the EU and China agreed on the scope of the future investment deal, thereby implementing the political commitment made by European and Chinese leaders at the June 2015 EU-China Summit.

The EU and China agreed in particular that the future deal should improve market access opportunities for their investors, by establishing a genuine right to invest and by guaranteeing that they would not discriminate against their respective companies. The EU and China are also determined to address key challenges in the regulatory environment, including those related to transparency, licensing and authorisation procedures, and to provide for a high and balanced level of protection for investors and their investments. The agreement will also include rules on the environmental and labour-related dimensions of foreign investment.

Since then, 18 rounds of negotiations have been held, the last of which took place in Brussels on 12 to 13 July 2018 ([see report](#)).

– Tunisia

Negotiations on a Deep and Comprehensive Free Trade Area (DCFTA) between the EU and Tunisia were launched on 13 October 2015, building on the existing EU-Tunisia Association Agreement, which entered into force in 1998 and created a free trade area between the EU and Tunisia.

The aim of the negotiations on a DCFTA is to create new trade and investment opportunities and ensure better integration of Tunisia's economy into the EU single market. The DCFTA also aims to support ongoing economic reforms in Tunisia and to align Tunisian legislation more closely with that of the EU in trade-related areas. Discussions have covered a wide range of issues including agriculture, services, and sustainable development.

Two negotiating rounds have taken place so far, in April 2016 and May 2018, and the next one is scheduled for 10-15 December 2018 in Brussels.

Implementation of free trade agreements

The Commissioner presented its [second report](#) on the implementation of free trade agreements (FTAs). It drew attention to the positive impact of FTAs on EU exports and economic growth. According to the Commission, FTAs covering nearly 70 markets all over the world – are proving effective in removing barriers to trade and promoting high standards of labour and environmental protection.

Ministers welcomed the report and recalled their interest in the monitoring of implementation of free trade agreements.

The Commission published its first report in November 2017 with a view to shedding light on what happens after trade agreements are negotiated and have entered into force, and of increasing the transparency and inclusiveness of trade policy, in line with the Commission's commitments set out in the EU's 2015 'Trade for All' strategy.

Other issues

Under "other business", the Council was informed about the state of play of two legislative files: the proposal on **foreign direct investment screening** and the proposal on **horizontal bilateral safeguards**.

On request of the Belgian delegation, the Council was informed about the **anti-dumping measures announced by Colombia against European exports of frozen fried potatoes**. It called on the Commission to take action in the framework of the WTO.

Over lunch, ministers discussed **recent developments in the EU's trade relations with the United States**, particularly as regards the implementation of the EU-US joint statement of 25 July 2018, also in light of the US mid-term elections on 6 November.

OTHER ITEMS APPROVED

FOREIGN AFFAIRS

Twentieth annual report on exports of military technology and equipment

The Council took note of the twentieth annual report on common rules governing control of exports of military technology and equipment, based on contributions from all member states. The annual report will be published in the Official Journal of the European Union.

JUSTICE AND HOME AFFAIRS

eu-LISA

The Council adopted a regulation on the European agency for the operational management of large-scale IT systems in the area of freedom, security and justice (eu-LISA).

This regulation further develops the agency's capacity to contribute to border management, law-enforcement cooperation and migration management in the EU. The agency will also have a vital role in implementing new IT architecture in the area of justice and home affairs (JHA).

[See press release](#)

GENERAL AFFAIRS

Cohesion and investment - 2014-2020 resources

The Council adopted a regulation amending Regulation (EU) [No 1303/2013](#) concerning the resources for economic, social and territorial cohesion and the resources for the Investment for growth and jobs goal ([13545/18](#) and [PE-CONS 57/18](#)).

The aim of the amendments is to adapt the amounts of resources available for the Investment for growth and jobs goal and for the European territorial cooperation goal set out in Regulation (EU) No 1303/2013, and the annual breakdown of commitment appropriations in Annex VI to the regulation, so as to reflect changes in the financial programming for the Youth Employment Initiative ('YEI').

Brexit preparations: relocation of the European Medicines Agency and the European Banking Authority

The Council approved the final adoption of the regulations reflecting the relocation of the European Medicines Agency (EMA) to Amsterdam, and of the European Banking Authority (EBA) to Paris. The two agencies are currently based in London, in the UK, and are to be relocated in the context of the UK's withdrawal from the EU (Brexit).

On 20 November 2017 the EU 27 ministers selected Amsterdam, the Netherlands, as the new seat for the European Medicines Agency (EMA) and Paris, France, as that for the European Banking Authority (EBA). The selection took place in accordance with the procedure endorsed by the EU 27 heads of state and government on 22 June 2017.

On 29 November 2017, the European Commission presented the two legislative proposals to amend the founding regulations of both agencies to reflect the new seats. These regulations come under the ordinary legislative procedure which means they have to be agreed between the Council and the European Parliament. An agreement between the two institutions was reached in October 2018. The European Parliament voted to approve the text on 25 October 2018 and the Council proceeded with the final adoption on 9 November 2018.

[Regulation as regards the location of the seat of the European Banking Authority](#)

[Regulation as regards the location of the seat of the European Medicines Agency](#)

TELECOMMUNICATIONS

Free flow of non-personal data

The Council adopted a regulation on a framework for the free flow of non-personal data in the European Union ([PE-CONS 53/18](#)). The new rules are designed to boost the data economy and the development of emerging technologies, such as cross-border autonomous systems and artificial intelligence. A provisional deal was concluded with the European Parliament on 19 June 2018.

For more information, see this press release: [Free flow of data: EU adopts new rules](#)