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Trade issues

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President **Lilianne Ploumen**
Minister for Foreign Trade and Development
Cooperation of the Netherlands

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- 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.

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ITEMS DEBATED

EU-Canada trade agreement

The Council discussed a draft trade and investment agreement with Canada, the "comprehensive economic and trade agreement" (CETA).

It assessed the outcome of the negotiations, confirming its support for the agreement. The Commission confirmed its intention to submit a proposal to the Council in June 2016 for signature of CETA.

The Council emphasised the view shared amongst ministers that CETA is of mixed EU and member state competence and should be signed and concluded as such.

The aim is to sign the agreement at an EU-Canada summit planned for October 2016. Legal "scrubbing" has been completed and the text is now being translated into all EU official languages. It was made public on 29 February 2016.

CETA will remove more than 99% of tariffs that are currently imposed on trade between the EU and Canada. It includes provisions on market access for goods, services, investment and government procurement, as well as on intellectual property rights, sanitary and phytosanitary measures, sustainable development, regulatory cooperation, mutual recognition, trade facilitation, cooperation on raw materials, dispute settlement and technical barriers to trade.

During the legal scrubbing process, new provisions on investment protection and investment dispute settlement were included, comprising an investment court system. These reflect a new approach developed by the EU for investment dispute resolution.

The negotiations with Canada were conducted on the basis of a mandate agreed by the Council in April 2009. The talks on investment protection were started within the CETA framework following a Council decision in September 2011.

[Text of the EU-Canada comprehensive economic and trade agreement](#)

[Commission webpage on trade with Canada](#)

[2009 negotiating directives for an economic integration agreement with Canada](#)

[2011 modification of the negotiating directives for an economic integration agreement with Canada](#)

WTO: follow-up to Nairobi conference

The Council assessed developments following the 10th World Trade Organisation ministerial conference, held in Nairobi in December 2015.

It reviewed issues on which further work is needed under the WTO's Doha Development Agenda (DDA), as well as new issues to be taken up by the WTO.

The Commission presented its ideas for the post-Nairobi process, which will determine the issues to be discussed at the next ministerial conference, scheduled for late 2017. The EU's objectives are to strengthen the multilateral trading system and to reinvigorate and expand the WTO's negotiating agenda.

The DDA talks started at the WTO's fourth ministerial conference, held in Doha in 2001. They are aimed at facilitating global trade – by lowering trade barriers and strengthening trade rules – and improving trading opportunities for developing countries. Following a stalemate in the talks in 2011, ministers agreed to pursue efforts in areas where progress could be achieved.

The Nairobi conference concluded with agreement on a series of initiatives covering trade in agriculture and issues related to least-developed countries (LDCs).

[WTO webpage on the outcome of the 10th ministerial conference](#)

EU-US trade and investment negotiations

The Council discussed developments and the next steps in negotiations on a trade and investment agreement with the United States, the "transatlantic trade and investment partnership" (TTIP).

It welcomed the Commission's efforts aimed at achieving a balanced and comprehensive outcome in all key areas and that responds to EU interests. Ministers reiterated their wish for the agreement to be finalised during the term of office of the current US administration, provided that it is sufficiently ambitious. The coming months will therefore be crucial for success. They emphasised the need to boost public information so as to strengthen support for TTIP.

The Council acknowledged that important progress had been made in recent months, whilst much work remains to be done before political negotiations can begin in earnest. It will continue to follow developments closely.

The most recent TTIP negotiating round was held in New York in the week of 25 April 2016, covering all main parts of the agreement. Another round will be held before the 2016 summer recess, most likely in July. Consolidated texts are being prepared for all chapters of the agreement, so as to leave a limited number of issues to be resolved in the "endgame" at political level.

The negotiators are preparing an agreement grouped into three parts:

- Market access, including for trade in goods and customs duties, services, public procurement and rules of origin;
- Regulatory cooperation. A "horizontal" chapter will cover regulatory cooperation, technical barriers to trade, food safety and animal and plant health. A chapter on specific industries will include chemicals, cosmetics, engineering products, information and communication technologies, medical devices, pesticides, pharmaceuticals, textiles and vehicles;
- Rules, covering sustainable development, energy and raw materials, customs and trade facilitation, SMEs, investment protection and investor-state dispute settlement, state-state dispute settlement, competition policy, intellectual property and geographical indications.

The Commission is leading the negotiations on behalf of the EU and its member states, on the basis of a mandate agreed by the Council in June 2013. The Council decided in October 2014 to make public its negotiating directives for the TTIP negotiations.

[April 2016 report on the state of play with TTIP](#)

[Commission statement at the conclusion of the 13th TTIP negotiation round](#)

[Commission webpage on trade with the US](#)

[EU negotiating mandate for TTIP](#)

Steel industry - trade aspects

The Council discussed the trade-related aspects of a communication from the Commission on steel, and the crisis affecting the industry.

It assessed the challenges stemming from overcapacity at global level and a fall in demand, a surge in imports and unfair trading practices, and the consequent fall in prices. Ministers emphasised the need to modernise the EU's trade defence instruments, though further work on the Commission's 2013 proposal to update these will be necessary.

The Competitiveness Council discussed the steel crisis in November 2015 and February 2016, and the Commission organised a conference on energy-intensive industries on 15 February 2016.

In a communication issued on 16 March, it sets out how the European steel industry can overcome the challenges:

- in the short term, the Commission recommends measures to strengthen the EU's defence against unfair trading practices;
- for the longer term, it identifies action to guarantee the competitiveness and sustainability of European steel and other energy-intensive industries.

[Commission March 2016 communication on the steel industry](#)

Lunch items

– Conflict minerals

Ministers discussed a draft regulation aimed at preventing proceeds from the sale of minerals and metals from being used to finance armed groups in regions affected by conflict.

The proposal sets out to encourage the use by EU companies of responsible sourcing practices in the trade of tin, tantalum, tungsten and gold originating from specified regions. It envisages a self-certification system for companies seeking to import these minerals or metals into the EU in a responsible manner.

– Global value chains

The presidency informed ministers of conclusions on responsible global value chains, adopted by the Foreign Affairs Council (Development) on 12 May 2016.

The concept of global value chains concerns the organisation of international production, trade and investments where different stages of the production process are located in different countries.

[Council conclusions on responsible global value chains](#)

– EU-Mercosur negotiations

The Commission updated ministers on developments in free trade negotiations with Mercosur, South America's free trade bloc.

OTHER ITEMS APPROVED**TRADE POLICY****WTO - Government procurement**

The Council adopted a decision establishing the position to be taken by the EU on the WTO's committee on government procurement as concerns arbitration procedures under the WTO government procurement agreement ([7539/16](#), [7540/16](#) + [7541/16](#)).

The government procurement agreement is a plurilateral agreement signed by a number of WTO members within the WTO framework. It is aimed at ensuring open, fair and transparent conditions of competition in government procurement markets.

ECONOMIC AND FINANCIAL AFFAIRS**Court of Auditors' special report on financial assistance provided to countries in difficulties**

The Council adopted the following conclusions:

THE COUNCIL OF THE EUROPEAN UNION

1. WELCOMES the European Court of Auditors' Special Report No 18/2015: "Financial assistance provided to countries in difficulties";
2. NOTES the Court's findings and recommendations regarding the Commission's management of financial assistance provided under the balance-of-payments facility (BoP) or the European Financial Stabilisation Mechanism (EFSM) and UNDERLINES that the audit looked at six programmes in five Member States where support was provided through the BoP and EFSM facilities and focussed primarily on the Commission's management of the programmes;
3. WELCOMES the Commission's detailed reply to the Special Report;

4. RECOGNISES that the Commission's actions in managing the different programmes do not take place in isolation, but rather in a complex institutional setting, taking into account significant differences among beneficiary Member States in terms of socio-economic, structural and political characteristics. First, programmes are designed with the close cooperation of the beneficiary Member State in order to ensure ownership of the programme which is necessary for effective programme implementation. Second, the Commission acts in cooperation with its programme partners, the European Central Bank (ECB) and the International Monetary Fund (IMF) and is framed by the political decision-making of providing financial assistance;
5. CONSIDERS that the Commission has managed to swiftly take on its role in managing multiple economic adjustment programmes in reaction to the financial and sovereign debt crisis, in a context where negotiations and decisions had to be taken quickly, given very tight timelines and market pressure, and APPRECIATES the Commission's significant contribution in this difficult task;
6. HIGHLIGHTS that the programmes were successful in prompting reforms and countries mostly continued with the reforms that were sparked by the programme conditions, but RECOGNISES that the full benefits of structural reforms take time to materialise in order to support sustainable growth;
7. NOTES that the economic crisis' impact and evolution were unprecedented, but RECOGNISES that the economic surveillance framework that was in place at the time was not fully adequate, having too little focus on macroeconomic and financial imbalances;
8. HIGHLIGHTS that the economic governance framework to mitigate and cope with economic risks has been greatly reinforced since, amongst others with the introduction of the six-pack and the two-pack, in particular with the establishment of the Macroeconomic Imbalances Procedure, as well as with the introduction of the European System of Financial Supervision and the banking union;
9. Nevertheless ACKNOWLEDGES that, in line with the findings of the Special Report, certain aspects of the Commission's management of programmes provided to Member States in difficulties were not optimal and WELCOMES the findings that most of the shortcomings were addressed as the Commission had more time to get into its new role;

10. **STRESSES** that equivalent treatment between beneficiary Member States is essential, but **ACKNOWLEDGES** that each macroeconomic adjustment programme must be tailor-made to, and designed in close cooperation with, the beneficiary Member State, in order to ensure national ownership of the reforms to be implemented and to reflect countries' differing needs and circumstances. Transparency and clear communication should be strengthened, in order to ensure that tailor-made approaches are justified;
11. **HIGHLIGHTS** the importance of relevant conditions and **CONSIDERS** it essential that programme conditions are focused, and that the need for the integrated sets of reforms included in the programme are justified and that the monitoring of compliance with specific conditions should take place in a systematic manner;
12. **UNDERLINES** that strong record-keeping is a necessary part of ensuring the transparency of programme decisions, though it should not imply a disproportionate burden or undue delay. Documents related to programme design, economic conditionality and implementation monitoring should be duly and systematically retained. Similarly key programme decisions should be carefully documented and stored;
13. **HIGHLIGHTS** that close attention should be paid to the quality management and review of the forecasting process, amongst others by cross-checking the assumptions made by the programme country teams as well as recording and improving transparency of the key assumptions underlying programme design and implementation;
14. **INVITES** the Commission to improve its understanding of how countries adjusted during the programme so that greater attention can be paid to the lessons learnt from the programmes;
15. **NOTES** that the collaboration between the Commission, the ECB, and where appropriate the IMF is a cornerstone for the management of economic adjustment programmes in the Union, but the format of this cooperation for future programmes should be established jointly by the participating institutions;
16. **WELCOMES** that the Commission fully accepts a large majority of the Court of Auditors' recommendations and **INVITES** the Commission to report back to the Council by mid-2017 how it has taken forward these recommendations.

JUSTICE AND HOME AFFAIRS

Frontex - iFADO database

The Council authorised Frontex to use the images of the iFADO database for the production of Quick Check Cards (QCCs). ([7819/16](#)).

Schengen evaluation - Germany

The Council adopted four implementing decisions addressing the deficiencies identified in the 2015 evaluation on the application of the Schengen acquis by Germany in the field of management of the external border ([8934/16](#)), police cooperation ([8935/16](#)), Schengen Information System ([8936/16](#)) and common visa policy ([8937/16](#)).

TRANSPORT

Inland waterway vessels

The Council adopted a political agreement on the revision of the directive concerning technical requirements for inland waterway vessels.

The draft directive sets out a procedure for the application of uniform standards for inland navigation across Europe. The standards will be developed by the European Committee for drawing up standards in the field of inland navigation (CESNI), which was set up under the auspices of the Central Commission for Navigation of the Rhine (CCNR) on 3 June 2015.

An informal agreement on the proposal was reached with the Parliament on 17 March 2016. The deal was confirmed by the Permanent Representatives Committee on 23 March.

The text will now undergo legal-linguistic revision. After that, the Council is due to adopt its position at first reading, paving the way for final approval by the European Parliament at second reading.

[Draft directive laying down technical standards for inland waterways](#)

[March 2016 press release on uniform technical requirements for inland waterway vessels](#)

EU rail system interoperability - control-command and signalling

The Council decided not to oppose adoption by the Commission of a regulation updating the technical specification for interoperability of European railways ([6822/16](#) + [ADD 1](#)). The regulation relates to the rail system's 'control-command and signalling' subsystems.

The draft regulation is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

Driving licences

The Council decided not to oppose adoption by the Commission of a directive amending directive 2006/126/EC on driving licences ([6937/16](#) + [ADD 1](#)).

The new text updates current rules in the light of scientific progress, in particular regarding risks associated with cardiovascular conditions and hypoglycaemia.

The draft directive is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

Civil aviation

The Council decided not to oppose adoption by the Commission of a regulation amending Commission regulation 452/2014 as regards the deletion of templates for the authorisations issued to third country operators and for the associated specifications ([7036/16](#) + [ADD 1](#)).

The draft regulation is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

REGIONAL POLICY

Reimbursement of expenditure from the European social fund

The Council decided not to object to a Commission regulation setting up the definition of standard scales of unit costs and lump sums for reimbursement of expenditure by the Commission to member states from the European social fund ([7287/16](#))

The regulation is a delegated act pursuant to article 290 of the Treaty on the Functioning of the European Union. It now can enter into force, unless the European Parliament objects.

INTERNAL MARKET

Chemicals (REACH) - Ammonium salts

The Council did not oppose adoption by the Commission of a regulation amending the REACH system as regards the use of inorganic ammonium salts ([6307/16](#) + [ADD 1](#)).

The new Commission regulation will amend annexe XVII to the [REACH regulation](#) (regulation 1907/2006 on the registration, evaluation, authorisation and restriction of chemicals).

The draft Commission regulation is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

Chemicals (REACH) - Asbestos fibres

The Council did not oppose adoption by the Commission of a regulation amending the REACH system as regards the use of asbestos fibres (chrysotile) ([6280/16](#)) + [ADD 1](#).

The new Commission regulation will amend annexe XVII to the [REACH regulation](#) (regulation 1907/2006 on the registration, evaluation, authorisation and restriction of chemicals).

The draft Commission regulation is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

FOOD LAW

Flavourings - Conditions of use

The Council decided not to oppose adoption of a Commission regulation amending the conditions of use of five flavourings to better reflect their current real uses ([7374/16](#)).

The substances concerned are *p*-mentha-1,8-dien-7-ol, myrtenol, myrtenal, *p*-mentha-1,8-dien-7-yl acetate, and myrtenyl acetate. The producers have been requested to provide additional toxicity studies by 30 April 2016 to enable the European Food Safety Agency to further evaluate the substances' safety.

The draft Commission regulation is subject to the regulatory procedure with scrutiny. The Commission may now adopt it, unless the European Parliament objects.

TRANSPARENCY

Public access to documents

On 13 May 2016, the Council approved the reply to Complaint 916/2015/OV made to the European Ombudsman ([6189/16](#)).
