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TEPSA
Trans European Policy Studies Association

PONT Working Europe Seminar III

29 January – 02 February 2018
Brussels



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PREFACE

by Jaap de Zwaan, academic leader



Trade is one of the most complex policy areas of the EU, with several competing interests and different views at the institutional level, as well as at the level of member states and at the international one. It also has a relevant impact on the citizens' lives, as testified by the ongoing public discussion regarding the content and consequences of international trade agreements. Furthermore, trade is also strictly connected with many other policies, such as development cooperation or the EU external action, which make it one of the most interesting and challenging fields to explore.

For these reasons, the Trans European Policy Studies Association organised a five-day seminar on EU trade policy, designed for Master and PhD students and young professionals specialising in this field.

Twenty-one participants joined this third edition of the PONT Working Europe Seminar. Each and every one of them enriched the seminar with their strong motivation, their interests and different perspectives, contributing to the success and academic quality of the Seminar.

Several issues were discussed, ranging from TTIP, Brexit, CETA negotiations and the impact of trade on developing countries to the EU's new perspectives for trade negotiations. By engaging students with stakeholders from across the policy arena – EU institutions, think- tanks, NGOs, the private sector – the seminar provided students with a comprehensive overview of the complex of the issues at stake.

My hope is that the takeaways provide the participants with a better understanding of the playing field and a fresh motivation to make a positive impact on policy as they set out to launch their careers.

Jaap de Zwaan is Emeritus Professor of European Union Law at the Erasmus University in Rotterdam and TEPSA Secretary General



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OVERVIEW

From 29 January to 2 February 2018, the Trans European Policy Studies Association organised its third Working Europe Seminar, a five-day seminar on EU trade policy for young graduates, in the framework of the PONT – Professional Training on EU Affairs project, co-funded by the ERASMUS+/Jean Monnet programme of the European Union. Twenty-one outstanding students were selected to participate in the training in Brussels with diverse backgrounds ranging from European studies and international relations to law and economics.

Participants attended a series of high-level lectures and panel discussions, gaining first-hand insights from researchers, EU policymakers and officials, NGO activists and business representatives on the current top priorities and trends of EU policy and politics in the fields of trade, with speakers from Brussels think-tank CEPS, the European Commission, the European External Action Service, the INTA Committee of the European Parliament among others. The seminar also included visits to the European Parliament, the European External Action Service, with the Managing Director for Europe and Central Asia, the European Commission's DG Trade, with the Heads of Unit E1 (USA & CANADA) and C2 (South and South-East Asia, Australia, New Zealand), and to the Brussels-based NGO European Center for Development Policy (ECDPM).

All participants were required to write a short policy brief in preparation of the training, and to prepare a position paper for the simulation game. During the simulation game, participants were asked to discuss a resolution of the European Parliament to give its consent to the EU-Vietnam FTA, namely the "consideration of a report/resolution" at the INTA Committee stage. They all drafted a position paper based on specific negotiations guidelines for each political group and institution represented, and after more than three hours of negotiations, drafted amendments and approved a resolution on the free trade agreement with Vietnam.

In their written evaluations, the participants unanimously considered that the seminar was useful to them and effectively organised. All participants declared they would recommend attending it to their colleagues.

TEPSA would like to warmly thank all speakers who gave their time for the students, as well as all participants who took part in this stimulating and challenging week. TEPSA also wishes all participants well in their future careers, and keeps its doors open to them in Brussels!



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Group picture of the participants in the 3rd PONT WES Seminar on EU trade policy, together with Prof Dr Jaap de Zwaan, TEPSA Secretary General and Academic Leader of the PONT Working Europe Seminar, Prof Andreas Maurer, Coordinator of the Simulation Game and Jean-Monnet-Chair at the University of Innsbruck, and the staff member of the TEPSA Secretariat in Brussels

The next **PONT training** will take place in **May 2018** and will be a professional training focusing on **fundraising and project management**. More information on PONT and TEPSA is available at www.tepsa.eu.



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SEMINAR PROGRAMME

Monday 29 January 2018

Venue: Fondation Universitaire, Rue d'Egmont 11, Hoover Room

- 13:30 – 14:00 *Coffee and registration*
- 14:00 – 15:15 *Opening and Introduction to the seminar by TEPSA Team & Prof. Jaap de Zwaan (TEPSA Secretary General and Working Europe Seminar Leader)*
- 15:15 – 17:15 *Introductory lecture: Internal market, Customs Union and Common Commercial Policy, by Guillaume van Der Loo (Postdoctoral Researcher at the Ghent European Law Institute, Ghent University)*
- 17:15 – 17:45 *Questions & Answers*
- 18:00 *Welcome drinks*
Venue: Aloft Brussels Schuman, Place Jean Rey

Tuesday 30 January 2018

- 09:00 – 10:30 *Lecture: Common market beyond the EU: the European Economic Area, by Michele Chang (Professor at the European Political and Governance Studies Department, College of Europe Bruges)*
Venue: Fondation Universitaire, Hoover Room
- 11:15 – 13:00 *Visit to the European Commission – DG Trade: Transatlantic trade relations: a comparative analysis of TTIP and CETA, by Hidde Houben (Head of Unit E1, USA and Canada)*
Venue: European Commission DG Trade, Rue de la Loi 170
- 13:00 – 14:30 *Lunch Break*
- 14:30 – 16:00 *Lecture: Brexit: which future for the EU-UK trade relations? by Brendan Donnelly (Director of the Federal Trust for Education and Research and former MEP)*
Venue: Fondation Universitaire, Hoover Room
- 16:00 – 16:30 *Coffee Break*



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- 16:30 – 18:00 *Panel discussion: Brexit, TTIP and CETA – an evolving scenario of EU trade relations in the Atlantic, with:*
- *Ava Lloyd (Senior Policy Adviser at the American Chamber of Commerce to the EU)*
 - *Benjamin Thom (Senior Policy Adviser at the Confederation of British Industry)*
 - *Stéphane Lambert (Head of Trade section of the Mission of Canada to the EU)*
- Venue: Fondation Universitaire, Hoover Room*

Wednesday 31 January 2018

- 09:00 – 11:00 *Visit to the European External Action Service (EEAS): The EU and its Eastern Neighbourhood: between trade interests and soft power, by Thomas Mayr-Harting (Managing Director for Europe and Central Asia, EEAS)*
Venue: European External Action Service (EEAS), 9A Rond Point Schuman
- 11:45 – 13:15 *Lecture: EU trade relations with its Southern Neighbours, by Monika Hencsey (Head of Unit E3, Southern Mediterranean and Middle East, European Commission, DG TRADE)*
Venue: Fondation Universitaire, Francqui Room
- 13:15 – 14:30 *Lunch Break*
- 14:30 – 16:00 *Visit to the European Center for Development Policy Management (ECDPM): The impacts of EU trade agreements on developing countries by San Bilal, Senior Executive and Head of Programme Economic Transformation: Trade, Investment and Finance*
Venue: ECDPM Brussels office, Rue Archimède 5
- 16:30 – 18:00 *Lecture: EU-Russia relations and the EU sanctions policy by Michael Emerson (Associate Senior Research Fellow, Centre for European Policy Studies)*
Venue: Fondation Universitaire, Francqui Room
- 18:00 – 18:30 *Analysis and discussion in the group with Prof. Jaap de Zwaan*



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Thursday 01 February 2018

- 09:00 – 11:00 *Visit to the European Parliament: The role of the EP in EU Trade Policy, with Felix A. Lutz (Administrator, INTA Committee)*
Venue: European Parliament, Altiero Spinelli Building, Place du Luxembourg
- 11:45 – 13:15 *Visit to the European Commission – DG Trade: Australia, New Zealand and new trade perspectives for the EU, by Peter Berz (Head of Unit C2, South and South-East Asia, Australia, New Zealand)*
Venue: European Commission DG Trade, Rue de la Loi 170
- 13:15 – 14:30 *Lunch Break*
- 14:30 – 16:30 *Individual feedback on the policy briefs, by Prof. Jaap de Zwaan/Prof. Andreas Maurer*
Venue: Fondation Universitaire, Francqui Room/Lobby
- 16:30 – 17:30 *Introduction to the simulation game by Prof. Andreas Maurer (Jean Monnet Chair for Political Science and European Integration, University of Innsbruck)*
Venue: Fondation Universitaire, Francqui Room
- Evening *Time to prepare for the simulation game*

Friday 02 February 2018

Venue: Fondation Universitaire, Francqui Room

- 09:00 – 12:00 *Simulation Game on EU trade negotiations, with Prof. Andreas Maurer*
- 12:00 – 13:00 *Sandwich Buffet*
- 13:00 – 14:30 *Evaluation and team feedback on the simulation game, by Prof. Andreas Maurer*
- 14:30 – 15:00 *Final discussion and evaluation of the seminar, with TEPSA team & Prof. Jaap de Zwaan*



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DAY-TO-DAY REPORT

Monday, 29 January 2018

Introductory Lecture: Internal Market, Customs Union and Common Commercial Policy, by Sieglinde Gstöhl, Director Studies, EU International Relations and Diplomacy, College of Europe

Rapporteurs: Sanna Sjöblom, Antonella Grasso

The introductory lecture of the PONT Working Europe Seminar on EU Trade Policy was given by Prof Sieglinde Gstöhl (College of Europe) who presented the main features of the EU Common Commercial Policy.

The lecture started with an overview on the different models of economic integration and their main features distinguishing between: a) preferential trade agreements; b) free trade area; c) customs union; d) common market; and e) full integration, that involves no internal tariffs, common external tariff, free movement of factors, a coordinated economic policy and a single economic policy.



After this introduction, the lecture focused on the EU internal market, and in particular on EU procedures and the decision-making mechanisms in the commercial field. The Common Commercial Policy is an exclusive competence of EU and its main goal is the progressive abolition of restrictions to international trade (art. 206 TFEU). It should also be used to pursue the overall external action objectives of the EU. The competencies of the Commission are: a) to make recommendations to the Council, which shall authorise it to open the necessary negotiations; b) to conduct the negotiations on behalf of the member states in consultations with a special committee appointed by the Council to assist the

Commission in this task; c) to implement the agreement. The Commission shall also report regularly to the European Parliament (in particular, the European Parliament Committee on International Trade, INTA), given that all trade agreements need to be ratified by the European Parliament (according to the consent procedure). For the negotiation and the conclusion of the agreements, the Council shall act by qualified majority. However, it shall under certain conditions act unanimously for the negotiation and conclusion of agreements, for instance in the field of trade in cultural, audiovisual, social, education and health services.



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The second part of the lecture touched upon the main trade strategies adopted by the EU and the different political reasons behind the conclusion of trade agreements with specific countries or regions. Four main strategies were presented: i) the “Lamy doctrine, 1999-2005, that promoted the moratorium on new bilateral FTAs in favour of multilateral WTO round (Seattle 1999; Doha round 2001); ii) the “Global Europe” strategy of 2006, which pursued more commercially motivated and more comprehensive free trade agreements (so-called WTO plus+ issues), with a focus on Asia and emerging economies; iii) The “Trade, growth and world affairs” strategy in the context of the “Europe 2020” strategy, which, after the financial crisis of 2010, moved attention on industrialised countries such as Canada, Japan and US; iv) the “Trade for all” strategy, launched in 2015, in line with the 2016 Global strategy, that can be considered as an externalisation of both political and economic norms and increasing political conditionality in trade policy.

Finally, the lecture discussed the main principles of the World Trade Organisation (WTO), which the Common Commercial Policy needs to comply with: a) liberalisation; b) non-discrimination; and c) reciprocity. It ended with an overview of the types of trade agreements that the EU has concluded based on the different models of economic integration set out at the beginning.



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Tuesday, 30 January 2018

Lecture: Common Market beyond the EU: the European Economic Area, by Michele Chang, Professor at the European Political and Governance Studies Department, College of Europe

Rapporteur: Ilaria Villani

The lecture held by Prof Michele Chang was aimed at giving a general explanation of the EEA, starting from the analysis of the EU single market and leading to an extremely actual topic, namely the Brexit phenomenon. At first, two types of agreements were introduced: FTA – Free Trade Areas, implying absence of internal tariffs; Customs Union, implying both absence of internal tariffs and common external tariffs, requiring a deeper level of political integration.

Between the 60s and the 80s, FTA and Customs Union were leading to an EU Single Market, with free movements of people, services, capital and goods, and therefore the elimination of barriers. More in details, the EU trade percentages show that the counterparts for the EU were mainly the EU countries (2/3 of exports) and both EU and EFTA (3/4 of trade). Through the 1985 Single European Act, four major elements were introduced: a policy of mutual recognition, as before the mid-80s there was a need to harmonize the participation of the members; opening public procurement; capital mobility, which was at first underappreciated (markets can handle themselves: they are efficient and do not need any kind of control, therefore it was possible to access to capital easily); free movement of labour, meaning the extension of rights of residency, the non-discrimination to social and welfare benefits or the mutual recognition of qualifications among countries.

In 1960, EFTA – European Free Trade Economic Area was established, presenting different levels of political integration. More in details, on the one hand, Austria, Finland and Sweden moved from EFTA to EU, whereas the actual current members are Iceland, Switzerland, Lichtenstein and Norway. As far as Switzerland is concerned, the 1992 referendum democratically established that the country would not be in EEA, but despite that, Switzerland signed several bilateral agreements with the EU. Conversely, as far as Iceland, Lichtenstein and Norway are concerned, they are part of the EEA – European Economic Area together with the EU countries. Since 1994, the EEA has its basis on the ideals of the four freedoms and horizontal policies, like civil protection or consumer protection. On the contrary, what is not established by the EEA is a common trade policy, customs union, a common foreign policy or a monetary union.



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On the whole, being a member of the EEA has a price in order to access to its market: for instance, Lichtenstein, Iceland and Switzerland contribute in a consistent way to the EU, despite not even having decision making and voting power. The UK is currently a member of the EEA, but some of the implications of this membership will change due to Brexit: for instance, the



four freedoms in the EU Single Market, or the process of implementation of the EU law by the European Court of Justice (the UK, indeed, does not want to be subjected to a court different from the national one). As far as the free movement of people is concerned, over a population of about 64.9 million, 5.5 million of the UK nationals live abroad and 2.8 million migrants from the EU live in the UK. In the period 2005-2015, about 2.2 millions of jobs have been filled by migrants and despite the concern of the UK citizens regarding immigration, especially with respect to the job-stealing belief, immigrants contribute to half of the GDP growth and also mitigate the effect of the low birth rate in the aging population.

To sum up, being in the EEA means to access to the Single Market and to financially contribute to the EU, but does not mean the establishment of a Customs Union nor the participation in the decision making process. As far as Brexit is concerned, the UK would like to keep the advantages of being in the EU, but the process outcome mainly depends on whether the withdrawal phenomenon will be soft or hard, with respective different implications.



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*Visit to the European Commission – DG Trade: **Transatlantic trade relations: a comparative analysis***, by Hiddo Houben, Head of Unit E1, USA and Canada

Rapporteurs: Krista Belija, Dinand Drankier

When starting from a global perspective, the current situation in world affairs shows that a lot of different aspects should be taken into account in the drafting and negotiation process of international trade agreements, such as climate change, sustainability, globalisation, economic development, human rights, populist rhetoric, ensuring democratic and accountable governance, etc.

From a European perspective, it should be noted that the entire history of European integration essentially revolves around economic relations and trade. As such the Common Commercial Policy of the EU is one of the oldest EU policies. Moreover, trade is one of the core and exclusive competence areas of the EU.

United States of America

Investments are central to the EU-US relation. The significant investment flows crossing the Atlantic and the substantial transatlantic investment stocks have been the result of the strong relation between EU and US businesses and of the strong believe in the rule of law and investment protection on both sides of the Ocean.



The idea of TTIP (Transatlantic Trade and Investment Partnership) was born on the basis of this strong relation and the willingness to set a new path for growth. Two other drivers of TTIP are the wish to make the economies of the EU and the US more competitive through increased competition and efficiency and to form a coalition to balance China's economic and regulatory power to set standards and to be the rule maker in certain economic sectors. TTIP has however attracted a lot of negative attention in the media and from NGO's. One of the EU's main problem in dealing with the criticism on TTIP is that it is not able to effectively communicate with the national publics in the member states. This problem seems to be largely rooted in the large variety

of languages in the EU. A Spanish Commissioner or EP politician can for example not communicate with the German public as effectively as a German civil servant or politician could.

Substantively, two aspects of TTIP have been most criticised. First of all, the acceptance of American food and safety standards. Contentious issues include for example the usage of chemicals in the food industry and the production of genetically modified crops. As one commentator put it: Europeans dislike chemicals, Americans dislike germs. Second of all, a lot of the media's attention has been



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focused on the system of Investor-State Dispute Settlement (ISDS), which could lead to legal proceedings by investors against European member states over their regulatory activities.

Currently the negotiations on TTIP are on hold and it seems unlikely that the TTIP negotiations will in the nearby future succeed in bringing about a fully-fledged trade and investment agreement. Even under any upcoming administrations the odds seem to be against TTIP. Already under the Obama administration making progress on the three key topics of TTIP seemed difficult. First of all, pertaining to liberalisation and market opening, the US did not seem willing to open up some of its key sectors, such as the public procurement and maritime sectors. Secondly, concerning regulatory approximation, cultural differences between the American and European regulatory agencies seemed to hinder the realisation of common standards. Finally, with regard to the setting of new trade rules on for example state capitalism also little progress had been made.

Canada

In 2017 the Comprehensive Economic and Trade Agreement (CETA) between the EU and Canada has partially entered into force on a provisional basis. CETA is a mixed agreement meaning that it partially falls within the exclusive competences of the EU and partially within the shared competences of the EU and the member states. In this respect the CJEU opinion on the EU-Singapore FTA (Opinion 2/15) is important. This CJEU opinion has drawn attention to the fact that agreements containing provisions governing ISDS and/or portfolio investments are shared competences, whereas other trade or investment provisions are in principle within the exclusive competence of the EU. Consequently, the EU-Singapore FTA will be split into an exclusive EU-part and a mixed part that needs to be ratified by the EU and the member states. The CETA negotiations have shown that actors such as civil society organisations and interest groups are important and can play a big role in influencing the negotiation process. Consequently, many trade agreements nowadays include chapters on issues such as sustainable development to incorporate societal interests in the treaty framework.



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Lecture: Brexit, which future for the EU-UK trade relations?, by Brendan Donnelly, Director of the Federal Trust for Education and Research and former MEP

Rapporteurs: Romain Laugier, Alessandra Moroni

Mr. Donnelly shared his thoughts about Brexit and its potential outcome. While underlining that any sort of prediction is speculative, he believes there are chances that the UK ends up with no agreement at the end of the negotiation period, and/or that eventually Brexit will not occur. Specifically, the discussion took off by considering two key factors. First, continental commentators are wrong when they say the UK does not know



what it aims to: the UK knows exactly what it wants, namely to keep all the benefits deriving from having access to the European Single Market, while leaving behind any related “burdensome” commitments. Second, UK politics is weak and the current Government enjoys little support.

As evidence of the first point, Mr. Donnelly recalled the speech of the UK Prime Minister, Mrs. May, in Florence in September 2017. However, since then the Prime Minister’s position kept weakening due to a very strong EU stance and pressures from British industries and businesses. The shift to a “soft” Brexit, including a potential transition period after March 2019 to facilitate the exit, has not been favourably welcomed by certain political parties, and primarily by the Conservative one. For instance, the possibility of a transition period is opposed since it would extend the timeframe when EU law is applicable within the UK; it is also feared that the transitional period may become permanent with the next general elections in 2022, or even that Brexit could be overturned by a new majority. Conversely, one could also question whether the issues dealt with during the so-called “First Stage” of negotiations have been successfully agreed upon. In this respect, the question of the Irish border appears unsolvable to Mr. Donnelly, since, from a legal standpoint, the situation cannot remain “unchanged” given the willingness of the UK to leave the EU, and especially to terminate the free movement of people.

For what concerns the future EU-UK relation, Mr. Donnelly pointed out that the EU will under no circumstance let the UK receive the advantages of the EEA while bearing no more obligations than those contained in the CETA. Indeed, whereas Mrs. May wants to leave the customs union but maintain access to the Single Market (especially for (financial) services), for the Europeans any access to the Single Market must come in exchange of responsibilities, as the model of Norway itself illustrates. By contrast, the idea that, once outside the customs union, the UK could successfully negotiate favourable free trade deals with other economies, and especially the US, clashes with the protectionist narrative of “America First” of the current US administration.

In light of the above, it is not unlikely that the UK will walk away from the negotiation table without an agreement with the EU. Another compromising option could be to host a second referendum,



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especially given the strong feeling of a minority of the Conservative Party and a majority of the Labour Party in favour of remaining in the Union. A further alternative may be for the UK to revoke its notice of withdrawal under Article 50 TEU; the academic debate of whether the consent of the EU is necessary could be overturned by reality: it seems reasonable to hold that both parties would be happier if Brexit did not happen.

The Q&A session which followed Mr. Donnelly's intervention brought up various interesting issues, including the debate around Scottish independence, the potential new trade relations between the UK and Commonwealth countries, the desirability of a second referendum, as well as whether Brexit could turn to strengthen the European integration.



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Panel Discussion: Brexit, TTIP and CETA – an evolving scenario of the EU trade relations in the Atlantic, with Ava Lloyd, Senior Policy Adviser at the American Chamber of Commerce to the EU, and Stéphane Lambert, Counsellor and Head of Trade, Economic and Science & Technology Policy, Mission of Canada to the European Union, Global Affairs Canada

Rapporteurs: Laurence Bielen, Marleen Moor

TTIP

Ava Lloyd who is Senior Policy Adviser in the American Chamber of Commerce to the EU was one of the panellists in the presentation “Brexit, TTIP and CETA – an evolving scenario of EU trade relations in the Atlantic”.

The aim of the American Chamber of Commerce is to ensure a growth-oriented business and investment climate in the EU. This is achieved by American companies who are committed and invested in Europe and who wish to maintain and strengthen the transatlantic relationship. The American Chamber of Commerce is a business interest organization, an independent trade association and which is not affiliated to the US government. The chamber has 4 priorities: persevering the integrity of the single market, strengthening the transatlantic relationship, trade and looking at how US companies could be affected by Brexit. US companies have heavily invested in the UK and in the EU. For example, 60 percent of all US FDI went to Europe in 2016 out of which a quarter went to UK.

The American Chamber of Commerce’s role is also to focus on the future of EU- US trade relations. TTIP negotiations took place between 2013-2016 during which the main parts under discussion were gaining market access, ensuring regulatory cooperation and establishing rules. Despite progress in some areas, during these negotiations the main stumbling blocks represented were certain contentious areas/sectors as well as broader criticism and opposition characterised by heated civil society debate. Meeting and providing feedback to policy makers on both sides was a crucial and continuous part of this process to find common ground. The challenges of TTIP were also set within the context of the migration crisis, Brexit and a rise of populist politics in EU. A change in the US Administration as well the growing anti-globalisation sentiment created additional challenges to the environment for the TTIP discussions.

Some lessons have been learned from the TTIP trade agreement negotiations which should be considered in the future. Firstly, we see an increasing nationalisation of trade policy and that to some extent TTIP was seen to be used as a “political weapon” at national level, indicating the importance of engaging the public and stakeholders in the Member States. In this context it is important to recognise the importance of national media to enable informed debate. On a local level, citizens want to know more how trade affects their community. There has also been a clear call for increased communication and transparency to maintain openness in the period of negotiations. American Chamber of Commerce addresses EU policy-makers through different channels such as position statements, media, position papers, annual conferences, delegations and finally, personal outreach.



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CETA

Stéphane Lambert, Counsellor and Head of Section of the Trade, Economic and Science & Technology Policy Section of the Mission of Canada to the European Union (EU), gave an extensive presentation on the Canada-EU Comprehensive Economic and Trade Agreement (CETA) and highlighted that like-mindedness between the EU and Canada made CETA possible.

The agreement was signed in Brussels on the 30th of October in 2016 after 7 years of negotiations, even though the process started in 2007 already when feasibility and benefit studies were conducted. A Joint Interpretative Instrument was added to the agreement at the time of signature which provides a statement of what Canada and the EU agreed in a number of CETA provisions that have been the object of public debate and concerns and provides an agreed interpretation thereof. This includes, in particular, the impact of CETA on the ability of governments to regulate in the public interest, as well as the provisions on investment protection and dispute resolution, and on sustainable development, labour rights and environmental protection. On February 15th of 2017, the EP approved CETA and since the 21st of September 2017 the agreement is provisionally applied. Since CETA is a mixed agreement because it includes investment, it needs ratification by all member states to fully enter into force. Up until now, 8 member states have ratified, while others might take a few more years. Some member states have indicated they are awaiting the opinion of the European Court of Justice on the compatibility of the Investment Court System introduced in CETA with the European Treaties to the Court of Justice of the European Union.



CETA is unique in that it is not just about trade. As a new generation free trade agreement, it also includes for example a Trade and Sustainable Development (TSD) chapter, a chapter on regulatory cooperation, a civil society forum, and a protocol on conformity assessment under which products from one party can be tested and certified to meet the other party's standards. The EU and Canada are important trade and investment partners and the new CETA agreement will represent 22% of the global GDP. Apart from the free trade

agreement, the EU and Canada also signed a Strategic Partnership Agreement in 2016 that will improve cooperation in important areas such as energy, environment and climate change, migration and peaceful pluralism, counter-terrorism and international peace and security, and effective multilateralism.

It is the first time that two highly developed countries have reached such a far-reaching agreement setting new standards in the trade in goods and services, non-tariff barriers, investment, government procurement, as well as other areas like labour and environment. The speaker furthermore provided a more detailed overview of each chapter in CETA.



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Wednesday, 31 January 2018

*Visit to the European External Action Service (EEAS): **The EU and its Eastern Neighbours: between trade interests and soft power***, by Thomas Mayr-Harting, Managing Director for Europe and Central Asia, EEAS

Rapporteurs: Giorgi Benashvili, Vitalii Svitovyi

On the 3rd day, we had a discussion with Thomas Mayr-Harting, Managing Director for Europe and Central Asia at the European External Action Service (EEAS) on “the EU and its Eastern Neighborhood: between trade interests and soft power”.

The meeting took place at the EEAS building in Brussels, thus Mr. Mayr-Harting started his session by describing the structure of the EEAS and of his unit.

He gave an overview on the Eastern Partnership initiative and the current situation with each of the six partner countries. He started with the Association Agreements, including a Deep and Comprehensive Free Trade Agreement (AA/DCFTA) with Ukraine, Moldova and Georgia, explaining that such AAs are made on an individual base for each state and that they cover different areas, such as justice, tourism, science, employment, etc.

Moving on to Armenia, he explained that while the country joined the Eurasian Economic Union (EEU) in October 2015, it started negotiations regarding a Comprehensive and Enhanced Partnership Agreement (CEPA) with EU in March 2017. This agreement was eventually signed during the last Eastern Partnership Summit in Brussels. However, this Agreement does not provide for preferential trade arrangements, as Armenia is part of a customs union within the EEU.

Negotiations with Azerbaijan concerning the agreement started in 2016. However, Azerbaijan is not a part of the WTO, and therefore Mr. Mayr-Harting expressed his hope that the cooperation with the EU will have a positive impact on Azerbaijan joining the WTO in the near future.



The most complicated situation concerns Belarus. While the country moves slowly towards the EU, it still applies death penalty and it does not have a membership in the Council of Europe. Despite such obstacles, the EU maintains a critical dialogue with Belarus and is developing partnership priorities.

Additionally, Mr. Mayr-Harting emphasised the crucial importance of the 20 deliverables, agreed upon during the Eastern Partnership Summit in Brussels, which should be achieved by 2020. Moreover, he presented different statistics, which confirm the gradual increase of trade of all six Eastern Partnership countries with the EU.

During parts of his presentation, Mr. Mayr-Harting also dealt with EU-Russia relations. As for relations with the Eurasian Economic Union (EEU), he explained that these were so far only conducted at a



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technical level. Regarding future developments, it would be important to observe how rapidly the EEU would become an independent actor in the field of trade relations between the EU and the CIS region.

During the Q&A session, Mr. Mayr-Harting made the following considerations:

- Five among the six countries of the Eastern Partnership face protracted conflicts. Even more, Armenia and Azerbaijan have a conflict opposing each other. Belarus is the only country that has a full control of its borders. Concerning Transnistria, arrangements have been made (in agreement with Chisinau and the de facto authorities in Tiraspol) that allow for the application of the rules of the DCFTA also for trade with the left bank of the Dniestr.
- There is no consensus among EU Member States to offer a membership perspective even for the countries that signed AA/DCFTA. Recognising the “European aspirations” of these countries is the maximum to which the EU can currently commit.
- The EU is not going to come back to the Partnership and Cooperation Agreement that was signed with Belarus and never entered into force. If there will be an agreement, it will be a new one.
- Moldova was considered as a leader among the Eastern Partnership countries for a long time. However, the unstable political situation, the fraud scandals and the slow economic growth had a negative impact on Moldova’s position. Currently, Georgia is seen as the most successful country with regard to the implementation of the AA/DCFTA.



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Lecture: EU trade relations with its Southern Neighbours by Monika Hencsey, Head of Unit E3, Southern Mediterranean and Middle East, European Commission, DG Trade

Rapporteurs: Marina Zarija, Armando Guçe

The lecture on “EU Trade relations with its Southern Neighbourhood” was given by Ms Monika Hencsey, Head of Unit E3 - DG Trade.



She started explaining the strategy of the EU towards its Southern Neighbours (Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Syria, Tunisia and the Palestinian Territories) and the main issues that these countries face in order to build a sustainable relation with the EU. The main one, common to all of them, is their political and economic atmosphere, characterised by a higher or fewer - degree of instability. Another point of discussion was also the

impact that the Arab Spring had in these countries, with the rise of religious fundamentalism and connected problems of migration flows. The effects of the Arab Spring, connected in particular with the peculiar political atmosphere of the region, have a direct impact on the economy of these countries and eventually on their ability to trade and attract foreign investments.

Ms Hencsey talked also about the impact that the EU's Free Trade Agreements have on Southern Neighbours countries by providing international standards and promoting reforms. Countries that are willing reform and have upgraded their quality infrastructure are less prone to trade imbalances. So far, the EU has started negotiations of Deep and Comprehensive Trade Agreements with Morocco and Tunisia and has also offered this opportunity to Jordan and Egypt but those trade talks have not yet started.

It was then clarified that there is a difference in the EU approach towards its Eastern Neighbours and Southern Neighbours, with the first being more prone and willing to adopt EU rules and regulatory requirements as many of them aim for full membership.

At the end, it was discussed the impact that the refugee crisis had on EU trade policy in these countries and the special relation that EU has with Jordan in the fields of offering more flexible rules of origins ("the passport" of products) if exporters employ Syrian refugees.

During the Q&A session, participants asked Ms. Hencsey questions related to trade with Palestine where she suggested that this issue will probably be discussed in the upcoming regional Trade Ministerial meeting, and other questions focused:

- 1) on the refugee crisis and whether there is a possibility that EU borders might eventually close;
- 2) on the situation between Israel and the Palestinian Territories and the certification of products coming from Palestine;



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- 3) on the practical dimension of negotiation and on how they take place;
- 4) on whether policies of attracting skilled migrants to the EU might risk a brain drain from these countries of origin.



Visit to the European Center for Development Policy (ECDPM): The impacts of EU trade agreements on developing countries, by San Bilal, Senior Executive and Head of Programme Economic Transformation: Trade Investment and Finance

Rapporteurs: Donatas Jodauga, Nikola Boskovic

The training workshop “The impacts of EU trade agreements on developing countries” took place on 31, January 2018 at the ECDPM Brussels office. It was conducted by San Bilal, Senior Executive and Head of Programme Economic Transformation of the ECDPM.



In the opening part of the session, Dr Bilal introduced the organisation and briefly explained that the international cooperation and development policy in Europe and Africa is the main focus of ECDPM. Afterwards, he gave a comprehensive answer to the main question of the session - To what extent and if so do these new FTAs with African countries contribute to the development of African economies?

Then, he comprehensively reflected on the discourse around FTAs, which has too often been concentrated on two clashing standpoints between the ACP group and DG Trade/the EU. While on the one hand, many ACP countries have perceived their market opening under an FTA with the EU as a threat to their economies, on the contrary, the EU and DG Trade have seen these FTAs as an opportunity to undertake development-oriented reforms, and therefore pushed for a closer partnership, asymmetric reciprocity and compliance with international standards as set up at the World Trade Organization (WTO).

In the main part of the session participants could hear about the theoretical insights on the main arguments around trade policy, considering international trade (in the light of FTAs). Dr Bilal outlined several arguments (listed below) that support trade in relation to its global effects. The trends in literature are:

Argument 1 - Most economists agree on the positive effects of free trade (i.e. wealth effect) compared to a few who would view it in a negative light.

Argument 2 - In the context of increasingly globalized trade, there will always be winners and losers of free trade. While globalization has generally contributed to reduce inequality among countries, accompanying measures and other complementary policies can help address the necessary adjustments to trade reforms, including for potential losers.

Argument 3 - Trade can also be used as an instrument to push and stimulate certain interests/preferences, including in terms of improvement of sustainability, and human rights (e.g. environmental, social, labour and human rights clauses).



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During his presentation Dr Bilal addressed the following areas of EU-ACP relationship:

(1) trade should be viewed as a mean to an end and not as an end per se. However, the discourse on EU trade policy with the ACP group is often embedded with development objectives as well. According to Dr Bilal even though trade policy is a powerful tool, the EU should not try to solve all the problems with it.

(2) When it comes to EU-ACP relationship, the EU has moved towards FTAs with ACP regional groupings. The EU has decided to negotiate with regional groupings in Africa, but the problem here is that these countries generally belong to several different regional integration groupings at the same time, leading to problems of trade policy coherence. Besides, some are least developed countries (already enjoying free market access to the EU under the Everything-But-Arms scheme of the EU General System of Preferences), whereas other depend on an FTA with the EU to have similar preferences, creating tensions within regional groupings.

(3) Lastly, one should think of trade policy as a complementary part with other EU policies and as a way to make them more coherent. The greater the number of policy objectives and elements integrated into FTAs, the more difficult it becomes to conclude negotiations and reach an agreement.

In the closing part of the session, several questions have been raised regarding the EU-ACP relationship:

- Which areas of the EU trade policy towards ACP countries have to be improved?
- What are the most important aspects that need to be addressed in the relations with ACP countries?
- Is the ACP group more privileged compared to other developing countries?



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Lecture: EU-Russia relations and the EU sanctions policy by Michael Emerson, Associate Senior Research Fellow, Center for European Policy Studies (CEPS)

Rapporteur: Simeon Stoyanov

On the third day of the training the participants were offered professional insights on the relations between the EU and Russia by Michael Emerson from the Centre for European Policy Studies (CEPS). The seminar programme was expanding in geographical scope and deepening in complexity of the issues. It was, therefore, a logical continuation to look at the complicated relationship that the EU has with Russia and with other countries in the Eastern region.

Mr. Emerson began by outlining the current mutual sanction regime, put in place after Crimea's annexations, between the EU and Russia, which has negative consequences for both parties. While it is undoubtedly detrimental for the Union (in particular for some agri-food producers in Poland and Belgium), it is even more so for Russia as a whole, because of the deterring effect it has on investment in the country. Overall, Russia's trade policy is one that relies on industrial protectionism and does not abide to WTO rules. These factors only add to the more serious negative impact that EU-Russia relationship has suffered since the Ukraine crisis.



The focus was then moved to the Eurasian Economic Union (EEU). Having Russia as its largest economy and biggest political power means that most of the actual control lies within Russia itself. The Eurasian Union is loosely based on the EU- its institutions are equivalent to the European Commission, the EU Council and the European Council and have similar competences on paper.

While the other member states (Kazakhstan, Belarus, Armenia, Kyrgyzstan) are technically represented in the EAEU institutions, the organisation has failed to deliver a functioning customs union or a working single market. While an EU-EEU free trade deal is conceivable in the future, Russia and other states have to meet some conditions first. These are a Belarussian accession to the WTO, WTO rules abidance by Russia and reform in current protectionist policies. Last but not least, implementation of the Minsk 2 agreement would be crucial for any progress in the trade talks between the two unions.

Mr. Emerson continued by elaborating on the Deep and Comprehensive Free Trade Areas (DCFTAs) that are in force between the EU and Georgia, Moldova and Ukraine. It was important to have an insight into EU's relationship with these countries not only because they fall into Russia's sphere of interests, but also because a similar DCFTA with the EAEU could be a possible way forward for the EU-EAEU interconnection. Overall, the DCFTAs do not offer a membership perspective for the three states and serve to liberalise trade- the EU has removed tariffs from the beginning, while Ukraine and Moldova have transition periods. Georgia, however, has unilaterally liberalised trade a decade ago. It is also the only one of the three countries to have success in its fight against corruption, as the other two still have difficulties in that respect. The DCFTAs serve as an anchor for Ukraine, Georgia and



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Moldova to pursue a variety of reforms, which is even more important in cases where the civil society meets resistance of high-level corruption.

In any case, Mr Emerson concluded, the EU has to have a certain plan of action to meet Russia's and China's economic and/or geopolitical efforts. Such plan could be the further development of the Wider European Economic Area (WEEA). It should take the place of the long obsolete neighbourhood policy and ensure mutually beneficial relationship with these states. In this regard, an opportunity to advance the WEEA is presented by the EFTA countries, the Balkans, the DCFTAs and Turkey.



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Thursday, 01 February 2018

Visit to the European Parliament: The role of the EP in the EU trade policy, by Felix A. Lutz, Trade Counsellor of the INTA Committee, and Doris Dialer, office of MEP Michel Reimon

Rapporteur: Verena Füller

On the fourth day of the PONT Seminar, participants went to the European Parliament, where they met with Felix Alexander Lutz, Trade Counsellor of the INTA committee, and Doris Dialer, office of MEP Michel Reimon, who discussed the role of the European Parliament in the EU Trade Policy.

With the Lisbon Treaty the European Parliament has become a major actor in trade policy. The Parliament is involved as a co-legislator in trade policy and needs to approve international agreements. Whereas in the first case the ordinary legislative procedure applies, the latter follows the consent procedure which means the Parliament can either reject or approve the final agreement. Art 218 (10) TFEU requires that “The European Parliament shall be immediately and fully informed at all stages of the procedure”. This is important since the formal role of the Parliament is limited to a yes or no vote at the end of trade negotiations, which however requires an involvement from the beginning. Procedures are still being shaped and modified as the Parliament is pressuring for stronger involvement ahead of, during and after the negotiations. Breaches of the obligation to inform are taken in front of the European Court of Justice which has so far for example dealt with breaches by



the Council. The Parliament influences trade negotiations also by adopting a resolution including guidelines before the official start of negotiations. The resolution is non-binding however it can carry essential weight when considering the need of

Parliament’s consent in the end. During the negotiations, the Parliament’s International Trade (INTA) committee follows the process in smaller monitoring groups by discussing with the commission and the chief negotiator, as well as by inviting the partner countries ambassadors and meeting with stakeholders. The INTA committee gives the recommendation to the other members of Parliament to consent or reject the final agreement.

Focussing on the impact of the European Parliament on trade negotiation, a strong majority in the Parliament is strengthening its impact on the content of trade agreements. A special role is taken by the rapporteur who has to drive for a compromise in the absence of fixed majorities. Examples for the Parliament’s impact are the inclusion of the investment court system in CETA and the rejection of ACTA. Furthermore, the Parliament played an essential role in promoting values such as human rights



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and sustainable development. The introduction of trade and sustainable development chapters into EU trade agreements was part of Parliament efforts and it insists on Art. 21 TEU which embeds trade policy into the framework of the EU's external objectives.

Several points on the EU trade agenda of the EP were also discussed. The trade agreement with Japan is close to conclusion whereas the agreements with Vietnam and Singapore are facing competence and policy issues to be resolved. Vietnamese legislation allows for death penalties which has been in the past a red line for the Parliament. Interestingly, this has not been an issue in the EU-Japan deal. In current discussion are provisions on dual-use of exports for military use, imports of cultural goods related to financing terrorism and the coordination of member states' approaches on screening of foreign direct investment.

The last part of the meeting touched the correlation between trade and development policies and the EP's role in it. The scheme for trade with developing countries is the Generalised Scheme of Preferences (GSP) which provides preferential access to the internal market. In this framework the GSP+ offers tariff removals based on the ratification of international conventions. The most favourable agreements are EBAs with least developed countries which allow for duty free and quota free access to the European market for all products except arms and armaments. The consistency of trade and development policy is part of the EU's external objectives. However, DG DEVCO takes no formal role in the negotiation of trade agreements and the trade and sustainable development chapters are covered by a non-enforceable dispute settlement.



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Visit to the European Commission – DG Trade: Australia, New Zealand and new trade perspectives for the EU, by Peter Berz, Head of Unit C2, South and South-East Asia, Australia, New Zealand

Rapporteurs: Alkida Lushaj, Irena Nikolova

On the fourth day of the EU Trade Policy seminar, the participants had the pleasure to meet Mr. Peter Berz, Head of Unit C2, who is responsible for South and South-East Asia, Australia and New Zealand at the Directorate General of Trade at the European Commission. He presented the most up-to-date information about the present trade relations of the European Union with the countries in the South and South-East Asia region, including Australia and New Zealand.

The special focus during the meeting was on the existing free trade agreement with South Korea and the undergoing negotiations with the other three countries in this region as Japan, Vietnam and Singapore.

In addition, Mr. Peter Berz introduced trade negotiations with other countries of this region, such as India, China, Australia and New Zealand.

The session continued with a discussion on the recent trade developments in the Asian region and the position of the European Union and its member states.



Friday, 2 February 2018

Simulation Game on EU Trade Negotiations, with Prof Andreas Maurer, Jean-Monnet-Chair for Political Science and European Integration, University of Innsbruck

Rapporteur: Federico Nastasi

Context: The EP has to vote on a motion for a resolution on the FTA between EU and Vietnam.

Roles in the game:

- The European Commission
- The Council presidency
- Political groups: EPP, S&D, ALDE, ECR, GUE, Greens
- NGO: ActionAid



After a short introduction by the Committee's Chair and Vice-Chair (composed by S&D and EPP members) about the role of the EP with regard to the FTA, the European Commission lists the FTA's points of strength (removal of trade-barriers, protection of European products, benefits for the European market, a win-win-win situation) and reassures about the troubles (fears of the public opinion regarding human rights, unfair competition of Vietnamese firms).

Subsequently, all groups present their position papers. All groups appreciate the work of the European Commission in the previous negotiation with the Vietnamese counterpart. More in detail, the EPP and ECR groups strongly support the whole structure of the FTA, underlining the benefits for the European economy and the necessity to consider measures on investment protections. The S&D group asks to counterbalance the economic interests with a value-based trade strategy, position shared also by the Green party. The GUE group express its concerns on several issues of the FTA, concerning human rights, trade unions and environmental rights. At the end, the Council of the EU takes the floor and endorses the position of the EC, asking the EP to vote in favour of the treaty.

The chair proposes a break, in order to start informal negotiations among the groups. These develop following four main topics: 1) Market access; 2) Sustainable development (environmental and human rights); 3) Investment; 4) Competition.

The debate begins with point 1, namely art.4 of the draft agreement, stating a motion for a resolution concerning market access. The discussion focuses on how to defend the European manufacturing sectors from the asymmetry, namely the unfair competition of the Vietnamese firms. It is proposed to establish transitional periods for the implementation of the agreement, each for a specific sector (5 years for textiles, 7 years for public procurement, etc.). After the negotiations, the chair resolves to write an amendment (point 4 of the final resolution), which finds a large consensus.



Moving on point 2, the EPP group proposes to insert a reference to art.9 of the UN principles in the preamble of the Treaty. The committee wholly agrees.

On point 3, the S&D group emphasises art.16, regarding investments and their protection. Everyone agrees on the opportunity to add an effective state-to-state dispute settlement arrangement to the FTA, and provisions on investor-to-state dispute resolution. The EP groups consider the possibility to use sanctions, if Vietnam does not respect its commitments on labour or environmental rights. The EU Commission strongly disagrees and underlines the inefficiency of such instrument. A final agreement on articles 16 and 16.b is reached, while 16.a is dropped. The proposition expressed by the S&D group on art. 10, which requires Vietnam to ratify and fully implement all major international HR and LR conventions, is approved.



Regarding point 4, on fair competition, the amendment proposed jointly by EPP and ECR groups, on art. 9 of the resolution (on “measures to ensure the protection of the consumer and fair competition rules”) is approved by the committee.

The chair proposes a final vote, article by article, and then on the whole text as amended. All the articles are approved unanimously, while art. 10 is approved without the reference to the allocation of resources to the civil society organisations (split-vote). The resolution is approved unanimously.



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EVALUATION & FEEDBACK

The Working Europe Seminar was evaluated by its participants, following a scale from -- (not useful) to ++ (very useful) applied to a series of categories and criteria.

Overall, the participants were **highly satisfied** with the seminar. Eighteen considered it very useful, while two found it useful. All participants considered that it was “**extremely useful and enriching**” to their studies and relevant for their future careers. The participants unanimously considered that the organisation of the seminar was effective and that the **programme was well structured** in terms of visits, speakers and composition of the group. All participants declared that they would **absolutely recommend attending this seminar**.

The following suggestions for improvement were made during the feedback session:

- Including an earlier explanation of the basic rules and principles of EU trade law and policy;
- Including a visit to the Council of the EU;
- Giving more time to prepare for the simulation game and explaining the rules at the beginning of the seminar, including clearer mandates and a longer time frame for the simulation;
- Including more collective social moments;
- Enhancing the promotion of PONT seminars and activities in the future.

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