

The EU as a Multilateral Actor: What benefits?

Ella Strickland
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The Advisory Group on the Food Chain
and Animal & Plant Health
Brussels, 29 April 2016



Thank You
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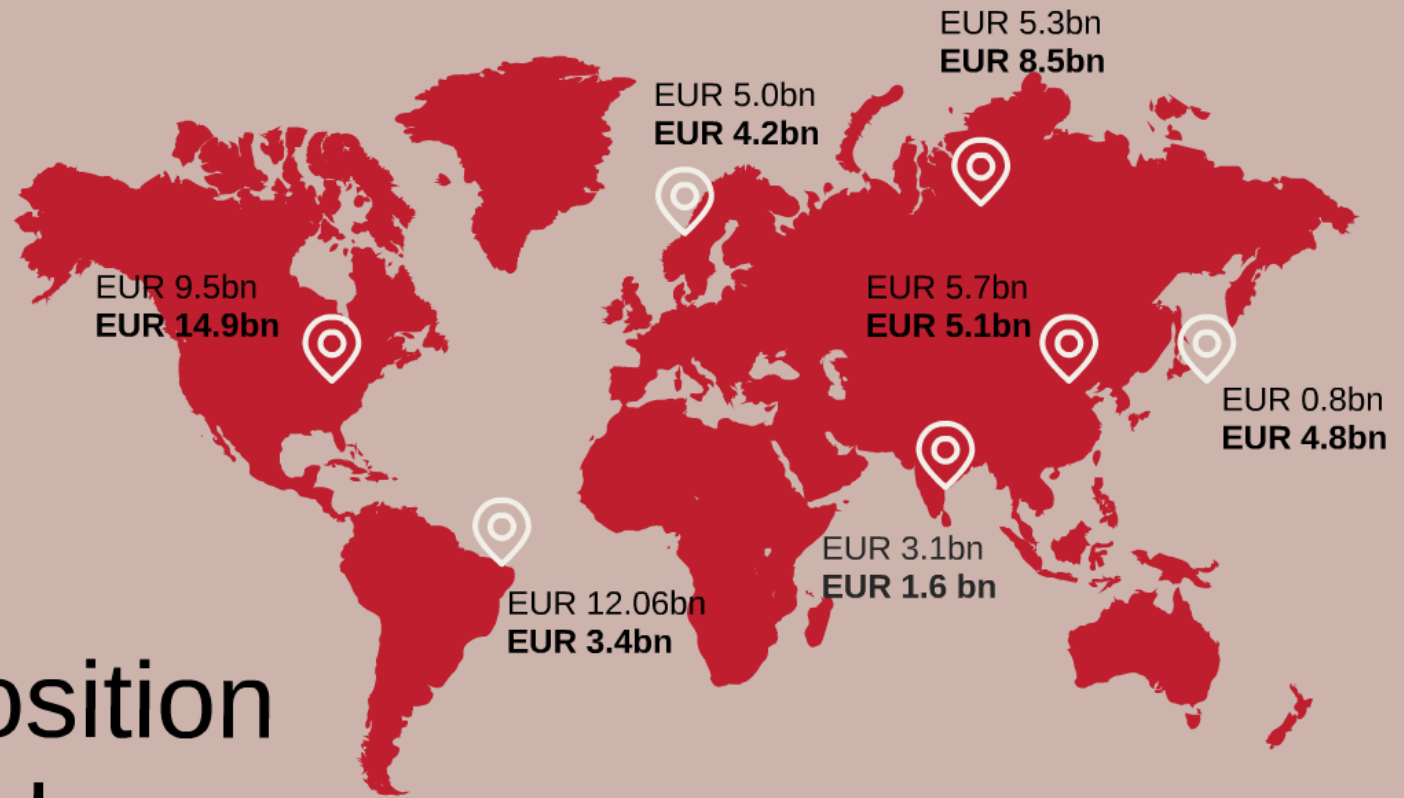
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The EU's position in global trade

- The EU is the world's largest trading block
- It is a central pillar of the world economy
- 500 million consumers looking for high quality products
- Committed to free trade
- Has the political capacity to conclude trade agreements

2014 figures - Imports in EUR
Exports in EUR

Why Trade?

Economic advantages:

- Creates jobs
- Promotes growth
- Benefits to consumers: greater variety of goods at lower prices
- Boosts competition through specialisation = higher efficiency and innovation

Social advantages:

- Helps to alleviate poverty

Political advantages:

- Free flowing trade = no tension



The WTO has one of the most impressive records in global economic governance, by promoting trade liberalisation and economic development.

Anna Lindh

The World Trade Organisation

Established on 1 January 1995
Succeeded GATT 1948-1994

162 Members - November 2015
Decisions taken by consensus

Series of negotiated agreements:

- Agreement on trade in goods (GATT)
- Agreement on trade in services (GATS)
- Agreement on intellectual property rights (TRIPS)
- Several additional agreements and annexes dealing with special requirements of specific sectors or issues and schedules (or lists) of commitments by Members allowing access to their markets.

Dispute settlement - enforcing the rules and thus, ensuring that trade flows

Transparency

- Governments are required to notify laws in force and measures adopted
- Trade Policy reviews: regular reports by the secretariat on Members.

Key Principles underpinning Multilateral Work

Proportionate - applied to the extent necessary.

Non-discriminatory - between trading partners and between its own and foreign products, services or nationals.

Predictable and transparent - trade barriers should not be raised arbitrarily. With stability and predictability, investment is encouraged, jobs are created and consumers can fully enjoy the benefits of competition: choice and lower prices.

More competitive - 'unfair' practices, such as export subsidies and dumping products are discouraged.

More beneficial for less developed countries - over three-quarters of WTO members are developing countries and countries in transition to market economies: more time to adjust, greater flexibility and special privileges.

In specific Agreements, you might have additional underlying principles:
eg. In the SPS Agreement, measures shall also be based on science and not maintained without scientific evidence



What does this mean in practice?

the SPS Agreement by way of example

WHAT?: Harmonising standards

HOW?: Using the standards developed by the international standard-setting bodies

AND WHAT ELSE?: Countries determine their own ALOP



Harmonisation - Art 3

SPS measures, by their very nature, result in restrictions on trade: high technical complexity = deceptive and difficult to challenge.

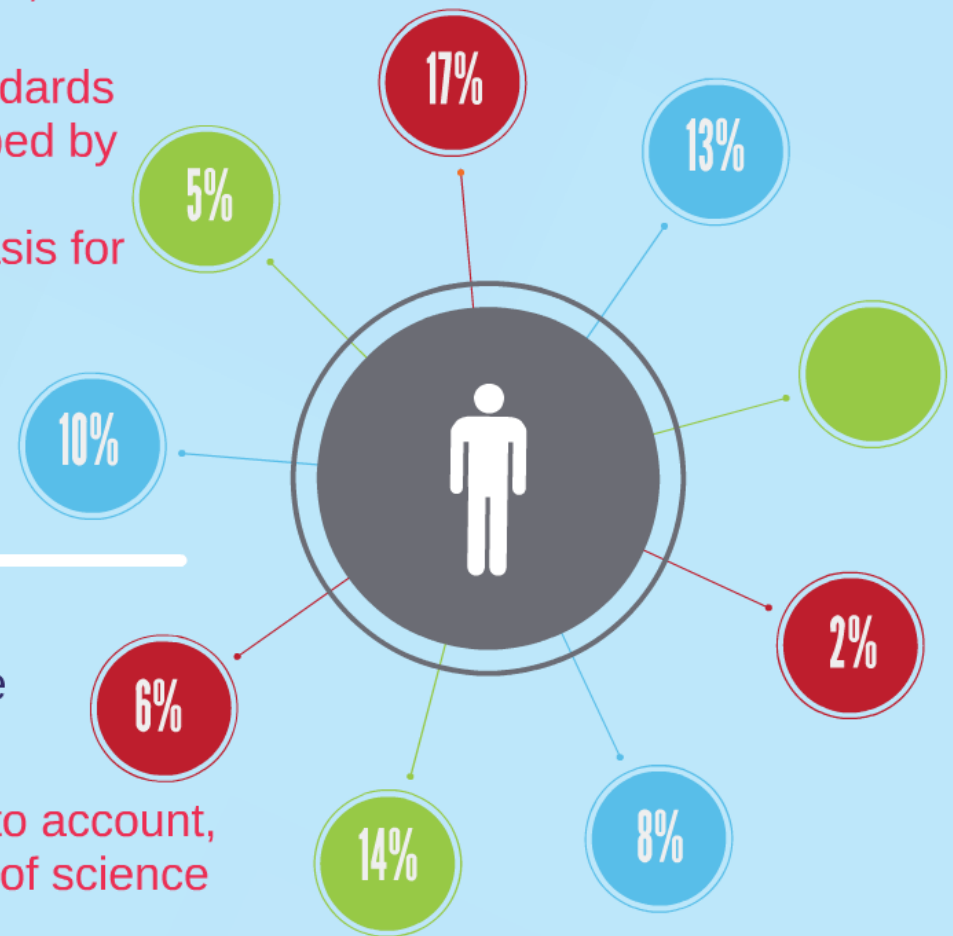
To achieve the highest levels of harmonisation, Members are urged to:

- base their measures on international standards recommendations and guidelines developed by the 3 sisters
- use a scientific risk assessment as the basis for their SPS measures

ALOP - Art 5

The SPS Agreement explicitly provides for governments to maintain their own appropriate level of sanitary protection

- clarifies which factors should be taken into account,
- that these be demonstrated on the basis of science
- allows provisional measures





Sometimes countries have difficulty in implementing international standards... National standards do not violate the SPS Agreement simply by differing from international norms. Governments can set requirements that are stricter than international standards. However if they do, they may be required to justify their higher standards in the event of a trade dispute. Their justification must be based on an analysis of scientific evidence and the risks involved.

SPS Measures Handbook, WTO 2010

So what happens when problems arise?

Constructive ways forward vs **Litigation**

- Bilateral contacts
 - Specific trade concerns
 - Good offices of the Chair
 - Ad hoc consultations
 - Invite the relevant organisation to examine a particular matter
- WTO Dispute Settlement Procedure
 - Dispute settlement mechanisms of other international organisations

Dispute Settlements

The DSU is the central pillar of the multilateral trading system, and the WTO's unique contribution to the stability of the global economy - it allows the rules to be enforced

WTO members have agreed that they will use the multilateral system instead of taking action unilaterally. That means abiding by the agreed procedures, and respecting judgements.

The priority is to settle disputes, through consultations if possible - Not all cases move to a dispute settlement (panel)

Rulings are made by a panel and endorsed (or rejected) by the WTO's full membership.

Appeals based on points of law are possible

Length of time for a case is between 2-5 years

Some panels may seek support from technical experts

The objective is for Members to maintain measures that are WTO conforming. The DSU offers an equitable, fast, effective and mutually acceptable possibility at settlement.

In summary

- WTO aims to facilitate trade through harmonisation across the globe
- Rules apply to 'all' and allow for predictability and accountability, including dispute settlement
- While Members should follow international standards, national standards do not violate the WTO Agreements simply by differing from international norms.
- Members could be required to justify their higher standards if challenged.
- Case law from international disputes serve to inform Members re. future measures.

Multilateral Rules: What benefits?

- 1 ... cut living costs and raise living standards
- 2 ... stimulate economic growth and employment
- 3 ... cut the cost of doing business internationally
- 4 ... encourage good governance
- 5 ... help countries develop
- 6 ... give the weak a stronger voice
- 7 ... support the environment and health
- 8 ... settle disputes and reduce trade tensions
- 9 ... contribute to peace and stability
- 10 ... be effective without hitting the headlines

Thank You

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Useful Links:



http://ec.europa.eu/dgs/health_consumer/index_en.htm



<http://wto.org>