The EU-Japan Free Trade Agreement negotiations were officially launched in March 2013, following the political decision taken at the EU-Japan Summit in May 2011. It is very likely that they will be completed in early 2017. Unlike other negotiations conducted over recent years by both the EU and Japan with their respective leading trade partners, the negotiations between the EU and Japan did not generate strong emotions within civil society organisations. It seems that the potential benefits of this agreement are clearly visible, while at the same time no serious threats have been identified.

It is very important that these negotiations, with the EU’s third largest trade partner, are not only closely monitored by the EESC, but also strongly and actively supported by it. Two years after the adoption of the first EESC opinion related to EU-Japan civil society relations in 2007, the EU-Japan contact group (now follow-up committee) was established by the EESC. Over the last 7 years, it has managed to build strong relations, based on reciprocal reliance, respect and understanding, with leading Japanese civil society organisations. It has been an important source of information about ongoing negotiations for many of our partners. In parallel, we have established and developed relations with the Mission of Japan to the European Union. During each of the follow-up committee’s annual missions to Japan, its agenda has included a visit to the Ministry of Foreign Affairs (MOFA) of Japan, where it has met with the director responsible for the negotiations on the civil society monitoring mechanism in the future agreement. It is also worth mentioning that we have managed to establish very good relations with the academic world in Japan, organising over 20 joint seminars, both in Japan and in Brussels, in cooperation with all four EU Institutes in Japan.

I believe that the Free Trade Agreement between the EU and Japan will create a monitoring mechanism similar to those contained in other agreements concluded in recent years by the EU. Thus, our point of departure will be much better than it was in the case of those previous agreements, as we will lose no time in identifying and getting to know our Japanese counterparts. We will be ready to take joint action from the outset.

EU-JAPAN Trade Relations

Krzysztof Pater – Various Interests Group, Poland

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EU-JAPAN FOLLOW-UP COMMITTEE

The EU-Japan Follow-up Committee, established by the EESC in 2009, undertook its 3-day mission to Japan in October 2016. As it is likely that negotiations leading up to a Free Trade Agreement (FTA) between the EU and Japan will be completed in the coming months, and that this agreement will include provisions establishing a civil society monitoring mechanism, the main purpose of this mission was to talk with our partners about future potential fields of joint activities. We started our mission, as usual, with a meeting with Ambassador Viorel Isticioaia-Budura, the Head of the European Union delegation to Japan. It was followed by a meeting with Mr Kazuya Otsuka, Director at the Ministry of Foreign Affairs – the person who represents the Japanese side in the negotiations on the sustainable development chapter, including those on a future civil society monitoring body. These two meetings gave us a good overview of the most important outstanding issues in EU-Japan relations and with regard to the ongoing negotiations – a good background for the meetings with the civil society representatives which were to follow. This year we meet our partners from four organisations – the Japan Business Federation KEIDANREN, the Japanese Trade Union Confederation RENGO, the Central Union of Agricultural Co-operatives JA-ZENCHU and the National Liaison Committee of Consumer Organizations SHODANREN. Finally, for the first time during our missions to Japan, we met representatives of two important consultative bodies: the Labour Policy Council and the Central Environment Committee. Apart from these two bodies, some similar advisory bodies exist in Japan, created and convened by various ministries, and composed of representatives of civil society institutions (employers, trade unions, academics and other organisations active in the area covered by the relevant ministry).

The third day of the mission was outside Tokyo, in Kobe. Firstly, considering the fact that one of the most sensitive areas in the negotiations between the EU and Japan is foreign companies’ access to public procurement in Japan, we decided to meet representatives of the Hyogo Prefecture Procurement Office to understand the nature of the problem. The concept of having such a technical meeting is not a new one – for example, a few years ago we had a meeting which allowed us to gain an understanding of the Japanese Kei-car concept – something absolutely unique to Japan and which does not exist in any other country.

Finally we participated in a joint seminar, organised together with Kobe University, entitled: “Womanomics, the EU and Japan” – aimed at exchanging information and views on the current position of women in both economies, and trends observed with regard to their roles in both societies. Just as with all previous seminars organised in cooperation with Kobe University (which is the leading member of an academic consortium called the EU Institute in Japan, Kansai), it was a very fruitful event.
CIVIL SOCIETY CALLS FOR IMPLEMENTATION OF THE CETA AGREEMENT

The European Economic and Social Committee (EESC) undertook a mission to Canada from 28 to 30 November to learn about the positions of Canadian civil society organisations regarding implementation of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and to see if they were willing to be involved in civil society monitoring mechanisms, provided for in the trade and environment and trade and labour chapters.

The EESC had the opportunity to meet with a large number of civil society organisations, including business representatives, trade unions, associations of agricultural and food producers, NGOs, think-tanks and academics.

Business representatives and agri-food producers said they were in favour of prompt CETA implementation and the creation of meaningful market access through the progressive reduction and elimination of outstanding barriers to trade, services, investment and public procurement in accordance with CETA obligations. Canadian Trade Unions and selected NGOs said they were opposed to the ratification of CETA and expressed their concerns related to - what they consider to be - incomplete protection of public services, absence of enforcement of labour rights and the inclusion of the Investment Court System.

However, most of the organisations said they were ready to participate in the CETA monitoring process, in the event of the CETA being ratified by the EU and the Canadian Parliament.

The EESC delegation was also able to meet with representatives of the International Trade Committee of the Chamber of Commons and with representatives of Canadian authorities. The general conclusions of these meetings was the strong desire of the majority of the Canadian authorities to ratify CETA swiftly and adopt the relevant implementing provisions while ensuring adequate support for sectors, such as the dairy sector, that might be negatively affected by the agreement.

TTIP: IS THERE A WAY FORWARD?

What will happen to the Transatlantic Trade and Investment Partnership and the EU-US Trade relations under the Trump administration? This was the question the EESC mission to Washington on 1-2 December tried to answer. At the end of our stay, we had to admit that uncertainty and unpredictability was the key word in town ahead of the new administration taking office. It is extremely difficult to predict how US trade policy will evolve. It remains to be seen how Mr Trump’s election promises to withdraw the US from the Trans-Pacific Partnership (TPP) and to renegotiate NAFTA will be received by Congress, dominated by a traditionally pro-trade Republican majority. The sharp rise in the use of trade defence and protectionist measures and the focus on reducing Chinese exports were frequently referred to by interlocutors.

And what about TTIP? – This will not be a priority was the usual response. It became clear that the hiatus in the negotiations would be rather long (at least until after the German elections in 2017) and that the future of the negotiations was unclear.

We discussed with our US interlocutors the reasons why the negotiations had not been finalised under the Obama administration while presenting the EESC opinion on “The position of the EESC on specific key issues of the TTIP negotiations”. This opinion assesses some key issues and identifies the main considerations for European civil society. The rapporteur, Philippe de Buck (Employers’ group), and co-rapporteur, Tanja Buzek (Workers’ group), reached a constructive compromise on the points to watch in order to have a trade agreement that benefits companies, workers, consumers and citizens. While discussing the findings of the opinion, we discovered that there were still significant differences between the EU and US positions on key aspects of the negotiations in areas such as public procurement, certain services sectors, sanitary and phytosanitary rules for agricultural goods, geographical indications, substantive obligations and enforceability of the trade and sustainable development chapter, investment protection and energy. This made it difficult to achieve rapid progress in the negotiations and to finalise an agreement which will meet the expectations of public opinion from both sides of the Atlantic.

What is the way forward then? Stay pragmatic, but above all, proactive. The EU should think about how to maintain a positive trade agenda with the US and how to follow up some of the progress achieved in TTIP through other forms of cooperation in the meantime. Whatever happens to the TTIP negotiations, we should accept that they have helped to create a more progressive, more transparent and more inclusive EU trade policy and that the lessons learnt will shape EU trade policy for the next decade.
OPINION IN THE SPOTLIGHT
- THE POSITION OF THE EESC ON SPECIFIC KEY ISSUES OF THE TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP (TTIP) NEGOTIATIONS
Philippe de Buck, rapporteur, Employers’ Group, Belgium, and Tanja Buzek, co-rapporteur, Workers’ Group, Germany

The opinion, adopted by the EESC during its 519th plenary session of 21 and 22 September 2016, does not comment on the final agreement that might result from the negotiations between the EU and the US. It assesses to what extent the positions of European organised civil society, as expressed in particular in previous EESC opinions, have been taken into account in the EU proposals currently available to the public. This will allow the basis for a strengthened partnership between the European Commission and European civil society in developing EU trade policy to be established and will contribute to an informed civil society debate on the TTIP.

The Committee calls:

- in the proposal for the institutional arrangements for the agreement, for joint meetings of the EU and US Domestic Advisory Groups to be provided for and to be permitted to make joint recommendations to the parties;
- in the proposals on regulatory cooperation and good regulatory practices, for the parties’ right to regulate or introduce procedures equivalent to the US notice-and-comment process not to be limited. The proposals should also further clarify the arrangements for involvement of the representative stakeholders, in particular the social partners and civil society representatives;
- in the proposal on technical barriers to trade, for the concerns of the EU standardisation bodies CEN/CENELEC regarding the risk of mutual recognition of voluntary standards to be taken into consideration and for more detailed work in the field of marking and labelling requirements;
- in the proposal on sanitary and phytosanitary requirements, for further reassurance regarding the application of the precautionary principle;
- in the proposal on services, for increased market access at federal and state level and enhanced regulatory cooperation to be secured, and for public services to be enhanced in accordance with the TFEU, through broadly defined public service exemptions;
- in the proposal on investment, to address the critical points raised by the EU civil society organisations in this opinion;
- in the proposal on trade and sustainable development, for an effective enforcement mechanism and a strong monitoring mechanism involving civil society to be included.
OPINION IN THE SPOTLIGHT – EU-TURKEY BILATERAL TRADE RELATIONS: THE EESC CALLS FOR ENHANCEMENT AND MODERNISATION OF THE CUSTOMS UNION

During its 20 years of existence, the EU-Turkey Customs Union - the framework of bilateral trade relations - has become outdated and a new type of trade agreement should be established that reflects current needs, says the EESC.

The European Economic and Social Committee (EESC) still considers that Turkey remains a very important partner and that the political will exists to increase levels of cooperation. However, according to the EESC opinion entitled Enhancement of EU-Turkey bilateral trade relations and modernisation of the Customs Union, this requires that compliance with the fundamental European values and the principles of democracy, the rule of law and human rights are ensured.

The EESC deplores the attempt to overturn the democratically elected government of Turkey, but also voices its disquiet over the response of the Turkish authorities. “We expressly call for human rights to be fully upheld and applied without discrimination, especially freedom of expression and the particular way in which it is manifested in the freedom of the press, and for the rule of law to be completely restored”, said rapporteur Dimitris Dimitriadis.

Current challenges include the inadequate implementation of the Customs Union and the unilateral decisions taken by the Turkish side on issues of customs or tariff practices that are in clear breach of the agreed terms, as well as Turkey’s refusal to allow the practice of free trade with the Republic of Cyprus. The inclusion of agricultural products in the future Customs Union remains one of the most controversial issues, because of concerns over possible unfair competition vis-à-vis the agricultural producers from the EU’s Mediterranean Member States.

The EESC proposes that the following areas be included in the regulatory framework of the new agreement: agriculture (with rigorous application of European standards and traceability of products, but also after research into the impact of import liberalisation on European farmers); services; public procurement; energy and raw materials; trade facilitation; protection of intellectual property; specific provisions for SMEs; provisions related to e-commerce; investment and impartial investment protection provisions.

The EESC insists that the new agreement should include modern provisions related to sustainable development, labour and environmental protection, as well as anti-corruption and anti-money laundering provisions. The new agreement should ensure respect and proper implementation of the EU consumer, technical, sanitary and phytosanitary standards. Therefore, the Committee calls for the improvement of the procedure for transposing and incorporating European legislation into the Turkish legal system and for more robust provisions to ensure that the content of the revised agreement and the implemented provisions comply with the EU acquis.
ACTIVITY IN THE SPOTLIGHT – ILO SEMINAR ON LABOUR PROVISIONS IN TRADE AGREEMENTS: DESIGN, IMPLEMENTATION AND STAKEHOLDER INVOLVEMENT

On 6 December 2016, at the seat of the European Economic and Social Committee (EESC) in Brussels, a seminar was organised to present the final reports of a comprehensive International Labour Organization (ILO) Research Department project assessing the impact of labour provisions on labour market outcomes. It builds on research into the analysis of the design, implementation and outcomes of labour provisions in trade agreements.

The findings of the project reports show that there has been a fivefold increase in the number of bilateral and pluri-lateral trade agreements in the past two decades. These agreements increasingly include labour provisions: today, there are 77 trade agreements that include labour provisions, covering 136 economies. Nearly half of these trade agreements with labour provisions have come into existence since 2008. This indicates that labour provisions are becoming a common tool for promoting labour standards in trade agreements. The study finds that including trade provisions in trade agreements has some positive impacts, such as easing labour market access for working-age women and narrowing the gender wage gap. However, this expansion has raised challenges and questions about their implementation which, in order to be effective, needs political willingness, functioning labour market institutions and meaningful stakeholder involvement.

With a view to exploring those questions, the seminar was opened by a high-level panel of EU and ILO officials, including Maria Åsenius, Head of Cabinet for Trade Commissioner Cecilia Malmström, Stephen Pursey, Advisor to the Deputy Director-General for Policy (ILO), and Michael Smyth, Vice-President of the EESC. After this panel, the report was presented by the ILO’s Research Department together with academic experts. Participants to the seminar included government officials, delegates from trade unions, employers’ organisations and civil society, and academics.

A roundtable discussion by EU policy makers and the European social partners (including Bernd Lange, Chair of the International Trade Committee of the European Parliament, and representatives of business and trade unions, as well as EESC members) provided participants with additional information, practical country case studies and an overview of issues touching on EU practice and implementation of labour provisions in trade agreements, which sought to propose ways and means of ensuring more effective implementation of labour provisions in EU agreements with third countries.

In her closing remarks, Marianne Thyssen, EU Commissioner for Employment, Social Affairs, Skills and Labour Mobility, reiterated that it is crucial to further enhance the contribution of trade to sustainable development, including decent work and the effective implementation of core labour standards.

REX Section recent trade-related activities

26 September 2016
EU DAG meeting for the Association Agreement with Central America

28 September 2016
Joint EESC/Association of Organisations of Mediterranean Business Women in the WTO Public Forum “Bringing the benefits of trade to women”

4-5 October 2016
EU-Chile Joint Consultative Committee meeting

5 October 2016
EU Domestic Advisory Group meeting under the EU-Korea FTA

11-13 October 2016
EESC mission to Japan

17 October 2016
Joint meeting of the EU and Moldovan DAGs

25 October 2016
Meeting of the EU DAG for the EU-Colombia/Peru FTA

15-16 November 2016
Joint ILO/EESC conference on “The Future of Work we want”

22 November 2016
Meeting of the EESC Follow-up Committee on Trade

22 November 2016
Meeting of the EU Domestic Advisory Group for Ukraine DCFTA

28 November-2 December 2016
EESC Mission to Canada and the US

30 November 2016
Joint meeting of the EU and Georgian DAGs and meeting of the Civil Society Forum under the EU-Georgia DCFTA

6 December 2016
ILO/EU Commission/EESC Final seminar on “Assessment of Labour Provisions in Trade Agreements: design, implementation and stakeholder involvement”

5-6 December 2016
EU-Turkey Joint Consultative Committee meeting in Ankara

7-8 December 2016
Joint meeting of the EU/Colombian and Peruvian DAGs and Civil Society Forum under the EU-Colombia Peru FTA

13 December 2016
EU DAG meeting for the EU-Korea FTA

REX Section foreseen trade-related activities

31 January 2017
Meeting of the study group REX/483 on Trade defence instruments - methodology

1 February 2017
Meeting of the EU Advisory Group for the EU-Central America Association Agreement

6 February 2017
Meeting of the study group REX/479 on the EU-Korea Free Trade Agreement (evaluation)

8 February 2017
Preparatory Meeting of the EU DAG under the EU-Korea FTA

16 February 2017
2nd meeting of the EU-Georgia Civil Society Platform

20-21 February 2017
EU-Korea FTA Civil Society Forum and Workshop on Corporate Social Responsibility

EESC trade-related opinions in the first half of 2017

REX/472
The external dimension of the social economy

REX/477
Establishing the EFSD Guarantee and the EFSD Guarantee Fund

REX/479
Evaluation assessment - EU-Korea Free Trade Agreement

REX/483
Trade defence instruments - methodology

REX/486
The core role of trade and investment in meeting and implementing the SDGs
Editors: REX Secretariat – Tzonka Iotzova | Else Boonstra | Carlotta I. Iapichino

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