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DG Trade Work Programme for 2004

This document sets out DG Trade's work programme for 2004, and in particular those areas on which discussions in the 133 Committee may need to focus during 2004. In summary, it is expected that considerable attention will be devoted to the multilateral agenda if the WTO DDA negotiations pick up pace again during 2004. Management of the WTO's regular work programme, including accession negotiations, implementation of agreements and where necessary recourse to the WTO dispute settlement mechanism, will also continue. Sectoral questions such as steel, textiles or TRIPs and health will figure on the agenda of the 133 Committee. The use of trade defence instruments, by the EU and by third countries, will be pursued in order to protect the interests of EU industry and may on occasion appear on the agenda. Bilateral trade issues will also continue to occupy an important place in the work of the 133 Committee, including issues related to EU enlargement and to the EU's negotiations of bilateral or regional trade agreements. Finally, a number of thematic issues, such as trade and sustainable development, the GSP and the official launch of its Helpdesk database for developing country exporters will be brought to the attention of the 133 Committee during 2004.

1. Multilateral Trade

1. THE WTO DOHA DEVELOPMENT AGENDA NEGOTIATIONS

The development of multilateral trade policy will remain a key trade priority for the EU throughout 2004 and, on the assumption that the Doha Development Agenda negotiations will resume in the course of 2004, an important focus for the work of the 133 Committee will be the further pursuit of EU interests in the negotiations. The EU will therefore continue to participate actively in these negotiations and as necessary continue to present specific submissions to the WTO. The WTO's sixth ministerial conference, to be held in Hong Kong China, most likely during 2004, will be an important opportunity to advance multilateral trade liberalisation and rule-making in the context of the DDA and will require careful preparation.

As regards the individual issues under the DDA, work will focus on the following areas:

After the failure of the WTO mid-term Ministerial Conference in Cancún, **agriculture** remains a key issue in the negotiations and the definition of the agricultural modalities under which the EU will address the aspects of domestic support, market access and export subsidisation will stay high on the agenda. In addition, the pursuit of non-trade concerns and the better protection of Geographical Indications will be key areas for discussion.

In relation to **services** negotiations, the request and offer process will retain a high priority for the EU, where we must pursue our offensive interests and in particular press for significantly improved offers from other WTO members. Another priority will be (a) to continue the ongoing technical work in the rule-making area; (b) to contribute to the development of possible disciplines for domestic regulations, pursuing in particular EU proposals concerning licensing procedures; (c) to participate actively in the work on classification issues. Furthermore, work will continue on a number of technical issues in services, including the modalities and the numerical ceilings for the EU's mode 4 offer.

On **Non agricultural market access**, the EU will maintain a high level of ambition in the course of 2004 in respect of both tariffs and non-tariff barriers. The key objectives in this field remain a high degree of tariff liberalisation from developed WTO Members without exclusions, and special and differential treatment for developing countries, but with meaningful contributions from the more advanced among them, with the aim, inter alia, of fostering South-South trade. The EU will press for an approach based on an ambitious formula for tariff dismantling, but will also pursue additional trade liberalisation through complementary sectoral approaches (including for environmental goods, for products of particular interest to developing countries, and for key EU priority sectors).

On **Geographical Indications**, the EU will continue to work on the establishment of the wines and spirits' register as mandated in the TRIPS Agreement and confirmed in Doha. Renewed efforts will be made in the area of extension of GI protection to products other than wines and spirits. The EU will also intensify its efforts to use WTO accessions as another useful way of attempting to obtain an increased level of protection for Geographical Indications. On **biodiversity**, further exploratory talks on the issues previously raised by developing countries will take place in the TRIPS Council.

The EU will continue to refine leading role in strengthening the rules on recourse to **trade defence instruments**. After having identified issues for negotiations in a first phase in 2002 and 2003, negotiations should shift to a more advanced stage, i.e. finding solutions to the issues raised.

Regional Trade agreements need more clarity and improved disciplines, taking due account of the EU's existing agreements and ongoing negotiations, market access interests in third country markets, the needs of developing countries for flexibility according to their level of development, and the strong interest in an overall well-functioning multilateral trading system. Key questions for the negotiations, likely to be discussed in the 133 Committee, include issues such as the definition of 'substantially all trade' in the context of RTAs, the criteria for evaluating RTAs, and the treatment of RTAs between and with developing countries.

The EU has taken a pre-eminent role in seeking negotiated improvements to the **DSU** and should participate constructively in the negotiations for a result within the new timeframe (May 2004).

On **trade and environment**, the EU should continue to press for work towards agreement on observer status for MEA secretariats and UNEP in relevant WTO Committees and on improved and institutionalised MEA/WTO information exchange. The WTO should continue to pursue other DDA matters, in particular a successful outcome to negotiations on DDA paragraph 31(i), concrete action to give effect to the oversight role for the CTE and the CTD, and support for eco-labelling as a focus for cross-committee work between TBT and CTE in Geneva.

The EU will continue to press the case for international rule making in the field of the **Singapore issues** (trade and investment, trade and competition, trade facilitation, transparency in government procurement), given their importance in the overall balance of the Doha Round, in achieving stability, predictability and effective market access in our trade and investment relations with other countries, and as instruments to improve economic governance in WTO Members, especially developing countries. Work will continue in the 133 Committee on how to explore the adjustments to the EU negotiating strategy necessary to take account of the deep-seated opposition that certain WTO Members to these issues.

The policy process of integrating **trade and development** policy in a coherent strategy, in particular in the pursuit of the DDA negotiations, will have to be reviewed and strengthened in all its three key aspects of greater access to market for developing countries, based, i.a. on better and more adapted international rules, including in the new areas and trade-related assistance. The Commission will pursue this matter both in the context of the DDA and as a follow-up to the Commission Communication of 18 September 2002 on "Trade and development: Assisting developing countries to benefit from trade".

The provision of **trade related assistance** to developing countries areas is a key component of EU trade and development policy post-Doha. Pursuant to its 2002 Communication on Trade and Development, work will in 2004 continue to seek to ensure that TRA is properly integrated into development aid strategies towards developing country partners and that co-operation with other multilateral donors is intensified. Assistance will need to be targeted in particular to the least developed and poorer developing countries and be geared both to aiding their implementation of WTO

commitments and to helping them fully integrate into the global trading system. Efforts must continue to ensure that the EU policies and aims on technical assistance are effectively communicated, in order to demonstrate that it is fulfilling its commitments in Doha, as well as to promote the good use of assistance given. Both the Commission and Member States will have to work to improve the effective delivery of TRA.

Both the **SDT work programme and the implementation** work programme are of great importance to many developing country WTO Members and will play a part in the success of the Doha work programme. Work should continue into 2004 and the EU will need to continue to take a leading role on this issue, including on a decision to ensure that negotiations begin on each issue in these work programmes.

2. WTO REGULAR WORK PROGRAMME

In parallel to the work conducted pursuant to the Doha Ministerial Declaration, the Commission will continue throughout 2004 to participate actively and to defend the Community's interests and policies in all **regular Councils and Committees of the WTO**, including the General Council, the Council on Trade in Goods and its numerous Subsidiary bodies, the Council on Services, and the TRIPS Council.

Work in the 133 Committee on **WTO accession** processes of Russia, Ukraine, Saudi Arabia, Vietnam and several LDCs will continue in 2004. The EU will play a key role in these negotiations, one aim being, if at all possible, to be in a position to welcome at least some of these trading partners as WTO members in 2004.

Following the failure of the fifth WTO Ministerial Conference in Cancun, the question of **institutional improvements** to the WTO has acquired a renewed sense of urgency. While the EU will avoid that discussions on these issues detract from the DDA negotiations, it should exploit the momentum for change that arises from the Cancun failure and put forward concrete and pragmatic ideas to improve the functioning of the WTO and the working of WTO Ministerial conferences. Proposals on greater transparency and dialogue with parliaments and civil society are also likely to be on the table again and the EU maintains a clear interest in encouraging this.

WTO implications of the enlargement of the EU will give rise to negotiations with affected WTO partners for possible rebalancing or compensatory measures pursuant to GATT Article XXIV: 6 and GATS Article V. Analytical work for negotiations as well as the requisite notification to the WTO will take place at the beginning of 2004 at the latest and the main part of negotiations is expected to be carried out in 2004. Article XXI GATS negotiations regarding the withdrawal/modification of some of the commitments of Austria, Finland and Sweden are expected to carry over into 2004.

Work will continue to take place to ensure the active participation of the EU in the **Trade policy reviews** and the 133 Committee will be consulted in the context of the TPRM of the EU, scheduled for July 2004.

As regards the regular work under the **Government Procurement Agreement**, 2004 will aim at finalising the current GPA review (regulatory part), and at kicking off the negotiations on expanded market access.

Work will continue to implement the policy strategy described in the 2001 Communication on **Trade and the social aspects of globalisation**. In particular, the EU will continue to follow closely developments in the ILO, notably within the ILO World Commission and its working group on the social aspects of globalisation. Moreover, the EU will seize the opportunity of the WTO Trade Policy Review of the EU in 2004 to build the case for a positive correlation between respect of core labour standards and economic growth and development, with a view to show that a meaningful discussion of the interaction between trade and the social aspects of globalisation is possible.

3. WTO DISPUTE SETTLEMENT

In 2003, the EU was actively involved in **32 WTO disputes**: in 16 of these cases the EU was the complaining party while in the remaining 16 cases the EU was on the defending side. A higher level of activity can be expected in 2004, taking into account the enlargement of the EU and developments in the DDA.

The effective management of trade disputes under the WTO including the use of the Trade Barrier Regulation being an important instrument of access to export markets for the European industry in case of WTO violations, would continue to be a high priority.

In the course of 2004, particular priorities would be as follows: (1) Ensuring implementation of WTO rulings by our partners (in particular securing the repeal of the FSC-ETI subsidy by the US Congress on the assumption that the WTO incompatible steel safeguard measures by the US have been lifted). (2) Safeguarding EU laws and policies in Panel and Appellate Body proceedings (the cases against the EU concerning genetically modified organisms, the EU's General System of Preferences and the EU's sugar regime are of considerable political, economic and systemic relevance). (3) Defending the EU rights by means of offensive cases, including an expected growth in trade defence instruments cases, which to an ever increasing extent are being adopted for protectionist purposes.

4. OECD, UN AND UN AGENCIES, OTHER INTERNATIONAL ORGANISATIONS

The OECD provides an important forum for the analysis of trade policy questions. The EU will continue to participate actively in its work in 2004, and encourage OECD to strengthen its dialogue with both non-Members and with civil society organisations. The Commission and Member States will play a key role in preparing and participating in the OECD Economic Ministers' Meeting, to take place in the spring 2004. A discussion in the 133 Committee during the first half of 2004 on the OECD's trade related activities and membership may be timely.

Trade being an important channel to foster development, it will continue to figure prominently on the agenda of the UN bodies and UN related organisations, such as the UNGA, the ECOSOC, the UNCTAD or the UNDP, notably in view of the UNCTAD XI Conference (June 2004), which is likely to need careful 133 Committee preparation.

The EU will also make an input into and try to influence the debate on trade matters in the World Bank and the IMF which make a contribution to the DDA under the Coherence mandate and take a growing interest in trade issues.

2. Sectoral questions

1. ACCESS TO MEDICINES

The Decision of the WTO General Council of 30 August 2003 on paragraph 6 of the Doha declaration on the TRIPs Agreement and Public Health will require further implementation. First, the Decision specifies that it shall be replaced by an amendment of the TRIPs Agreement and that the amendment process should be initiated in December 2003 to be concluded by mid-2004. Given its pro-active role in the process leading to the adoption of the 30 August Decision and its position in favour of an amendment, the EU should work to make sure that this procedure takes place as scheduled. Furthermore, the Commission will also discuss in the framework of Article 133 the appropriate follow-up to be given at EU level to the possibility for all WTO Members to participate in the mechanism as potential exporters via the adoption of internal legislation providing for the issuing of compulsory licences for production and export of pharmaceutical products to countries without manufacturing capacities.

2. INTELLECTUAL PROPERTY RIGHTS

The main priority for 2004 in the field of **Intellectual property rights** (IPR) will be to improve the way the Commission addresses IPR violations in third countries, thus addressing the concerns of Community right-holders. This is a multi-annual objective. The 2004 actions to be undertaken consist in particular of defining the necessary specific tasks under seven possible headings (use of IPR mechanisms contained in multilateral and bilateral agreements; use of both incentive and sanction mechanisms; awareness raising; including enforcement as a key message in political dialogue; focused technical co-operation; creation of public-private partnerships; setting-up of the appropriate institutional structure within the Commission) in respect of 10 priority countries.

3. TEXTILES

The EU objective in 2004 will be the implementation of its strategy to enable EU industry to meet the challenge of, and benefit from opportunities flowing from, the abolition of quantitative restrictions on textiles and clothing under the WTO Agreement on Textiles and Clothing. In that context, the EU will pursue its policy of seeking improvements in access to third countries' markets as regards both tariffs and non-tariff barriers. Action will be undertaken to enforce intellectual property rights and to fight against fraud and counterfeiting; examination of use of a possible "Made in Europe" origin label to promote EU quality products will also be carried out, both for textiles and clothing and more generally. EU interests will also be best served by the adoption of trade policy measures designed to assist trading partners which are particularly dependent on their exports of textiles and clothing. EU will aim to promote effective entry into force of the Euro-Mediterranean free trade area, so as to ensure freer movement of all goods, including textiles. Particular attention will be paid to ensuring that rules of origin take account of EU industrial, trade and development objectives, including measures to facilitate the cumulation of origin for the benefit of EU preferential countries and especially least developed countries and smaller suppliers.

4. STEEL

Trade and market distorting practices in the steel sector caused by the persistence of uneconomic capacity will continue to be addressed, through the discussions in the OECD on elements of an agreement to strengthen disciplines on subsidies granted by all levels of government. In the course of 2004 the OECD will also address the need for new international action in relation to trade remedies. The Commission may seek a negotiating mandate in accordance with Article 133. In the light of progress one important issue will be to agree with our partners in which forum new steel disciplines can best be implemented and enforced. WTO remains the EU preference. If not achieved in 2003, work to achieve a new framework for trade in steel products with the Ukraine will continue. Agreements with Russia and Kazakhstan should be adapted to the new situation of the enlarged Community by 1 May 2004. If necessary, negotiations to prolong these steel agreements beyond 2004 will start by the summer.

5. SHIPBUILDING

The EU will continue its work of seeking to eliminate market distorting factors in the world shipbuilding industry, in particular government and other official or semi-official support measures, and unfair pricing practices. The aim is to restore normal competitive conditions. This will require intensifying negotiations for a new international agreement in the OECD in 2004 and beyond. In parallel, the Community will continue its dispute settlement action in the WTO, in which the Community has challenged the consistency of certain subsidies with Korea's obligations under the Subsidies Agreement. The report of the WTO panel is expected in the second half of 2004.

6. WASTE

The arrangements covering shipments of non-hazardous waste for recovery purposes to non-OECD countries will need to be reviewed during 2004 to simplify control procedures so as to facilitate sustainable trade whilst fully respecting environmental standards.

3. Trade defence instruments

Work will continue throughout 2004 to protect EU industry from unfair trade practices or from injurious surges of imports. The completion of this objective will be achieved not only through the impartial, transparent and effective carrying out of TDI investigations, but also through the effective monitoring of measures in force and by ensuring the development and improvement of TDI policy in general.

The opening of around 55 TDI investigations (new cases and reviews) is expected in 2004 but enlargement may generate 10-20 reviews over and above this number. Requests for safeguard actions may also be expected, especially if other major partners pursue the adoption of trade restrictions with ensuing spill-over effects. According to experience, these trade remedy measures are likely to concern mainly the chemical, steel, man-made fibre and electronics sectors.

The number of requests from exporters from countries in transition towards a market economy (such as China, Ukraine and Vietnam) to be treated as market operators on an individual basis for the purpose of anti-dumping investigations will continue to be relevant. Cases will be investigated in depth and following a consistent approach, and at the same time the Commission will closely monitor the structural developments of these economies in transition.

The instrument concerning unfairly priced or subsidised airline services will provide a remedy against such practices from non-EU countries and is modelled on the basis of the anti-subsidy instrument in the trade in goods area. It is currently with the Council and the European Parliament (co-decision procedure), and adoption is foreseen for March 2004.

The quota regime concerning non-textile Chinese imports (licensing) will, until its abolition at the end of 2004, continue to be managed effectively.

The Commission will ensure, in the framework of existing legislation, that the roughly 180 anti-dumping, anti-subsidy and safeguard measures currently in force are enforced coherently and effectively across the Community. The Commission will continue to ensure the effective monitoring of the roughly 80 undertakings in force and will take initiatives to further improve the monitoring system in place e.g. by enhancing co-operation with Member States Customs Authorities. The Commission will continue to explore the possibility of clarifying and strengthening the anti-absorption and anti-circumvention provisions of the basic Regulation on the basis of the experience gained in the recent past.

Ukraine's requests for graduation to the market economy category will continue to be examined and a definitive decision may be reached during 2004. China lodged a similar request in mid-2003, and the preliminary results of the Commission's assessment can be expected during the first half of 2004.

Proposals for changes to the basic Regulation may be the result from a follow-up of the European Parliament's Resolution on Trade Defence Instruments policy (Hansenne report) that calls for reducing deadlines for provisional measures, stronger action regarding circumvention, better support for SMEs in anti-dumping investigations and improved transparency in proceedings.

The Commission will monitor trade defence actions of third countries and, whenever necessary, ensure prompt and vigorous follow-up action of trade defence measures by third countries targeting imports originating in the EU to defend the rights of the EU.

An increase in this area in 2004 is likely due to a more frequent use of trade defence instruments by third countries. There are around 200 such measures in force in 2003 against EU exports, and particular activity is expected in the area of safeguards. Around 40 measures are expected against the EU and/or its Member States. In such a situation, the Commission will focus on the most important cases of WTO violations, from an economic and systemic point of view.

Enlargement will pose specific challenges in the field of trade defence because of the sheer number of accession countries, the resulting concerns of our trade partners in third countries as well as strong demand by economic operators both within and outside the EU to update existing trade defence measures.

4. Bilateral trade

1. EUROPE

In the first months of the year, work will focus on finalising preparations for the **10 candidate countries** that will accede in May, while Romania and Bulgaria's progress towards accession will continue to be monitored closely. Specific priorities include issues related to the trade commitments adopted by the candidate countries during their accession negotiations require follow-up, in particular the re-negotiation/denouncing of Trade and Bilateral Investment Treaties that conflict with the acquis. After the successful re-negotiation of the bilateral investment treaties between acceding and candidate countries and the US, other international agreements need to be brought into conformity with the acquis, such as those with Canada and Japan. Other issues relate to the technical adaptations to the EU bilateral agreements and the review of the EU's autonomous decisions pertaining to quotas with third countries (steel, textiles, non-textiles quotas with China) will continue at the beginning of 2004, adaptations of various bilateral agreements to then fact that the EU will be enlarged to 25 Member States, etc.

Actions to deepen trade ties with **Turkey** will continue, notably the ongoing discussions on the extension of the Customs Union to public procurement, services and agriculture and efforts will be pursued to ensure that both existing and future partners with whom the EU has concluded preferential trade agreements, conclude similar trade agreements with Turkey. In addition, Turkey should be further encouraged to align with the EU's GSP regime and to address the long-lasting trade irritants.

On the basis of the decisions for the Common European Economic Space (CEES) with **Russia** adopted at the EU-Russia Summit in November 2003 an Action Plan on future steps for market opening, regulatory convergence and trade facilitation will be developed in 2004. Discussions will also continue on the trade-related effects of EU enlargement on Russia and on the extension of the Partnership and Co-operation Agreement to new Member States, in particular to ensure that trade-related provisions are applied as from 1 May 2004. Management of the Partnership and Co-operation Agreement, including the definition of a trade related technical assistance strategy, and work on the resolution of bilateral irritants will continue as needed.

In the context of the **Wider Europe** initiative, Ukraine and Moldova were identified as pilot cases. An action Plan for implementation of the concept in these countries will be prepared in the first half of 2004. Discussions on trade-related effects of EU enlargement on Ukraine and on the extension of the Partnership and Co-operation Agreement to new Member States will continue, in particular to ensure that trade-related provisions are applied as from 1 May 2004. Management of the Partnership and Co-operation Agreement and work on the resolution of bilateral irritants will continue as needed.

Work will continue on the trade policy aspects of the Stabilisation and Association process with the **Western Balkan countries**. In addition to the WTO accession negotiations and the conclusion of a network of bilateral trade agreements among the Western Balkans themselves, the main instruments of EU trade policy towards these countries are the Stabilisation and Association Agreements (SAA). Two SAAs have been concluded (Croatia and FYROM). Negotiations will continue on the trade part of a Stabilisation and Association Agreement with Albania. In relation to Serbia and Montenegro as well as Bosnia-Herzegovina depending on the outcome of the 'feasibility

study' to be completed in early 2004, the Commission may seek to obtain a mandate to open negotiations on a Stabilisation and Association Agreement from the Council.

There will be an ongoing need to follow up the sectoral bilateral agreements with Switzerland which came into effect in June 2002, and to monitor current negotiations, in particular on savings taxation, fraud and Schengen/Dublin.

2. NORTH AMERICA

Managing the EU's most important bilateral trade and investment relationship in a US Presidential election year is likely to be a complex exercise for the whole of 2004. The challenge will be to combine firm handling in relation to US compliance with WTO rulings (e.g. FSC/ETI and steel) and active defence of the EU interests with the need to develop the positive, co-operative elements of the bilateral agenda. The Positive Economic Agenda launched in 2002 can play a role and the EU and US should aim to agree on one or two decisions for the 2004 Summit. These could include making progress on guidelines for regulatory co-operation and transparency, electronic procurement, financial markets. Other issues will include lifting US sanctions on beef hormones following adoption of Directive 2003/EC/74, promote full implementation by US of the Mutual Recognition Agreement and the Veterinary Equivalence Agreement and the conclusion of satisfactory agreement on wines and spirits.

Against the background of a change in political leadership in Canada, the EU objective will be to secure the continued commitment of Canada to the work on a bilateral Trade and Investment Enhancement Agreement. In the light of further exploratory discussion with Canada the Commission might seek in 2004 to conduct substantive negotiations. It may periodically be necessary to consult the 133 Committee on a number of specific trade issues relating in particular to SPS measures, implementation of the bilateral Veterinary Agreement, managing WTO disputes on GMO and beef hormones.

3. LATIN AMERICA

In the context of the forthcoming EU/LAC Summit (Guadalajara, Mexico in May 2004), the trade aspects of which will be prepared in the 133 Committee, work will continue to improve the trade relations with the Countries in Latin America.

An intensive work programme for the EU-Mercosur negotiations during 2004 was agreed at the Trade Negotiators Meeting at Ministerial Level on 12 November 2003. The EU objective remains a comprehensive and ambitious agreement, covering all trade and trade-related aspects. As regards bilateral trade with individual Mercosur countries, important offensive EU interests such as the decision on a standard for digital terrestrial TV by Brazil and the defence of EU utility company's interests in Argentina will require pro-active handling in 2004.

With Mexico and Chile, work will take place for the management of the existing FTA agreements. The activities in relation to Chile will mostly concern monitoring due to the particularly broad coverage of the agreement and since it only entered into force in February 2003. With Mexico, in accordance with the review clause of the EU/Mexico FTA, which calls for negotiations in some sectors to start three years after implementation of the agreement (i.e. 2000) talks will notably include the negotiation of

the final list of commitments in services sectors and a framework for the conclusion of future MRAs.

The main EU objectives during 2004 for Central America and the Andean Community, will be to take actions, which contribute to deeper regional integration, which is a key prerequisite for the negotiation of Association Agreements with the EU. Special attention will also be paid to the special benefits, which they derive from the EU GSP.

4. ASIA AND AUSTRALASIA

Priorities in relation to Japan relate to consolidating dialogue in four trade-related areas (government procurement, intellectual property, access to medicines, aviation-related technological matters) - which have been identified for reinforced co-operation by the EU-Japan Summit in 2003 - as well as to continue and reinforce as appropriate our bilateral dialogue on the DDA process and on other WTO issues of common interest. It is also important to continue to promote constructive contacts in important areas such as investment, standards, telecommunications and competition, via the ongoing regulatory reform dialogue as well as in other bilateral and multilateral fora.

The main priority for 2004 is to make progress on the bilateral trade issues with Korea and try to influence Korean economic and regulatory reforms where these have an impact on EU market access concerns.

The priorities will be to continue monitoring the implementation by China of its WTO commitments by follow-up on the priority issues identified in 2003 and preparation of the TRM 2004. Priority issues with regards to WTO implementation relate to the financial sector, telecommunications, the management of quotas and TRQ, automobile, IPR, the establishment of new NTB, horizontal legislation (e.g. trading rights). Efforts will also be made to conclude a bilateral agreement on geographical indications, and to develop more broadly the bilateral trade dialogue with China. More generally, it has been agreed to pursue a trade policy dialogue at a high level.

The opening of a Commission trade office has enabled a more effective monitoring and pursuit of the implementation of Taiwan's WTO commitments and market access. We will give priority to areas such as IPR, government procurement, standards and certification, and customs co-operation.

With South Asia work will continue to further develop trade and economic co-operation with South Asian countries and support regional integration efforts. In relation to India efforts will be increased to resolve an expanding list of bilateral trade irritants. Priority should be given to addressing EU trade concerns related to taxation of wines/spirits, IPR and the negotiation of a maritime agreement, and India's concerns related to SPS and agriculture as well as the response to the recommendations made by EU and Indian industry through the Joint Initiative for Enhancing Trade and Investment.

The priority with South East Asia is to make substantial progress in implementing the Trans-Regional EU-ASEAN Trade Initiative (TREATI) which was launched in 2003. Work between Senior Economic Officials throughout 2004 should aim at finalising the TREATI framework and workplan for its adoption by the 4th ASEAN - EU meeting tentatively scheduled for September 2004.

In the context of **ASEM**, work will take place to follow-up of conclusions of the Economic Ministers Meeting (EMM 5) on the Economic Pillar review of ASEM. The EU will also need to co-ordinate Economic Pillar Review objectives with the Action-Oriented Task Force established by the Summit.

With **Australia** the priorities will be negotiations on the wine agreement and, besides the SPS panel, to continue to tackle Australia's stringent approach to quarantine and inspection measures which hinder EU exports, and to put into effect the new system for the management of the sheep meat quota. With **New Zealand** priorities are to complete wine negotiations and the new system for the management of the sheep meat quota.

5. AFRICA, CARIBBEAN AND PACIFIC

The 1st phase of negotiations at all **ACP** level having been concluded in October 2003, the focus for 2004 will be the negotiations with individual ACP regions (phase II). Regional EPA negotiations have been launched with Central Africa (CEMAC and Sao Tome & Principe) on 4 October 2003 and with Western Africa (ECOWAS and Mauritania) on 6 October 2003. Negotiations with the other ACP regions are expected to start in 2004, and most probably in early 2004 with East and Southern Africa region and with all Caribbean ACP countries. The Pacific ACP region should take a decision by mid 2004. An assessment will be conducted in 2004 on the situation of non-LDC ACP countries not in a position to negotiate an EPA in order to provide them with a new framework for trade equivalent to their existing situation and compatible with the WTO.

Full implementation of the EU-**South Africa** agreement should be secured, including by addressing open issues such as the automotive regime and wine-related geographical indications in South Africa.

6. MEDITERRANEAN AND THE MIDDLE EAST

Coherent with the policy on Wider Europe, the work for further integration between the EU and Mediterranean countries (and between themselves) will continue in 2004, based on the action plan and decisions adopted at the **3rd Euromed** Trade Ministerial Conference of Palermo (07/07/03). In addition to effectively implementing pan-Euromed origin rules, the EU will strengthen regional initiatives in the areas of trade facilitation. The EU will also engage in the process of trade liberalisation in services as well as the approximation of legislation in the field of standards, technical regulation and conformity assessment. The 4th Euromed Trade ministerial conference is foreseen to take place during the second semester 2004, and will review progress achieved.

On a bilateral level, negotiations for a Euromed Association agreement with **Syria** can be expected to progress towards conclusion in 2004. With regard to **Egypt**, we will have to monitor the implementation of the Interim agreement (as with **Lebanon**), which is just being put in place, and ensure the correct implementation of Egypt's multilateral and bilateral tariffs commitments. With other countries work will focus on the follow-up of the implementation of the Association Agreements and the various Association Agreements with Euromed countries will have to be adapted in view of enlargement.

Improving trade relations with the **Middle East** will remain important both politically and economically, given the need for bringing stability and economic prosperity to the

region. With regard to Iran, depending on political developments, area the negotiations might continue in 2004. Depending on developments in Iraq, the goal of establishing a trade relationship of a MEDA type partnership or a MFN based non-preferential agreement might need to be pursued. Now that the Gulf Co-operation Council Customs Union has entered into force and that the EU has signed the bilateral agreement with Saudi Arabia in the framework of its WTO accession negotiations, a possible conclusion of the FTA with the GCC still in 2004 is desirable and possible.

5. Thematic issues

1. TRADE POLICY AND SUSTAINABLE DEVELOPMENT

The objective of calibrating EU trade policy so that its contribution to sustainable development is maximised will continue throughout 2004. The Commission will continue to carry out and improve Sustainable Impact Assessments (SIAs) of trade agreements it is negotiating (notably with Mercosur, the GCC and the EPA) and, as appropriate, take into account the results in its trade policy. In the continuing follow-up to WSSD, encouraging and facilitating trade in sustainable trade products (fair trade, equitable trading, etc.) will be a key priority. With a view to enhancing sustainability of trade policy, the Commission will continue to explore how to better integrate Corporate Social Responsibility in EU policies, and will give particular attention to the final report that the European Multistakeholder Forum on CSR will address to the Commission. The pursuit of the strategies outlined in the Commission Communication of 18 July 2001 on "Promoting core labour standards and improving social governance in the context of globalisation and the Commission Communication of 18 September 2002 on "Trade and development: Assisting developing countries to benefit from trade" described earlier, constitute the two essential elements of work in this field.

2. POLICY ON TBT AND STANDARDS ISSUES

In 2004, priority activities will be include negotiations on agreements with Bulgaria and Romania, proper implementation of the Mutual Recognition Agreements (MRAs) concluded with Switzerland, Japan, Canada and the US. DG TRADE will continue to monitor developments in the EU and third countries to ensure that regulatory proposals and their implementation are compatible with TBT provisions.

3. POLICY ON SPS ISSUES

Sanitary and phytosanitary (SPS) measures are increasingly replacing tariffs and quotas as major barriers to trade in agricultural products in many third countries. This can have a major negative impact on exports from the EU. The trend will be combated by improving the information available to the EU on such barriers, and using bilateral and multilateral instruments and negotiations to have them reduced or removed. Conversely, technical assistance will be provided to developing countries to help them conform with EU regulations.

4. EXPORT CREDIT AND CREDIT INSURANCE

The emphasis during 2004 will be on the improvement of the OECD Arrangement on export credits with a view to dealing with a number of issues raised in the context of evolving WTO jurisprudence. Efforts will continue to secure acceptance by China, already a major player in shipbuilding, of the agreement on export credit for ships. Environmental issues are now an important (and growing) factor affecting the policies of the export credit agencies. Points to be addressed in 2004 include seeking agreement on more flexible credit terms for projects supporting renewable energy and possibly other environment related investments.

5. ENSURE FUNCTIONING OF CURRENT GSP AND PREPARE FUTURE GSP

On 31 December 2004 both the current GSP regulation, as well as the ten-year guidelines for the period 1995 to 2004, expire. However, on the assumption that the current Regulation No 2501/2001 will be renewed by one year, namely until end of 2005 the year 2004 will see the start of the preparation of the actual ten-year guidelines for the years 2006 - 2015 and of the first implementing regulation from 1.1.2006 onwards.

6. MARKET ACCESS DATABASE

The Commission will continue to update and upgrade information in its Market Access Database to make it a more effective tool to ensure that partners comply with their multilateral and bilateral obligations. The Market Access Data will be fully opened to all acceding and candidate countries as from the date of enlargement.

7. HELPDESK

Early in 2004 the Commission will officially launch its on-line helpdesk database to assist exporters from developing countries to facilitate their access to the EU market. Phase I of the planned two-phase launch will make key information on tariff rates, customs legislation, rules of origin and trade statistics available on line immediately. A much wider range of information including a guide to import requirements in the areas of SPS and TBT, taxation etc. will come on line in the second half of 2004.

8. EXPORT CONTROLS ON DUAL USE GOODS AND TECHNOLOGIES

In 2004 priority will be given to the implementation of the action plans related to export controls of dual use items, adopted at the Thessaloniki Summit. More specifically, priority will be given to ensuring that EU becomes a leading co-operative player in the export control regimes, reinforcing the efficiency of export controls in an enlarged EU and carrying out "peer reviews" of Member States' and Acceding Countries' export control systems.