

EPLO Brief: The role of the European Parliament on International Trade

Dear readers,

The European Union trade policy has drastically changed in recent years. With the entry into force of the Lisbon Treaty in 2009, the European Parliament is now required to give its consent to any trade agreement and, during negotiations, it should be regularly updated on progress. Thus, the Lisbon treaty has enhanced Parliament's voice in international trade matters by making it a co-legislative body along with the Council of Ministers.

Some argue that the Parliament has not been shy in exercising its new powers. For instance, the rejection of the Anti-Counterfeiting Trade Agreement (ACTA) in 2012 enhanced Parliament's credibility as a veto actor but also strengthened its influence on trade negotiation mandates.

This briefing will help you understand how the European Parliament is developing and exercising its role and powers on international trade.

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International Trade in the EU

International trade was one of the first policy areas in which Member States agreed to pool their sovereignty to act together at European level. Trade policy is an exclusive power of the European Union, meaning that only the EU, and not individual Member States, can legislate on trade matters and conclude international trade agreements.

EU Trade competencies were further strengthened in 2009, with the entry into force of the Lisbon Treaty.

For instance, the EU's exclusive competences in international trade matters have been extended to include foreign direct investment. Thus, today the scope of EU's exclusive powers covers not just trade in goods, but also services, commercial aspects of intellectual property and foreign direct investment.

Moreover, the Lisbon treaty has also granted the European Parliament full legislative power on EU trade legislation and enhanced Parliament's role in bilateral and multilateral negotiations.

Parliament's new powers after the Lisbon Treaty

The introduction of the Lisbon Treaty provided all branches of EU government with specific powers in the adoption of international agreements.

While Parliament is not directly involved in the negotiations, which are conducted by the European Commission (the EU executive), it has the following rights:

- to be regularly informed about the negotiations;

- to issue resolutions, to state its position and recommendations during any stage of the negotiations;

- to provide or decline its consent to the final text of the agreement.

This latter right, in particular, means that the Parliament now has the ultimate power of veto on trade agreements.

Taking the point even further, it has been suggested that the Parliament's right to be informed, when considered alongside the power of consent, should give the Parliament the right to assert influence on, and potentially even propose modifications to, the text of an agreement.

Overall, these new powers allow the Parliament to exercise parliamentary oversight over the European Union's external policies. With some arguing that that these changes have helped fill the democratic deficit, which so far affected international trade policy.

PNR, SWIFT and ACTA

Since the entry into force of the Lisbon Treaty, the Parliament has been involved in the conclusion of a number of international agreements, including with the United States.

In 2010, Parliament decided to postpone its consent for renewal on the Passengers Name Record agreements (PNR) with the U.S. and Australia. Later the same year, it requested PNR agreements with the US, Canada, and Australia should be renegotiated to ensure an adequate level of protection for passengers' personal data.

Once improved safeguards on data protection and fundamental rights had been

included in the agreement, Parliament finally gave its consent to the PNR with the U.S. in 2012.

Also in early 2010, the Parliament rejected the SWIFT Agreement (on banking data transfers to the USA via the SWIFT network - also known as the Terrorist Finance Tracking Program TFTP) after concluding that its provisions did not adequately provide a balance between security and civil liberties.

In July 2010, the EP gave consent after its requested data protection standards were improved in the agreement.

Another more recent example was in 2012, when the Parliament rejected the Anti-Counterfeiting Trade Agreement (ACTA) which aimed at preventing copyright infringement in both digital and real objects.

Once again, the agreement was rejected out of concern for civil liberties. This time, the proposed agreement was shelved.



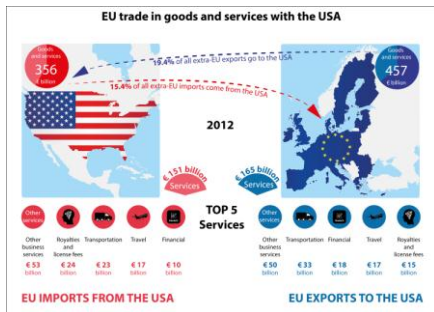
The Trans-Atlantic Trade and Investment Partnership (TTIP)

The EU is currently negotiating a Trans-Atlantic Trade and Investment Partnership (TTIP) with the United States.

TTIP is the proposed trade agreement currently making worldwide headlines. This is because it will create the largest trading agreement in the world, and also because it is generating discussion on both sides of the Atlantic.

According to economic analysis done by the European Commission (the EU executive), an ambitious and comprehensive trade and investment partnership could potentially bring significant economic gains, estimated to between EUR 60 and 120 billion per year depending on the degree of market liberalisation envisaged.

Potential gains would stem from the reduction of tariffs, elimination of non-tariff barriers (NTBs) to trade in goods and in services, and from the opening up public procurement.



Source: European Parliament Research Service Graphics Warehouse

Nobody underestimates the magnitude of the current U.S.-EU economic partnership. In fact, both economies together account for nearly half of global GDP and about one-third of all international trade. However, a Transatlantic Trade and Investment Partnership has the potential to be about much more than reducing tariffs or tackling regulatory barriers.

It is about establishing new rules that reflect U.S. and EU core values and high standards. It also has the potential to cement an even stronger U.S. and EU partnership that could enhance broader Euro-Atlantic stability and prosperity.

WANT TO KNOW MORE?

Transatlantic Trade and Investment Partnership (TTIP), Key studies, January 2015:

[http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/544564/EXPO_BRI\(2015\)544564_EN.pdf](http://www.europarl.europa.eu/RegData/etudes/BRIE/2015/544564/EXPO_BRI(2015)544564_EN.pdf)

EU's trade policy, five years after the Lisbon Treaty, March 2014:

http://www.exponet.ep.parl.union.eu/expoadm/webdav/site/expoadm/shared/dir/poldep/documents/Themes/Lisbon_Treaty/eu_trade_policy_ida_2014.pdf

Parliament on TTIP

The negotiations with the U.S. are on-going and it is still far from clear what the final content of the agreement will be. Members of the European Parliament will carefully make up their minds when the final text will be on the table. Meanwhile, they closely monitor the negotiations, as they have done since the beginning.

In May 2013, with a [resolution on EU trade and investment negotiations](#) with the United States, the Parliament gave its assent to start trade talks with the U.S.

The resolution, approved with an overwhelming majority (460 votes in favour, 105 against and 28 abstentions), included wording to remind negotiators of their duty to keep the Parliament fully informed in a timely manner.

Following the green light from Parliament, the Transatlantic Trade and Investment Partnership talks were launched in June 2013.

Eighteen months into the negotiations, Members of the European Parliament Committee on International Trade have decided to assess the progress made in the trade negotiations between the EU and the U.S. in a resolution to be put to the vote during the 1st semester of 2015. The resolution is intended to review the state of play following the inauguration of the new European Commission in November 2014 and the U.S. mid-term elections.

Mr Bernd Lange, the Parliament's standing rapporteur on the TTIP and Chairman of the INTA Committee, is leading the discussions on the draft resolution.

In view of preparing the Parliament's new resolution, a first debate based on a [working document](#) by Mr Lange, took place in January 2015 in the Committee on International Trade.

Members stressed, among others, the need for more democratic and transparent negotiations. Indeed, many critical voices in the public debate have shown the need for the negotiations to be conducted in a more transparent and inclusive manner, taking into considerations concerns expressed by civil society.

The Committee on International Trade (INTA)

The main channel the European Parliament uses to influence external trade agreements is the [Committee on International Trade](#) (known as INTA Committee), headed by Bernd Lange from the Group of the Progressive Alliance of Socialists and Democrats (S&D).



"Transparency is important to regain citizens' trust in the negotiations"

-Bernd Lange on TTIP

The committee is responsible for matters relating to the establishment, implementation and monitoring of the Union's common commercial policy and its external economic relations, in particular:

- financial, economic and trade relations with third countries and regional organisations;
- the entire process of EU trade negotiations with third countries and regional organisations;
- technical standards in international law;
- common external tariffs with third countries;
- relations with the WTO, including its parliamentary dimension.



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