

WTO Reporter

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U.S. Hits Out at EU Trade Barriers At WTO Trade Policy Review Meeting

GENEVA--The U.S. ambassador to the World Trade Organization said Oct. 25 that regulatory barriers to trade would be the principle challenge facing the United States in future trade relations with the European Union.

In remarks delivered to a WTO trade policy review of the EU, Deputy U.S. Trade Representative Linnet Deily called on the EU to increase transparency in its policymaking procedures in order to ensure that trade disputes over EU regulatory measures can be averted.

Deily in particular cited the European Commission's October 2003 REACH proposal outlining a new regulatory regime for chemicals. The proposal, which would require chemicals manufacturers to prove the safety of more than 50,000 chemicals if they are to stay on the EU market, was slammed by the Bush administration as being costly, unworkable, and a potentially major disruption to global trade.

"The role of non-tariff barriers and regulatory issues in EU trade policy is of great importance to the United States," Deily declared. "As we look to the future of the enormous U.S.-EU trade relationship, we believe that our principal challenges will lie in confronting the trade implications of regulatory measures adopted by the EU institutions."

The U.S. ambassador also criticized a WTO report prepared for the trade policy review meeting for failing to draw sufficient attention to the problem of the EU's regulatory trade barriers.

Deily said the report, which will be made public Oct. 27, "did not comment extensively enough on whether non-EU parties have a meaningful opportunity to influence the outcome of regulatory decisions. We believe that the EU needs to do more to increase transparency and access to its increasingly complex regulatory and trade policy process."

Concern Over EU Enlargement

The U.S. ambassador also cited continued concern regarding the trade impact of the EU's enlargement to 25 members last May.

The United States "remains concerned about the European Union's response on WTO issues related to its enlargement, and in particular its need to provide for adequate compensation in the areas of tariffs and services," Deily said. "We are also interested in more information regarding the status of the new Member States' enforcement of intellectual property rights, adoption of EU regulations and standards, customs administrations, and agreements with third countries."

The United States is currently negotiating with Brussels over tariff hikes in the 10 new EU member states resulting from their adoption of the EU's common external tariff. Most of the U.S. demands are believed to be concentrated on agricultural goods, including poultry and wheat gluten. Separate talks are also taking place on U.S. demands for compensation resulting from the EU's decision to hike tariffs on rice imports.

On other bilateral trade matters, Deily said the United States continues to have "significant questions" regarding the protection of geographical indications in the EU. In particular the protection offered to non-EU nationals and agricultural products as well as for wines and spirits. A U.S. complaint on the issue is currently being examined by a WTO dispute panel.

Unanswered Questions on Wine Labeling

In addition, Deily said the United States still has a "long list" of unanswered questions regarding the EU's rules on wine labeling. "We would appreciate a clarification, for instance, on whether U.S. wines sold in the EU would be prohibited from using descriptive and marketing terms" such as "classic," "fine" or "superior," the ambassador noted.

The United States remains "discouraged that the EU appears determined to implement a mandatory labeling and traceability scheme for biotechnology products that will pose a new barrier to the development of this promising technology," Deily added. Yet another concern relates to the level and nature of state aid and subsidies to European industries by EU member states, she added.

On state subsidies, "We note that, unfortunately, the [WTO's] report says very little about this issue that is so important," Deily declared.

The WTO carries out a trade policy review of the EU, the United States, Canada and Japan every two years. The policies of other major trading nations are reviewed every four years, while those of remaining WTO members (excluding least developed countries) are reviewed every six years.

In a statement issued Oct. 25, the European Commission said the WTO report cited not only further trade opening by the EU, but also Brussels'

support for stronger international trade rules and the use of trade to achieve sustainable development.

The report also "underlines the predominant position of the EU in the WTO, and recognizes the EU's instrumental role in advancing" the Doha Round trade talks, the Commission added.

Pierre Defraigne, deputy director general of the commission's directorate general for trade, insisted that EU enlargement was a positive development for the EU's external trading partners, not only in terms of offering improved market access opportunities in the ten new members but also in terms of harmonizing regulatory requirements among the 10.