



## TRADE POLICY DEVELOPMENTS PAPER NO. 42

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Authors: James J. Nedumpara and Prem Raja Kumari R.

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## ABBREVIATIONS

|                     |   |  |
|---------------------|---|--|
| AD                  | - | Anti Dumping   |
| ASEAN               | - | Association of South East Asian Nations                                    |
| ATA                 | - | Air Transport Association of America                                       |
| BIT                 | - | Bilateral Investment Treaty  |
| BNC                 | - | Bi-Regional Negotiations Committee   |
| Bq                  | - | Becquerel  |
| BTI                 | - | Binding Tariff Information   |
| CCT                 | - | Common Customs Tariff  |
| CEPA                | - | Comprehensive Economic Partnership Agreement                               |
| CETA                | - | Comprehensive Economic and Trade Agreement                                 |
| EBA                 | - | Everything But Arms  |
| ECB                 | - | European Central Bank  |
| ECON                | - | Economic and Monetary Affairs Committee                                    |
| ECT                 | - | European Court of Justice  |
| EEA                 | - | European Economic Area   |
| EFTA                | - | European Free Trade Agreement  |
| EMU                 | - | Economic and Monetary Union  |
| ENs                 | - | Electronic Entry Summary   |
| ENSREG              | - | European Nuclear Safety Regulator's Group                                  |
| EPC                 | - | European Patent Convention   |
| EPO                 | - | European Patent Office   |
| ERM                 | - | Exchange Rate Mechanism  |
| ESM                 | - | European Stability Mechanism   |
| ETD                 | - | Energy Taxation Directive  |
| EU                  | - | European Union   |
| EU-ETs<br>(Euratom) | - | European Union Emission Trading Scheme<br>European Atomic Energy Community |
| FDI                 | - | Foreign Direct Investment  |
| FIR                 | - | Foreign Investment Regime  |
| FTA                 | - | Free Trade Agreement   |
| GATT                | - | General Agreement On Tariff And Trade                                      |
| GDP                 | - | Gross Domestic Product   |
| GM                  | - | Genetically Modified   |
| GMOs                | - | Genetically Modified Organisms   |
| GPA                 | - | Government Procurement   |
| GSP                 | - | Generalized System of Preferences  |
| ICT                 | - | Information and Communication Technology                                   |
| IMF                 | - | International Monetary Fund  |
| JRC                 | - | Joint Research Centre  |
| LDCs                | - | Least Developed Countries  |
| MEP                 | - | Member of European Parliament  |

|       |   |   |
|-------|---|---|
| PRC   | - | People's Republic of China                  |
| SMA   | - | Single Market Act                           |
| SPS   | - | Sanitary and Phytosanitary measures         |
| SVHCs | - | Seven Substances of very High Concern       |
| TBR   | - | Trade Barriers Regulation                   |
| TACs  | - | Total Allowable Catches                     |
| TBT   | - | Technical Barriers to Trade                 |
| TEC   | - | Transatlantic Economic Council              |
| TEC   | - | Treaty Establishing European Community      |
| TEU   | - | Treaty on European Union                    |
| TFEU  | - | Treaty on Functioning of the European Union |
| TKM   | - | Tonne Kilometre Benchmark                   |
| USDOC | - | United States Department Of Commerce        |
| VAT   | - | Value Added Tax                             |
| WTO   | - | World Trade Organization                    |
| WWAN  | - | Wireless Wide Area Networking               |

## EXECUTIVE SUMMARY AND AGENDA FOR THE NEXT REPORT

- The GDP of Austria expanded by 0.2%, whereas the GDP of Belgium, France, Germany, Italy, Netherlands and Spain contracted by 0.5%, 1.2%, 2.4%, 3.7%, 1% and 3.2% respectively. The euro area on the whole contracted by 2.3%.
- The euro zone is expected to have a stagnated growth during the next quarter and the European Commission predicted that it would not return to growth until 2014 on account of lack of bank-lending and poor employment conditions.
- Commission Delegated Regulation (EU) No. 155/2013 established rules relating to the procedure for granting the special incentive arrangement for sustainable development and good governance, applying a scheme of Generalized Tariff Preferences.
- During March 5-7 2013, the WTO members including the EU met at the Technical Barriers to Trade (TBT) committee at the WTO and discussed the guidelines to regulate “good regulatory practice” in a trade-friendly manner. In an effort to promote greater trade cooperation, the Committee decided to hold discussions on trade topics at its 6th Triennial Review.
- A number of anti-dumping investigations were initiated against China, India, US, Turkey, Argentina, Malaysia, Philippines, Kazakhstan, South Africa, Vietnam, Taiwan and Thailand. Anti-subsidy investigations were initiated against India and China.
- The next report will monitor the new agreements entered by EU with India, apart from the developments of the trade agreements already entered into.
- Developments with regards to Financial Transaction Tax and Sin Tax will be monitored in the next quarterly report. The next report shall also entail developments pertaining to Technical Barriers to Trade, Sanitary and Phytosanitary measures and Tariff quota.

# TRADE POLICY MONITORING REPORT OF EUROPEAN UNION

FOR THE QUARTERLY PERIOD: JANUARY 2013 - MARCH 2013

## I. INTRODUCTION

This is the eighth Quarterly Trade Policy Monitoring Report prepared by the Centre for International Trade and Economic Laws (CITEL), Jindal Global Law School. This report will monitor and discuss the trade and macroeconomic policy developments that took place in the European Union during the period: January-March, 2013.

## II. ECONOMIC ENVIRONMENT AND MONETARY POLICY

The Euro Area seems to be affected by risks associated with sharp rise in sovereign risks and economic contraction marked by extremely high unemployment rates. The risk of exit of Greece seems to have dissipated, whereas there is political uncertainty heightened by economic difficulties in countries such as Italy and Cyprus. A bailout package of 10 billion euros has been decided upon, but there are uncertainties about the consequences of implementing a strict austerity package to control public spending. As the economy seems to bottom out, the central forecast for EU is that, below trend growth is expected to remain for five years. Southern EU is expected to underperform, as this situation has continued for several years. However, Northern EU seemed to be an interesting core for investment opportunities.<sup>1</sup>

The euro zone is expected to have a stagnated growth during the quarter and the European Commission predicted that it would not return to growth until 2014 due to lack of bank-lending and severe unemployment. The Commission foresees growth at the rate of 1.4% in 2014. Marco Buti, the Commission's Director-General for Economic and Monetary Affairs claiming the labour market to be a serious concern, remarked: "*The improved financial market situation contrasts with the absence of credit growth and the weakness of the near-term outlook for economic activity*". The Commission sees a 0.2% contraction in 2013 which is higher than that prescribed by the International Monetary Fund. The European Commission remarked: "*A weaker-than-expected final quarter of 2012 is set to shift the inception of the recovery towards mid-2013*".<sup>2</sup>

The outbreak of the crisis in Cyprus during the quarter put renewed focus on the economic scenario of EU. Only smaller economies such as Greece and Ireland in the EU needed bailouts to prevent a collapse, but the outbreak of the crisis in Cyprus made other countries focus on their economic stability for their own benefit during such a situation.<sup>3</sup> During the quarter, the economic fundamentals of France got worse. As regards the bail-out situation, the bail-out of Greece, Ireland, Portugal, and may be Spain are aberrations,

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<sup>1</sup> 'Q1 2013 European Vision- The Investment Outlook For Major Property Markets', [http://www.cbreglobalinvestors.com/research/publications/Documents/Vision%20Series/European%20Vision\\_Q1%202013\\_FINAL.pdf](http://www.cbreglobalinvestors.com/research/publications/Documents/Vision%20Series/European%20Vision_Q1%202013_FINAL.pdf) (last visited 14 May 2013).

<sup>2</sup> Robin Emmott, 'Euro zone economy to shrink again in 2013, EU says', Reuters, 22 February 2013, <http://www.reuters.com/article/2013/02/22/us-europe-economy-eurozone-idUSBRE91L0B620130222> (last visited 12 May 2013).

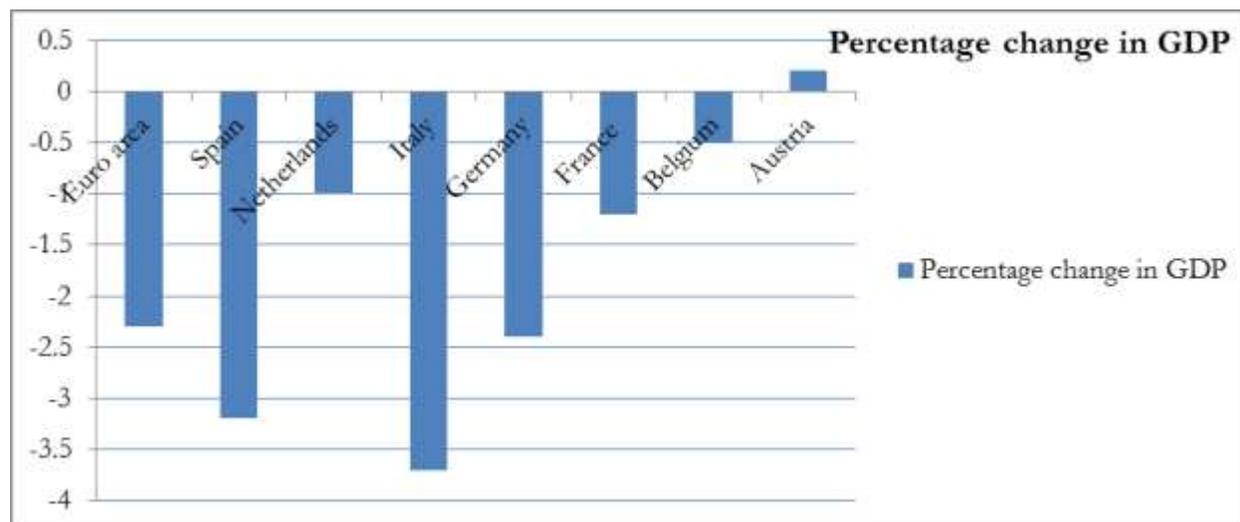
<sup>3</sup> Richard Johnson, 'Europe's large states', National Post, 22 March 2013, <http://news.nationalpost.com/2013/03/22/graphic-the-top-10-european-economies/> (last visited 12 May 2013).

noted Mr. Connolly, an Economist. He stated that a bail-out by Germany could be a better solution to such a situation.<sup>4</sup>

While the IMF urged the speeding up of a banking union for the EU wherein the Eurozone countries had agreed for ECB to be the common bank supervisor under a single supervisory mechanism (SSM)<sup>5</sup>, the European Central Bank earned a profit of €1.1bn in interest income from its share of a €208bn portfolio of sovereign debt issued by Italy, Greece, Spain, Portugal and Ireland, under the Securities Markets Programme, which was designed to pacify the break-up of eurozone.<sup>6</sup>

Among the Eurozone countries, during the crisis, Germany has been successful in combating the economic crisis as regards its budget deficit, compared to its peer nations. The flat growth and the high employment rate of more than 9% have convoluted France’s goal of eliminating its budget deficit by 2017. The economy of Spain contracted last year with its unemployment rate being the highest among the countries of Western Europe. There have been problems in government-borrowing by Spain due to its investors’ demands of high premium on the bonds. The economy of Italy too contracted last year with its unemployment rate rising. The Italian government, in a perennial deficit over the last ten years, suffers from bond-yields, making borrowing difficult for the government. Belgium is recovering from the financial crisis slowly, before which it was actively paying off its high debt over the last decade.<sup>7</sup>

**Graph 1: GDP of Major EU countries over the quarter (January- March 2013)**



**Source:** THE ECONOMIST, March 2013.

<sup>4</sup> Brian M. Carney, ‘Why the Euro Crisis Isn't Over?’, The Wall Street Journal, 22 February 2013, <http://online.wsj.com/article/SB10001424127887324445904578285503854758408.html>.

<sup>5</sup> Alex Barker, ‘IMF Urges Speed on EU Banking Union’, Financial Times, 13 February 2013, <http://www.ft.com/intl/cms/s/0/2d7d0b56-75e0-11e2-b702-00144feabdc0.html#axzz2Ucl60MYF>.

<sup>6</sup> Michael Steen, ‘ECB Unveils €1.1bn Profit On Crisis Bonds’, Financial Times, 21 February 2013, <http://www.ft.com/intl/cms/s/0/c9a5a882-7c32-11e2-bf52-00144feabdc0.html#axzz2Ucl60MYF>.

<sup>7</sup> Richard Johnson, ‘Europe’s large states’, National Post, 22 March 2013, <http://news.nationalpost.com/2013/03/22/graphic-the-top-10-european-economies/> (last visited 12 May 2013).

This graph represents the percentage change in the GDP of various European economies during the present quarter. The GDP of Austria expanded by 0.2%, whereas the GDP of Belgium, France, Germany, Italy, Netherlands and Spain contracted by 0.5%, 1.2%, 2.4%, 3.7%, 1% and 3.2% respectively. There was no change in the GDP of Greece during the present quarter. The Euro area<sup>8</sup> contracted by 2.3% in the present quarter compared to the previous quarter.

### III. TRADE AGREEMENTS AND ARRANGEMENTS

#### EU and US

The free trade agreement between the EU and the US that aims to lift customs duties on goods and remove non-tariff trade barriers is expected to not only promote trade between the nations, but lead to prosperity and higher levels of employment in both the nations.<sup>9</sup> According to an estimate by the German Marshall Fund, the removal of trade barriers is expected to raise the gross domestic product of EU by €190 bn and of the US by €100 bn.<sup>10</sup>

The free trade agreements entered into by EU and US separately with various nations would be affected by a Transatlantic Free Trade Agreement (TAFTA). Complete liberalization in trade between the nations beyond the abolition of customs duties would increase trade by 79%. A TAFTA is likely to have positive effects on the labour market. Though 240,000 jobs would be lost worldwide, 11,000 new jobs in Germany and 400,000 new jobs in the EU are expected through the TAFTA. Experts emphasized the threefold positive impact of TAFTA as: *“It is a growth acceleration programme, it supports medium-sized companies and it leads to an increase in secure and well-paid employment.”*<sup>11</sup>

On 2 February 2013, a notice was issued concerning the entry into force of an Agreement on Trade in Bananas between the European Union and the United States of America. The Agreement on Trade in Bananas between the EU and US which was signed on 8 June 2010 in Geneva and entered into force on 24 January 2013.<sup>12</sup>

#### EU and Thailand

The EU launched negotiations for a free trade agreement with Thailand, as the bloc continued to seek out individual trade pacts with members of the Association of Southeast Asian Nations, after the broader deal faltered. The EU stated that the FTA with Thailand should deliver economic gains and put the EU on par with partners who have already concluded FTAs with the Thailand. The ASEAN's 10 member states- Thailand, Brunei, Cambodia, Indonesia, Laos, Burma, the Philippines, Malaysia, Vietnam and Singapore are

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<sup>8</sup> Countries in the European Union (17 countries) which have their currency as euro.

<sup>9</sup> ‘EU-US trade deal is ‘unique opportunity’’, <http://www.dw.de/eu-us-trade-deal-is-unique-opportunity/a-16584523> (last visited 12 May 2013).

<sup>10</sup> Marcel Fratzscher, ‘EU-US free trade deal could be costly’, Financial Times, 21 February 2013, <http://www.ft.com/intl/cms/s/0/e6a94ef0-7c2f-11e2-99f0-00144feabdc0.html#axzz2TCx7cO2b> (last visited 12 May 2013).

<sup>11</sup> Ifo Institute, Center for Economic Studies, ‘Free Trade Agreement between EU and USA Will Create Prosperity’, [http://www.cesifo-group.de/ifoHome/presse/Pressemitteilungen/Pressemitteilungen-Archiv/2013/Q1/press-2013-02\\_28\\_freihandel.html](http://www.cesifo-group.de/ifoHome/presse/Pressemitteilungen/Pressemitteilungen-Archiv/2013/Q1/press-2013-02_28_freihandel.html) (last visited 12 May 2013).

<sup>12</sup> International Agreements, OJ 2013 L 33/1.

the EU's third largest trading partner outside Europe with nearly \$213 billion in annual trade. The EU has pushed deals with the ASEAN members in lieu of a larger deal.<sup>13</sup>

### **EU and Singapore**

EU and Singapore entered into a free trade agreement that aims to remove taxes on jet fuel and diesel imports to the continent. It is likely to come into force in 2014. The trade agreement is expected to boost petroleum shipments to the EU. The EU currently levies a 4.7% tax on jet fuel and 3.5% tariff on diesel imports from Singapore, while there are no taxes levied on EU petroleum or crude imports into Singapore. The trade agreement pact is likely to be presented to the EU legislators for approval during the next quarter.<sup>14</sup>

### **EU and Peru**

The free trade agreement between EU and Peru that was concluded in 2010 came into force on 1 March 2013, thereby improving the market access of agricultural products of both the nations. The trade agreement is expected to benefit the dairy exporters of EU from an initial tariff rate quota for skimmed milk powder and cheese with liberalization after a transitional period, while hams will be liberalized after a period of five years. Export of products such as wine and spirits, olive oil and pork products will also be benefitted from preferential access. The Agreement foresees the protection of 115 European food names ("geographical indications") in Peru and 3 Peruvian food names in the EU.<sup>15</sup>

### **EU and Japan**

A negotiation that was due to take place in the present quarter, between the EU and Japan as regards a free trade pact was postponed due to the financial crisis in Cyprus. The EU and Japan account for about 30% of global economic output. EU is Japan's third largest destination for exports, and its second largest source of imports after China. The trade pact is likely to benefit Japan's large manufacturing exporters and boost the economy of EU by 0.6-0.8% creating 420,000 jobs in EU. According to the EU, Japanese exports to the EU could increase by 23% and EU exports to Japan could increase by 32% by the trade pact.<sup>16</sup>

### **EU and Canada**

EU has not concluded any trade negotiations with Canada yet. It so, because, EU believes that negotiations of the long-awaited trade deal between EU and Canada is not rewarding for itself, unless the Canadian government makes more concessions. Canada also has concerns stating that the EU negotiations did not meet the core demands of Canada. The sticking points for the EU is the dairy market of Canada protected by

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<sup>13</sup> Law360, 'EU, Thailand Open Talks On Free Trade Agreement', <http://www.law360.com/articles/421324/eu-thailand-open-talks-on-free-trade-agreement>

<sup>14</sup> Raj Rajendran & Ann Koh, 'EU, Singapore Trade Tax-Free Oil Deal May Start End 2014', Bloomberg, <http://www.bloomberg.com/news/2013-01-31/eu-singapore-trade-tax-free-oil-deal-may-start-end-2014.html> (last visited 12 May 2013).

<sup>15</sup> 'EU-Peru Free Trade agreement: improved market access for agricultural products', [http://ec.europa.eu/agriculture/newsroom/107\\_en.htm](http://ec.europa.eu/agriculture/newsroom/107_en.htm) (last visited 10 May 2013).

<sup>16</sup> 'Japan to talk with EU on launching negotiations for free trade agreement despite Cyprus woes', Times Colonist, 24 March 2013, <http://www.timescolonist.com/business/japan-to-talk-with-eu-on-launching-negotiations-for-free-trade-agreement-despite-cyprus-woes-1.97537> (last visited 14 May 2013).

a supply management system where EU needs longer patent protection on pharmaceuticals which could cost around \$900 million annually in additional healthcare costs to Canada. Canada on the other hand demands, better access to EU's pork and beef markets protected by EU regulations and demands for lower import duties on Canadian-made cars to the EU. Though the negotiations between the EU and Canada began in 2009 with a deadline of end-2011, subsequently extended to end-2012, no trade agreement has been concluded till date. Jason Langrish, the Director of the Canada Europe Roundtable for Business stated: "*This trade agreement needs to be concluded fairly soon. The longer it goes on the more potential problems could arise politically.*"<sup>17</sup>

## **EU and Republic of Moldova**

The political dialogue between the EU and Republic of Moldova made significant progress on EU-Moldova Association Agreement, including a Deep and Comprehensive Free Trade Area (DCFTA). In furtherance of the EU-Moldova Action Plan of 2013, Moldova is likely to reform its justice and law enforcement systems; intensify its fight against corruption; improve and simplify its customs procedures in order to facilitate foreign trade and reduce corruption; ensure the complete implementation of National Human Rights Action Plan and Anti-discrimination Law; implement the second phase of visa liberalization action plan; continue sector reforms and regulatory approximation to the EU *acquis* in trade and trade-related areas, implement the law on State aid; implement energy sector reforms in accordance with the Energy Community commitments and improve the business environment including registration procedures for foreign investors, etc.<sup>18</sup>

In mid-January 2013, an Agreement was entered into between the European Union and the Republic of Moldova for the protection of geographical indications of agricultural products and foodstuffs.<sup>19</sup>

## **IV. TRADE POLICIES AND PRACTICES BY MEASURE**

### **IV A. GENERALISED SYSTEM OF PREFERENCES**

- On 18 December 2012, the Commission Delegated Regulation (EU) No. 155/2013 established rules relating to the procedure for granting the special incentive arrangement for sustainable development and good governance under Regulation (EU) No. 978/2012 of the European Parliament and of the Council applying a scheme of generalised tariff preferences. Countries submitting an application for GSP arrangement and the procedure following shall be in accordance with the rules of this Regulation.<sup>20</sup>

### **IV B. TARIFF RATE QUOTAS**

- On 24 January 2013, the Commission Implementing Regulation (EU) No. 64/2013 amended Regulation (EC) No. 2535/2001 as regards the management of the WTO tariff quotas for New

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<sup>17</sup> Daniel Tencer, 'Canada-EU Free Trade Deal Will Be Scrapped If Canada Doesn't Give More: Trade Official', Huff Post Business Canada, 21 February 2013, [http://www.huffingtonpost.ca/2013/02/21/canada-eu-free-trade-deal-in-jeopardy\\_n\\_2734839.html](http://www.huffingtonpost.ca/2013/02/21/canada-eu-free-trade-deal-in-jeopardy_n_2734839.html) (last visited 12 May 2013).

<sup>18</sup> 'ENP Country Progress Report 2012- Republic of Moldova', MEMO/13/252, 20 March 2013, [http://ec.europa.eu/world/enp/docs/2013\\_enp\\_pack/2013\\_memo\\_moldova\\_en.pdf](http://ec.europa.eu/world/enp/docs/2013_enp_pack/2013_memo_moldova_en.pdf) (last visited 5 May 2013).

<sup>19</sup> Agreement, OJ 2013 L 10/3.

<sup>20</sup> Commission Delegated Regulation (EU) No. 155/2013, OJ 2013 L 48/5.

Zealand cheese and butter with respect to tariff quotas, duties to be applied, maximum quantities to be imported every year, import tariff quota periods and their division into sub-periods, etc.<sup>21</sup>

- On 29 January 2013, the Commission Implementing Regulation (EU) No. 82/2013 laid down detailed rules for the application of an import tariff quota of dried boneless meat of bovine animals falling within CN code ex 0210 20 90 originating in Switzerland. The tariff quota for dried boneless meat of bovine animals is opened for an annual volume of 1200 tonnes for every year and the order number of the quota shall be 09.4202.<sup>22</sup>
- On 15 February 2013, the Commission Implementing Regulation (EU) No. 131/2013 laid down exceptional measures as regards the release of out-of-quota sugar and isoglucose on the Union market at reduced surplus levy during the 2012/2013 marketing year. The amount of the surplus levy for a maximum quantity of 150,000 tonnes of sugar in white sugar equivalent and 8,000 tonnes of isoglucose in dry matter, produced in excess of the quota fixed and released on the Union market in the 2012/2013 marketing year, shall be fixed at 224 euros per tonne.<sup>23</sup>

#### **IV C. TECHNICAL BARRIERS TO TRADE**

- On 7 January 2013, the Commission Implementing Regulation (EU) No. 139/2013 laid down animal health conditions for imports of certain birds into the European Union and the quarantine conditions with respect to it including breeding establishments, import conditions, transit of birds in the Union, approved quarantine facilities, monitoring of transport of birds, direct transport of birds to approved quarantine facilities or centres, rules regarding attestation, rules regarding examination, testing and sampling, Action in case of suspected Chlamydiosis, release from quarantine, notification and reporting requirements, etc.<sup>24</sup>
- On 18 January 2013, the EU sent a notification to the WTO Committee of Technical Barriers to regards to the details of its proposed legislation dealing with manufacture, presentation and sale of tobacco and related products. The proposed EU legislation requires – combined health warning on the outer cover of the pack of the cigarette to the extent of 75%, general warning and information message on the pack, prohibit misleading and promotional elements on the pack of products, both tobacco as well as herbal products used for smoking, and smoking cessation information on the pack of tobacco cigarettes; Tobacco products to be sold in a pack of 20, and roll-your-own tobacco in a bundle weighing at least 40 g; a security feature on the packages of tobacco and roll-your-own-tobacco, tracking and tracing the unique identifier across the EU; for tobacco-free products containing nicotine above a specific threshold. Further, the products shall be placed within the EU market only if they are authorized as medicinal products and shall contain necessary health warning below the threshold; a health warning on herbal products used for smoking; prohibit – certain additives associated with health benefits or energy, the placing of cigarettes, roll-your-own and

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<sup>21</sup> Commission Implementing Regulation (EU) No. 64/2013. OJ 2013 L 22/1.

<sup>22</sup> Commission Implementing Regulation (EU) No. 82/2013, OJ 2013 L 28/3.

<sup>23</sup> Commission Implementing Regulation (EU) No. 131/2013, OJ 2013 L 45/1.

<sup>24</sup> Commission Implementing Regulation (EU) No. 139/2013, OJ 2013 L 47/1.

smokeless tobacco products with characterizing flavours, and products with increased toxicity or addictiveness.

The new Directive is likely to repeal the current Tobacco Products Directive (Directive 2001/37/EC) with the objective of improving the functioning of the internal market within the EU as regards tobacco and tobacco related products, protecting human health and safety especially against young people against smoking initiation, and 'Implementation of the World Health Organization Framework Convention on Tobacco Control'. This Directive is likely to be adopted in 2014.<sup>25</sup>

**Box 1: Discussions in the TBT Committee on “Good Regulatory Practice”**

On 5-7 March 2013, the WTO members, meeting as the Technical Barriers to Trade (TBT) committee, discussed on framing guidelines to regulate “good regulatory practice” in a trade-friendly manner. In an effort to promote greater trade cooperation, the Committee decided to hold discussions on trade topics at its 6th Triennial Review.

**Box 2: EU Carbon Emissions Trading Scheme In Free fall**

In furtherance of the previous TPMRs as regards the EU Carbon Emissions Trading Scheme, the price of carbon has collapsed during the quarter, the reason of which being economic recession that has affected manufacturing, thus reducing carbon emissions and creating an oversupply of carbon emissions allowances.

Graph 2: Price of carbon allowance in euros



Source: Thomson Reuters Point Carbon

Continuance of the low carbon price, the ability to meet long-term reduction targets for greenhouse gas emissions will be affected which will subsequently affect the financing of cleantech programs through the trading scheme. The EU carbon price dropped to \$5.20/ per metric ton allowance of CO<sub>2</sub> during the quarter, despite an annual reduction of 1.74% of EU emissions cap through 2020 and introduction of a new phase of

<sup>25</sup> Committee on Technical Barriers to Trade, G/TBT/N/EU/88, 18 January 2013.

the scheme from 1 January 2013 requiring companies to purchase allowances.

According to a forecast by ECN, there is oversupply of carbon emission allowances till 2025 and allowance surplus “in the longer term could affect the ability of the EU emissions trading scheme to meet more demanding emission reduction targets cost-effectively.”

The Commission’s plan of generating money by auctioning carbon allowances and reinvesting them to subsidize cleantech development programs including renewable energy projects was hindered by the low price of carbon as the funds available had become lesser than that expected.

**Source:** Alex Scott, ‘EU Carbon Emissions Trading Scheme In Freefall’, <http://cen.acs.org/articles/91/i7/EU-Carbon-Emissions-Trading-Scheme.html> (last visited 29 Apr. 2013).

#### **IV D. SANITARY AND PHYTOSANITARY MEASURES (SPS)**

- On 1 March 2013, the WTO Committee on Sanitary and Phytosanitary Measures received a notification by the European Union with regards to the conditions of approval of the active substances clothianidin, thiamethoxam and imidacloprid, and prohibiting the use and sale of seeds treated with plant protection products containing those active substances, with the objective of animal health and plant protection. It was adopted on 15 March 2013.<sup>26</sup>

#### **IV E. MARKET ACCESS**

- On 15 January 2013, the Regulation (EU) No. 168/2013 of the European Parliament and of the Council enacted administrative and technical requirements with regards to the approval and market surveillance of two- or three-wheel vehicles and quadricycles that are intended to travel on public roads, including those designed and constructed in one or more stages, and to systems, components and separate technical units, as well as parts and equipment, designed and constructed for such vehicles, enduro motorcycles, trial motorcycles and heavy terrain quads.<sup>27</sup>
- On 25 January 2013, the Commission Implementing Regulation (EU) No. 71/2013 amended Regulation (EU) No. 206/2010 with regards to the entry for Uruguay in the list of third countries, territories or parts thereof authorized for the introduction of fresh meat into the Union and correcting that Regulation pertaining to the model veterinary certificate for ovine and caprine animals intended for breeding or production after importation.<sup>28</sup>
- On 31 January 2013, the Commission Implementing Regulation (EU) No. 88/2013 amended the Decision 2007/777/EC and Regulation (EC) No. 798/2008 with regards to the entries for Ukraine in the lists of third countries from which certain meat, meat products, eggs and egg products may be introduced into the Union.<sup>29</sup>

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<sup>26</sup> Committee on Sanitary and Phytosanitary Measures, G/SPS/N/EU/39, 1 March 2013.

<sup>27</sup> Regulation (EU) No. 168/2013 of the European Parliament and of the Council, OJ 2013 L 60/52.

<sup>28</sup> Commission Implementing Regulation (EU) No. 71/2013, OJ 2013 L 26/7.

<sup>29</sup> Commission Implementing Regulation (EU) No. 88/2013, OJ 2013 L 32/8.

- On 31 January 2013, the Commission Implementing Regulation (EU) No. 91/2013 laid down specific conditions applicable to the import of groundnuts in shell and shelled and peanut butter, originating in or consigned from Ghana and groundnuts in shell and shelled, peanut butter, groundnuts (peanuts) otherwise prepared or preserved originating in or consigned from India, okra and curry leaves originating in or consigned from India and watermelon seeds and derived products originating in or consigned from Nigeria, while amending Regulations (EC) No. 669/2009 and (EC) No. 1152/2009.<sup>30</sup>
- On 5 February 2013, the Regulation (EU) No. 167/2013 of the European Parliament and of the Council enacted administrative and technical requirements pertaining to the approval and market surveillance of agricultural and forestry vehicles, designed and constructed in one or more stages, and to systems, components and separate technical units, as well as parts and equipment, designed and constructed for such vehicles.<sup>31</sup>
- On 1 March 2013, the Commission Implementing Decision (2013/113/EU) extended the validity of Decision (2006/502/EC) requiring Member States to take measures to ensure that only lighters which are child-resistant are placed on the market and to prohibit the placing of novelty lighters on the market. The Regulation shall expire on 11 May 2014 and the date of compliance is extended till 11 May 2013.<sup>32</sup>

## V. CONTINGENCY TRADE PROTECTION

### ANTI- DUMPING

#### EU and China

- On 29 January 2013, the European Commission issued a notice (2013/C 27/05) of the impending expiry of certain anti-dumping measures. The anti-dumping duty levied upon Sulphanilic acid by Council Regulation (EC) No. 1000/2008 amended by Council Regulation (EC) No. 1010/2008 originating in the **People's Republic of China and India**, and the Undertaking via Commission Decision (2006/37/EC) are likely to expire on 17 October 2013.<sup>33</sup>
- On 16 February 2013, the European Commission issued a notice (2013/C 45/03) of initiation of an anti-dumping proceeding with regards to imports of certain seamless pipes and tubes of iron or steel, of an external diameter exceeding 406,4 mm, currently falling within CN codes 7304 19 90, 7304 29 90, 7304 39 98 and 7304 59 99, and originating in the **People's Republic of China**.<sup>34</sup>
- On 18 February 2013, the Council Implementing Regulation (EU) No. 158/2013 re-imposed a definitive anti-dumping duty on imports of certain 'prepared or preserved mandarins (including tangerines and satsumas), clementines, wilkings and other similar citrus hybrids, not containing added

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<sup>30</sup> Commission Implementing Regulation (EU) No. 91/2013, OJ 2013 L 33/2.

<sup>31</sup> Regulation (EU) No. 167/2013 of the European Parliament and of the Council, OJ 2013 L 60/1.

<sup>32</sup> Commission Implementing Decision (2013/113/EU), OJ 2013 L 61/11.

<sup>33</sup> (2013/C 27/05), OJ 2013 C 27/8.

<sup>34</sup> (2013/C 45/03), OJ 2013 C 45/3.

spirit, whether or not containing added sugar or other sweetening matter', currently falling within CN codes 2008 30 55, 2008 30 75 and ex 2008 30 90, and originating in the **People's Republic of China**. The provisions as regards customs duty apply to the import of certain prepared or preserved citrus fruits unless specifically mentioned. This Regulation is likely to expire on 31 December 2013.<sup>35</sup>

- On 28 February 2013, the European Commission issued a notice (2013/C 58/06) of initiation of an anti-dumping proceeding concerning imports of solar glass consisting of tempered soda-lime-flat-glass, with an iron content of less than 300 ppm, a solar transmittance of more than 88%, a resistance to heat up to 250°C, a resistance to thermal shocks of  $\Delta 150$  K and having a mechanical strength of 90 N/mm<sup>2</sup> or more, currently falling within CN code ex 7007 19 80 and originating in the **People's Republic of China**.<sup>36</sup>
- On 28 February 2013, the European Commission issued a notice (2013/C 58/07) of initiation of an expiry review of the anti-dumping measures applicable to imports of ferro-silicon, currently falling within CN codes 7202 21 00, 7202 29 10 and 7202 29 90, and originating in the **People's Republic of China and Russia**.<sup>37</sup>
- On 1 March 2013, the European Commission issued a notice (2013/C 60/04) of the impending expiry of certain anti-dumping measures. The anti-dumping duty levied upon citric acid by Council Regulation (EC) No 1193/2008 originating in the **People's Republic of China**, and the Undertakings via Commission Decision (2008/899/EC) amended by Commission Decision (2012/501/EU) are likely to expire on 4 December 2013.<sup>38</sup>
- On 1 March 2013, the European Commission issued a notice (2013/C 60/05) of the impending expiry of certain anti-dumping measures. The anti-dumping duty levied upon Monosodium glutamate by Council Regulation (EC) No. 1187/2008 originating in the **People's Republic of China** is likely to expire on 3 December 2013.<sup>39</sup>
- On 1 March 2013, the Commission Regulation (EU) No. 182/2013 made imports of crystalline silicon photovoltaic modules or panels currently falling within CN codes ex 8501 31 00, ex 8501 32 00, ex 8501 33 00, ex 8501 34 00, ex 8501 61 20, ex 8501 61 80, ex 8501 62 00, ex 8501 63 00, ex 8501 64 00 and ex 8541 40 90, cells and wafers of the type used in crystalline silicon photovoltaic modules or panels currently falling within CN codes ex 8541 40 90 and ex 3818 00 10 respectively having thickness not exceeding 400  $\mu$ m, and originating in or consigned from the **People's Republic of China** subject to registration.<sup>40</sup>
- On 11 March 2013, the Council Implementing Regulation (EU) No. 214/2013 imposed a definitive anti-dumping duty and collected definitively the provisional duty imposed on imports of certain organic coated steel products 'i.e. flat-rolled products of non-alloy and alloy steel which are painted,

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<sup>35</sup> Council Implementing Regulation (EU) No. 158/2013, OJ 2013 L 49/29.

<sup>36</sup> (2013/C 58/06), OJ 2013 C 58/6.

<sup>37</sup> (2013/C 58/07), OJ 2013 C 58/15.

<sup>38</sup> (2013/C 60/04), OJ 2013 C 60/9.

<sup>39</sup> (2013/C 60/05), OJ 2013 C 60/10.

<sup>40</sup> Commission Regulation (EU) No. 182/2013, OJ 2013 L 61/2.

varnished or coated with plastics on at least one side, excluding so-called 'sandwich panels' of a kind used for building applications and consisting of two outer metal sheets with a stabilising core of insulation material sandwiched between them, excluding those products with a final coating of zinc-dust and those products with a substrate with a metallic coating of chromium or tin', currently falling within CN codes ex 7210 70 80, ex 7212 40 80, ex 7225 99 00, ex 7226 99 70, and originating in the **People's Republic of China**. The provisions as regards customs duty apply to the import of certain organic coated steel products unless specifically mentioned.<sup>41</sup>

- On 11 March 2013, the Council Implementing Regulation (EU) No. 217/2013 imposed a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain 'aluminium foils of a thickness of 0,007 mm or more but less than 0,021 mm, not backed, not further worked than rolled but whether or not embossed, in low weight rolls of a weight not exceeding 10 kg', currently falling within CN codes ex 7607 11 11 and ex 7607 19 10, and originating in the **People's Republic of China**. The provisions as regards customs duty apply to the import of certain aluminium foils in rolls unless specifically mentioned.<sup>42</sup>
- On 15 March 2013, the European Commission issued a notice (2013/C 77/05) of the expiry of certain anti-dumping measures. The anti-dumping duty levied upon Coke of coal in pieces with a diameter of more than 80 mm (coke 80+) by Council Regulation (EC) No. 239/2008 originating in the **People's Republic of China** is likely to expire on 19 March 2013.<sup>43</sup>

### **Box 3: EU's anti-dumping against solar glass from China**

The EU launched an anti-dumping investigation into imports of solar glass from China. The initiation is based on a complaint lodged by the association *EU ProSun Glass* which claims solar glass from China is being dumped in the EU at prices below market value and causes material injury to the EU solar glass industry. The investigation shall take up to 15 months although the trade defence rules of the EU it could be imposed within nine months, if necessary. The EU Solar glass market is valued at less than Euro 200 million.<sup>44</sup>

## **EU and India**

- On 25 January 2013, the European Commission issued a notice (2013/C 23/07) of the expiry of certain anti-dumping measures. The anti-dumping duty levied upon Dihydromyrcenol by Council Regulation (EC) No. 63/2008 originating in **India** is likely to expire on 27 January 2013.<sup>45</sup>

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<sup>41</sup> Council Implementing Regulation (EU) No. 214/2013, OJ 2013 L 73/1.

<sup>42</sup> Council Implementing Regulation (EU) No. 217/2013, OJ 2013 L 69/11.

<sup>43</sup> (2013/C 77/05), OJ 2013 C 77/18.

<sup>44</sup> Europa, 'EU initiated anti-dumping investigation on solar glass from China', [http://europa.eu/rapid/press-release\\_MEMO-13-153\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-153_en.htm)

<sup>45</sup> (2013/C 23/07), OJ 2013 C 23/11.

- On 28 February 2013, the European Commission issued a notice (2013/C 58/08) as regards partial reopening of the anti-dumping investigation concerning imports of certain fatty alcohols and their blends originating in **India, Indonesia and Malaysia**.<sup>46</sup>
- On 23 March 2013, the European Commission issued a notice (2013/C 85/09) of the impending expiry of certain anti-dumping measures. The anti-dumping duty levied upon Synthetic fibre ropes by Council Implementing Regulation (EU) No. 1242/2010 originating in **India** is likely to expire on 23 December 2013.<sup>47</sup>

### **EU and United States of America**

- On 18 February 2013, the Council Implementing Regulation (EU) No. 157/2013 imposed a definitive anti-dumping duty on imports of bioethanol i.e. ethyl alcohol produced from agricultural products, denatured or undenatured, excluding products with a water content of more than 0,3% (m/m) (measured in accordance with the standard EN 15376), but including ethyl alcohol produced from agricultural products contained in blends with gasoline with an ethyl alcohol content of more than 10% (v/v) intended for fuel uses, currently falling within CN codes ex 2207 10 00, ex 2207 20 00, ex 2208 90 99, ex 2710 12 21, ex 2710 12 25, ex 2710 12 31, ex 2710 12 41, ex 2710 12 45, ex 2710 12 49, ex 2710 12 51, ex 2710 12 59, ex 2710 12 70, ex 2710 12 90, ex 3814 00 10, ex 3814 00 90, ex 3820 00 00 and ex 3824 90 97, and originating in the **United States of America**. The provisions as regards customs duty apply to the import of bioethanol unless specifically mentioned.<sup>48</sup>
- On 21 March 2013, the Council Implementing Regulation (EU) No. 285/2013 terminated the partial reopening of anti-dumping investigation concerning imports of ethanolamines currently falling within CN codes ex 2922 11 00, ex 2922 12 00 and 2922 13 10, originating in the **United States of America**, and, terminated the expiry review of ethanolamines pursuant to Article 11(2) and the partial interim review pursuant to Article 11(3) of Regulation (EC) No. 1225/2009.<sup>49</sup>

### **EU and Turkey**

- On 17 January 2013, the Council Implementing Regulation (EU) No. 78/2013 imposed a definitive anti-dumping duty and collecting definitely the provisional duty imposed on imports of certain tube and pipe fittings (other than cast fittings, flanges and threaded fittings), of iron or steel (not including stainless steel), ‘with a greatest external diameter not exceeding 609,6 mm, of a kind used for butt-welding or other purposes’, currently falling within CN codes ex 7307 93 11, ex 7307 93 19 and ex 7307 99 80 , and originating in **Russia and Turkey**. The provisions as regards customs duty apply to the import of certain tube and pipe fittings of iron or steel unless specifically mentioned.<sup>50</sup>
- On 13 February 2013, the Commission Decision (2013/80/EU) terminated the anti-dumping proceeding concerning imports of ‘welded tubes, pipes and hollow profiles of square or rectangular

<sup>46</sup> (2013/C 58/08), OJ 2013 C 58/24.

<sup>47</sup> (2013/C 85/09), OJ 2013 C 85/14.

<sup>48</sup> Council Implementing Regulation (EU) No. 157/2013, OJ 2013 L 49/10.

<sup>49</sup> Council Implementing Regulation (EU) No. 285/2013, OJ 2013 L 86/1.

<sup>50</sup> Council Implementing Regulation (EU) No. 78/2013, OJ 2013 L 27/1.

cross-section, of iron other than cast iron or steel other than stainless', currently falling within CN codes 7306 61 92 and 7306 61 99, and originating in the former Yugoslav **Republic of Macedonia, Turkey and Ukraine**.<sup>51</sup>

### **EU and Argentina**

- On 28 January 2013, the Commission Regulation (EU) No. 79/2013 made the imports of biodiesel i.e. 'fatty-acid mono-alkyl esters and/or paraffinic gasoils obtained from synthesis and/or hydro-treatment, of non-fossil origin, in pure form or as included in a blend', currently falling within CN codes ex 1516 20 98, ex 1518 00 91, ex 1518 00 95, ex 1518 00 99, ex 2710 19 43, ex 2710 19 46, ex 2710 19 47, 2710 20 11, 2710 20 15, 2710 20 17, ex 3824 90 97, 3826 00 10 and ex 3826 00 90, originating in **Argentina and Indonesia** subject to registration. The registration shall expire after nine months of this Regulation.<sup>52</sup>

### **EU and Malaysia**

- On 8 February 2013, the European Commission issued a notice (2013/C 36/11) of the impending expiry of certain anti-dumping measures. The anti-dumping duty levied upon certain tube and pipe fittings of iron or steel by Council Regulation (EC) No. 1001/2008 originating in the Republic of **Korea and Malaysia** is likely to expire on 17 October 2013.<sup>53</sup>

### **EU and Philippines**

- On 7 March 2013, the Council Implementing Regulation (EU) No. 205/2013 extended the definitive anti-dumping duty imposed on imports of certain stainless steel fasteners and parts thereof originating in the People's Republic of China by Implementing Regulation (EU) No. 2/2012, to imports of certain stainless steel fasteners currently falling under CN codes ex 7318 12 10, ex 7318 14 10, ex 7318 15 30, ex 7318 15 51, ex 7318 15 61 and ex 7318 15 70 consigned from the Philippines, whether declared as originating in the Philippines or not, and, terminated the investigation concerning possible circumvention of anti-dumping measures imposed on imports of certain stainless steel fasteners and parts thereof by the same Regulation, consigned from Malaysia and Thailand, whether declared as originating in Malaysia and Thailand or not. The provisions as regards customs duty apply to the import of certain stainless steel fasteners consigned from the **Philippines**, whether declared as originating in the Philippines or not, unless specifically mentioned.<sup>54</sup>

### **EU and Kazakhstan**

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<sup>51</sup> Commission Decision (2013/80/EU), OJ 2013 L 43/36.

<sup>52</sup> Commission Regulation (EU) No. 79/2013, OJ 2013 L 27/10.

<sup>53</sup> (2013/C 36/11), OJ 2013 C 36/24.

<sup>54</sup> Council Implementing Regulation (EU) No. 205/2013, OJ 2013 L 68/1.

- On 13 February 2013, the Commission Decision (2013/81/EU) terminated the anti-dumping proceeding concerning imports of white phosphorus, also called elemental or yellow phosphorus, originating in the **Republic of Kazakhstan**.<sup>55</sup>
- On 28 February 2013, the European Commission issued a notice (2013/C 58/05) of the expiry of certain anti-dumping measures. The anti-dumping duty levied upon Ferro-silicon by Council Regulation (EC) No. 172/2008 as amended by Council Implementing Regulation (EU) No. 1297/2009, and originating in **Egypt and Kazakhstan** is likely to expire on 1 March 2013.<sup>56</sup>

### EU and South Africa

- On 12 March 2013, the European Commission issued a notice (2013/C 72/06) of initiation of an expiry review of the anti-dumping measures applicable to imports of certain electrolytic manganese dioxides, currently falling within CN code ex 2820 10 00, and originating in **South Africa**.<sup>57</sup>

### EU and Vietnam

- On 18 March 2013, the Council Implementing Regulation (EU) No. 260/2013 extended the definitive anti-dumping duty imposed on imports of gas-fuelled, non-refillable pocket flint lighters by Regulation (EC) No. 1458/2007 originating in the People's Republic of China, to imports of gas-fuelled, non-refillable pocket flint lighters, currently falling under CN code ex 9613 10 00, consigned from the **Socialist Republic of Vietnam**, whether declared as originating in the Socialist Republic of Vietnam or not. The provisions as regards customs duty apply to the import of gas-fuelled, non-refillable pocket flint lighters consigned from the Socialist Republic of Vietnam, whether declared as originating in the Socialist Republic of Vietnam or not, unless specifically mentioned.<sup>58</sup>

### EU and Taiwan

- On 10 January 2013, the Council Implementing Regulation (EU) No. 21/2013 extended the definitive anti-dumping duty imposed up on imports of certain open mesh fabrics of glass fibres of a cell size of more than 1,8 mm both in length and in width and weighing more than 35 g/m<sup>2</sup>, excluding fibreglass discs, originating in the People's Republic of China by Implementing Regulation (EU) No. 791/2011 to imports of certain open mesh fabrics of glass fibres of a cell size of more than 1,8 mm both in length and in width and weighing more than 35 g/m<sup>2</sup>, excluding fibreglass discs, consigned from Taiwan and Thailand, whether declared as originating in Taiwan and Thailand or not, falling under CN codes ex 7019 51 00 and ex 7019 59 00. The provisions as regards customs duty apply to the import of certain open mesh fabrics of glass fibres consigned from Taiwan and Thailand, whether declared as originating in **Taiwan and Thailand** or not, unless specifically mentioned.<sup>59</sup>

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<sup>55</sup> Commission Decision (2013/81/EU), OJ 2013 L 43/38.

<sup>56</sup> (2013/C 58/05), OJ 2013 C 58/5.

<sup>57</sup> (2013/C 72/06), OJ 2013 C 72/8.

<sup>58</sup> Council Implementing Regulation (EU) No. 260/2013, OJ 2013 L 82/10.

<sup>59</sup> Council Implementing Regulation (EU) No. 21/2013, OJ 2013 L 11/1.

- On 21 March 2013, the Council Implementing Regulation (EU) No. 295/2013 amended Regulation (EC) No. 192/2007 imposing a definitive anti-dumping duty on imports of polyethylene terephthalate, currently falling within CN code 3907 60 20, originating, inter alia, in **Taiwan** following a 'new exporter' review pursuant to Article 11(4) of Regulation (EC) No. 1225/2009. The provisions as regards customs duty apply to the import of polyethylene terephthalate unless specifically mentioned.<sup>60</sup>

## EU and Thailand

- On 14 February 2013, the European Commission issued a notice (2013/C 42/05) of initiation of a partial interim review of the anti-dumping measures applicable to imports of certain prepared or preserved sweetcorn in kernels, prepared or preserved by vinegar or acetic acid, not frozen and sweetcorn in kernels, prepared or preserved otherwise than by vinegar or acetic acid, not frozen, other than products of HS heading 2006, currently falling within CN codes ex 2001 90 30 and ex 2005 80 00, and originating in **Thailand**.<sup>61</sup>

## COUNTERVAILING DUTY

- On 30 January 2013, the European Commission issued a notice (2013/C 28/06) of the impending expiry of certain countervailing measures. The countervailing duty levied upon Sulphanilic acid by Council Regulation (EC) No. 1010/2008 originating in **India**, and the Undertaking via Commission Decision (2006/37/EC) are likely to expire on 18 October 2013.<sup>62</sup>
- On 11 March 2013, the Council Implementing Regulation (EU) No. 215/2013 imposed a countervailing duty on imports of certain organic coated steel products, i.e. flat-rolled products of non-alloy and alloy which are painted, varnished or coated with plastics on at least one side, excluding 'sandwich panels', those products with a final coating of zinc-dust and those with a substrate with a metallic coating of chromium or tin, currently falling within CN codes ex 7210 70 80, ex 7212 40 80, ex 7225 99 00, ex 7226 99 70 , and originating in the **People's Republic of China**. The provisions as regards customs duty apply to the import of certain organic coated steel products unless specifically mentioned.<sup>63</sup>

## SAFEGUARDS

- On 15 January 2013, the Regulation (EU) No. 19/2013 of the European Parliament and of the Council implemented the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and its Member States, and, Colombia and Peru.<sup>64</sup>

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<sup>60</sup> Council Implementing Regulation (EU) No. 295/2013, OJ 2013 L 90/1.

<sup>61</sup> (2013/C 42/05), OJ 2013 C 42/7.

<sup>62</sup> (2013/C 28/06), OJ 2013 C 28/12.

<sup>63</sup> Council Implementing Regulation (EU) No. 215/2013, OJ 2013 L 73/16.

<sup>64</sup> Regulation (EU) No. 19/2013 of the European Parliament and of the Council, OJ 2013 L 17/1.

- On 15 January 2013, the Regulation (EU) No. 20/2013 of the European Parliament and of the Council implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Agreement which established an Association between the European Union and its Member States, and Central America.<sup>65</sup>

## **VI. MEASURES AFFECTING PRODUCTION AND TRADE**

### **VI A. CUSTOMS AND EXCISE**

- On 21 February 2013, the Commission Implementing Regulation (EU) No. 162/2013 amended the Annex to Regulation (EC) No. 3199/93 with regards to the mutual recognition of procedures authorised list of products with Chemical Abstracts Service (CAS) for the complete denaturing of alcohol for the purposes of exemption from excise duty.<sup>66</sup>

## **VII. TRADE POLICIES BY SECTOR**

### **VII A. COMMON FISHERIES POLICY**

- On 1 February 2013, the Commission Implementing Regulation (EU) No. 92/2013 amended Implementing Regulation (EU) No. 700/2012 with regards to deductions from the Portuguese fishing quotas available for cod, Greenland halibut and redfish and the Spanish fishing quota available for red seabream in certain areas.<sup>67</sup>

## **VIII. SERVICES**

### **Environment:**

- On 7 March 2013, the Commission Regulation (EU) No. 195/2013 amended Directive (2007/46/EC) of the European Parliament and of the Council and Commission Regulation (EC) No. 692/2008 with regards to innovative technologies for reducing CO<sub>2</sub> emissions from light passenger and commercial vehicles.<sup>68</sup>

### **Aviation:**

- On 29 January 2013, the Commission Regulation (EU) No. 109/2013 amended Regulation (EC) No. 748/2009 with regards to the list of aircraft operators that performed an aviation activity listed in Annex I to Directive 2003/87/EC of the European Parliament and of the Council on or after 1 January 2006 specifying the administering Member State for each aircraft operator while also taking into consideration the expansion of the Union emission trading scheme to EEA-EFTA countries.<sup>69</sup>

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<sup>65</sup> Regulation (EU) No. 20/2013 of the European Parliament and of the Council, OJ 2013 L 17/13.

<sup>66</sup> Commission Implementing Regulation (EU) No. 162/2013, OJ 2013 L 49/55.

<sup>67</sup> Commission Implementing Regulation (EU) No. 92/2013, OJ 2013 L 33/11.

<sup>68</sup> Commission Regulation (EU) No. 195/2013, OJ 2013 L 65/1.

<sup>69</sup> Commission Regulation (EU) No. 109/2013, OJ 2013 L 40/1.

## **Others:**

- On 4 February 2013, the Commission Implementing Decision (2013/76/EU) amended Decision (2009/719/EC) wherein it authorized certain Member States to revise their annual BSE monitoring programmes with regard to non-testing of animals in the sub-population.<sup>70</sup>
- On 12 February 2013, the Commission Regulation (EU) No. 122/2013 amended Regulation (EC) No. 1950/2006 establishing, in accordance with Directive 2001/82/EC of the European Parliament and of the Council on the Community code relating to veterinary medicinal products, a list of substances essential for the treatment of equidae, and of substances bringing added clinical benefit.<sup>71</sup>

## **IX. DISPUTE SETTLEMENT UPDATE**

### **Argentina: Measures Affecting the Importation of Goods**

On 28 January 2013, the DSB agreed to establish a single panel to examine the dispute complained by European Union as well as the disputes made by Japan and Mexico against Argentina. European Union filed a request at the WTO for consultations with Argentina upon certain measures imposed by Argentina on the importation of goods. Some of the challenges made by European Union were – declarations required as a condition for the approval of imports; various types of licences required for the importation of certain goods; and, the alleged systematic delay in granting import approval or failure to grant such approval, or the grant of import approval subject to importers undertaking to comply with certain allegedly trade restrictive commitments. On 6 December 2012, the EU stated the necessity of establishing a panel as the challenged measure was inconsistent with several agreements. However, the Dispute Settlement Body deferred the establishment of a panel at the meeting on 17 December 2012. At a further meeting on 28 January 2013, the DSB allowed a single panel for all the disputes made against Argentina on measures affecting the importation of goods. Australia, Canada, China, Ecuador, Guatemala, India, Japan, Korea, Norway, Saudi Arabia, Switzerland, Chinese Taipei, Thailand, Turkey and the United States participated as third parties.<sup>72</sup>

### **European Communities – Measures Prohibiting the Importation and Marketing of Seal Products**

On 7 January 2013, based upon a request made by Canada and Norway on 4 October 2012, the panel agreed to initiate a meeting on the dispute “European Communities – Measures Prohibiting the Importation and Marketing of Seal Products”. The panel also discussed whether EU’s regime on Seal products prohibited the WTO rules especially Article XI:1 of the GATT and/or Article 4.2 of the Agreement on Agriculture. This meeting was scheduled on 18-20 February 2013 with the parties and the session was open to public viewing at the WTO Headquarters in Geneva.<sup>73</sup>

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<sup>70</sup> Commission Implementing Decision (2013/76/EU), OJ 2013 L 35/6.

<sup>71</sup> Commission Regulation (EU) No. 122/2013, OJ 2013 L 42/1.

<sup>72</sup> ‘Argentina: Measures Affecting the Importation of Goods’, DS 438, [http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds438\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds438_e.htm) (last visited 29 April 2013).

<sup>73</sup> ‘European Communities – Measures Prohibiting the Importation and Marketing of Seal Products’, DS 400, [http://www.wto.org/english/tratop\\_e/dispu\\_e/cases\\_e/ds400\\_e.htm](http://www.wto.org/english/tratop_e/dispu_e/cases_e/ds400_e.htm) (last visited 28 April 2013).

### **Canada appeals renewable energy dispute panel reports**

On 5 February 2013, Canada requested the establishment of Appellate Body review in WTO on the conclusion made by the Panel regarding complainants made by Japan on certain measures affecting renewable energy generation sector and also by European Union on measures relation to FIT Program. The key measure at issue was the FIT Program, adopted by the Government of the Province of Ontario, as well as all individual FIT and microFIT Contracts which offers the domestic content requirements that must be complied with in the design and construction of certain electricity generation facilities utilizing solar photovoltaic and wind power technology in order to qualify for guaranteed electricity prices. Canada was against the claim made by EU under Panel report that FIT program is inconsistent with Canada's obligations under Article III:4 and III:5 of the GATT 1994 as they were affecting internal transactions of the imported equipment to be treated less favourably than that of the like products originating in Ontario. Moreover, Canada seeks a review on the conclusion made by the Panel which decided that the Government of Ontario's FIT Program is not covered by the terms of Article III:8(a) of GATT 1994. Canada insisted on the erroneous findings of the Panel that the Government of Ontario purchased renewable electricity with a view to commercial resale.<sup>74</sup>

### **Japan, EU appeal renewable energy panel reports**

On 11 February 2013, Japan filed a cross appeal on the dispute "Canada: Renewable Energy" (WT/DS412) and the European Union filed a cross appeal on the dispute "Canada: Feed-in Tariff Program" (WT/DS426). Japan, in its cross appeal pointed out some legal errors made in the panel report regarding the Agreement on Subsidies and Countervailing Measures ("SCM Agreement") and General Agreement on Tariffs and Trade 1994 ("GATT 1994"). Moreover, the European Union requested in its appeal to reverse the panel's judgment which misinterpreted Articles 2.1 and 2.2 of the TRIMs Agreement and Article III:8(a) of the GATT 1994. These disputes were appealed earlier by Canada on 5 February 2013.<sup>75</sup>

### **China: Definitive Anti-Dumping Duties on X-Ray Security Inspection Equipment from the European Union**

On 26 February 2013, a panel report was circulated based on the complaint made on 25 July 2011 by the European Union as regards its request for consultation with China regarding imposition of definitive anti-dumping duties on x-ray security inspection equipment from the EU pursuant to China's Ministry of Commerce Notice No. 1 (2011). The measure imposed by China was regarding anti-dumping duties on imports of certain security inspection equipment (x-ray scanners) from the European Union. The European Union claimed that the measure of 'definitive anti-dumping duties on x-ray security inspection equipment from the EU' was inconsistent with the provisions given in the Anti-Dumping Agreement related to the process of the Anti-Dumping investigation as well as the Anti-Dumping determination at issue. Moreover, it

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<sup>74</sup> 'Canada appeals renewable energy dispute panel reports', WTO News, 5 February 2013, [http://www.wto.org/english/news\\_e/news13\\_e/ds412\\_426apl\\_06feb13\\_e.htm](http://www.wto.org/english/news_e/news13_e/ds412_426apl_06feb13_e.htm) (last visited 29 April 2013).

<sup>75</sup> 'Japan, EU appeal renewable energy panel reports', WTO News, 11 February 2013, [http://www.wto.org/english/news\\_e/news13\\_e/ds412\\_426xapl\\_11feb13\\_e.htm](http://www.wto.org/english/news_e/news13_e/ds412_426xapl_11feb13_e.htm) (last visited 29 April 2013).

stated that the measure at issue did not come under the Article VI:1 and VI:6(a) of the GATT 1994. The panel was established on 20 January 2012 with India, Japan, Norway, Thailand and the United States participated as third party. The panel upheld the European Union's claim that China acted inconsistently with certain provisions of Anti-Dumping Agreement, and therefore there was a need to amend its measure in conformity with its obligation under the Agreement.<sup>76</sup>

### **WTO meeting on “EC — seal products” dispute opened to the public**

On 18 March 2013, due to the request of the parties (Canada and Norway) on the dispute “European Communities – Measures Prohibiting the Importation and Marketing of Seal Products” (DS400 and DS401), the panel approved to open its second substantive meeting with the parties to public viewing. This session is scheduled to be held on 29 and 30 April 2013 at the WTO Headquarters in Geneva.<sup>77</sup>

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<sup>76</sup> WTO confirms China illegally imposed anti-dumping duties on scanners from the EU, [http://europa.eu/rapid/press-release\\_IP-13-164\\_en.htm](http://europa.eu/rapid/press-release_IP-13-164_en.htm) (last visited 29 April 2013).

<sup>77</sup> WTO meeting on “EC — seal products” dispute opened to the public, WTO News, 18 March 2013, [http://www.wto.org/english/news\\_e/news13\\_e/hear\\_ds400\\_401\\_18mar13\\_e.htm](http://www.wto.org/english/news_e/news13_e/hear_ds400_401_18mar13_e.htm) (last visited 29 April 2013).