

Phil Hogan

Trade

Hearing due to be held on Monday 30 September at 18.30 hours.

European Parliament committee responsible: International Trade (INTA).

Phil Hogan has been European Commissioner for Agriculture and Rural Development since November 2014. Born in 1960, he studied at University College Cork and graduated in 1981 with a Bachelor of Arts degree in economics and geography. Aged 22, he became a member of Kilkenny County Council, and was elected council chair in 1985. After sitting as a member in the Upper House of the Irish Parliament for two years, he was elected a member of the Lower House of the Parliament in 1989. Re-elected in subsequent elections, he held his seat until 2014, standing for the Fine Gael party, which is affiliated to the European People's Party (EPP) at European level.

During his time in the Irish Parliament, he was briefly Minister of State at the Department of Finance from 1994 to 1995, and he was nominated to a number of party spokesperson positions. He was also



appointed chair of the Fine Gael Parliamentary Group, Fine Gael Director of Organisation and National Director of Elections for the Fine Gael Party. In 2011, he became Minister for Environment, Community and Local Government, serving in this capacity until 2014 and his appointment to the European Commission. He has held other positions at European level, namely chairing meetings of the Environment Ministers of the EPP, between 2012 and 2014, and president-in-office of the Council of EU Environment Ministers during Ireland's Council Presidency in 2013.

This is one of a set of Briefings designed to give Members of the European Parliament an overview of major issues of interest in the context of the hearings of the Commissioners-designate. The full set of Briefings can be found at: https://epthinktank.eu/commissioner_hearings_2019

Background

Over the last few years, the global trading environment has become increasingly [challenging](#), with rising protectionism and unilateral actions undermining the rules-based multilateral order. The EU is also facing challenges such as the expected departure of the United Kingdom (UK) from the EU, and increasingly heated public debates about the possible impact of trade agreements (most notably with Canada and the US) and their investment protection provisions. In response, the EU has repeatedly reaffirmed its commitment to fair and open trade and its support for multilateralism. At the same time, it has been taking steps to promote a level playing field for European industry and business, while pushing for a more transparent, value-based and inclusive EU trade policy. In his designated role as Commissioner for Trade, Phil Hogan will be working in the thematic Commissioners' Group on an Economy that Works for People, headed by Executive Vice-President Valdis Dombrovskis.

Recent developments

The outgoing Commission has worked actively [to move](#) trade and investment negotiations forward. Two of the most significant agreements that have been concluded and have entered into force are the EU-Canada Comprehensive Economic and Trade Agreement (CETA), provisionally applied as of 2017, and the EU-Japan Economic Partnership Agreement (EPA), which entered into force in February 2019. [Negotiations](#) on agreements with the Eastern and Western African Communities, Singapore and Vietnam have been finalised and political agreements have been reached with both Mexico and Mercosur; talks have been launched with Australia, Chile, Indonesia and New Zealand. Negotiations on investment agreements with China and Japan are ongoing.

Following a 2017 ruling of the European Court of Justice (CJEU), the Commission introduced a [new approach](#) to the structure of bilateral trade and investment agreements, splitting provisions related to investment into separate agreements from other trade provisions. This new approach was applied for the first time for the EU-Singapore trade and investment agreements. Recently finalised EU deals also [include](#) some new areas, such as an Investment Court System (ICS), in response to civil society objections to the investor-state dispute settlement (ISDS) mechanism and to requests from the European Parliament. The Commission has also engaged with its international partners to establish a multilateral investment court (MIC). Another novelty is the [first ever](#) explicit reference in a trade agreement to the Paris Agreement on climate change, included in the EU-Japan EPA.

In 2017, the Commission launched a debate on the trade and sustainable development (TSD) chapters of EU trade deals, and published a [15-point action plan](#) in 2018 to make TSD chapters more effective. In 2018, for the first time ever, the EU requested government consultations over the labour commitments made in the TSD chapter of a bilateral trade agreement, in this instance with South Korea; in July 2019, it requested the [establishment](#) of a panel of experts.

In 2018, Commission President Jean-Claude Juncker and United States (US) President Trump agreed on a [joint statement](#), to prevent an escalation in trade tensions. In April 2019, the Council authorised the opening of talks with the US on industrial goods tariffs and on conformity assessment; [discussions](#) on the latter are ongoing. Talks on the future relationship with the UK continue.

Efforts to increase the transparency of the EU's trade policy have resulted in a [number of measures](#) since 2017. More information is available on specific elements of ongoing negotiations, and an advisory group on trade agreements has also been set up to allow for cooperation with civil society.

An [EU framework](#) to screen foreign direct investment (FDI) was adopted in 2019. This should enable Member States and the EU to share information about FDI in critical infrastructure that might affect security or public order. [Trade defence instruments](#) (TDIs) have also been modernised, helping to address unfair trading practices more effectively. The Commission has proposed a [recast](#) of the Dual Use Regulation controlling the export of sensitive goods, as well as an international procurement instrument (IPI) to create leverage for reciprocal access to public procurement markets.

Priorities and challenges

A [2018 Standard Eurobarometer survey](#) showed that most EU citizens (71 %) support EU trade policy. There has been much debate on free trade recently, however. Concerns include a lack of transparency in trade negotiations; the risk of governments' regulatory rights being restricted with a negative impact on environmental and labour conditions; the risk of lower standards, e.g. on food safety; risks to personal data protection; and demand for more ethical trade and more equal distribution of international trade benefits.

In addition to promoting European values and standards, new EU trade agreements are likely to continue covering innovative elements, such as cross-border data flow and gender issues. The Commission will establish the new post of Chief Trade Enforcement Officer tasked with monitoring and improving compliance with trade agreements and values, with that person reporting directly to Hogan.

The next Commission will have to continue to develop ways to address the protectionist drift in global commerce and practices undermining the rules-based multilateral trade order. There are potential tools to further these ends, for instance the IPI, pending approval by the co-legislators. The EU has also strived to develop more balanced and reciprocal [economic relations](#) with China, encouraging China to engage in the modernisation of World Trade Organization (WTO) rules. [WTO reform](#) and the need to resolve the WTO dispute settlement mechanism crisis and renegotiate key WTO rules to minimise market distortions (e.g. on subsidies and state-owned enterprises) will remain a priority. The EU will also be active in plurilateral negotiations, notably on e-commerce.

Some ongoing negotiations, for instance with Australia and New Zealand, are well advanced. Besides exploring the relaunch of talks for a bi-regional agreement with the Association of South-east Asian Nations (ASEAN) and the development of economic ties with Latin America, the next Commission will need to spearhead a debate around trade and development, stemming from the Juncker Commission's idea of a continent-to-continent trade agreement with Africa and the approaching review of the Generalised System of Preferences (GSP) Regulation. India will continue to be of great importance for the EU as a trade and investment partner.

The EU will proceed with elements of the July 2018 EU-US joint statement, and will have to settle its future trade relations with the UK. Following the UK's expected exit from the EU, the EU is expected to start negotiations on an agreement on post-Brexit trade and investment relations.

European Parliament

[Article 3\(1\) of the Treaty on the Functioning of the European Union](#) (TFEU) establishes common commercial policy as an exclusive EU competence. [Article 207 TFEU](#) contains specific rules on EU trade policy, making Parliament a fully fledged co-legislator for all trade and investment-related EU legislation, under the ordinary legislative procedure. [Article 218 TFEU](#) outlines how international agreements with non-EU countries are to be negotiated and concluded. EU trade agreements are also subject to this procedure, which requires Parliament's consent. Parliament has to be regularly informed at all stages of the negotiation.

In a 2016 [resolution](#) on a future strategy for trade and investment, Parliament emphasised that the WTO's multilateral trading system continues to be the best guarantee of an open, fair and rules-based system. Parliament [has endorsed](#) trade liberalisation, both within the multilateral framework, such as in the case of work in the WTO on [trade facilitation](#), and through the negotiation of bilateral free trade agreements, for instance the [EU-Japan EPA](#). It has actively monitored trade negotiations, and has accomplished its scrutiny task through its consent procedure for international agreements. It has attached increasing importance to monitoring the implementation of trade agreements.

In the new term, Parliament will continue to follow developments in the WTO, and will play an active and leading role in the Parliamentary bodies flanking the WTO. At bilateral level, the EU-Vietnam trade and investment [agreements](#) will be the first such agreements to be subject to a vote of consent in the new Parliament. Defining post-Brexit trade relations with the UK will also be a priority.

Parliament has consistently promoted [values-based trade](#) and has been particularly concerned with the issues of human rights, social, labour and environmental standards, and corporate responsibility in relations with trade partners. Parliament has, for instance, advocated the incorporation of ambitious TSD chapters into free trade agreements and for action to support their implementation. In a 2019 [resolution](#) on climate change, it called on the Commission to ensure that trade deals to be signed by the EU are fully compatible with the Paris Agreement. It also supported the inclusion of new issues, such as gender equality, in trade agreements.

Parliament's demands contributed significantly to the replacement by the Commission of the traditional arbitration framework (ISDS) with a new Investment Court System (ICS) in recent agreements. Moreover, in a 2016 [resolution](#), Parliament stressed the need to settle investment disputes in a multilateral manner. It has also emphasised the need to facilitate the participation of small and medium-sized enterprises (SMEs) in international trade, resulting in the ground-breaking inclusion of a chapter dedicated to SMEs in the EU-Japan EPA.

Parliament has also paid particular attention to the social and environmental aspects of trade-related legislation, for instance in the framework of the modernised TDIs. The values-based trade approach was pursued, for instance, in the adoption of the Anti-Torture Regulation. Parliament also approved the FDI Screening Regulation by a large majority. Parliamentary work will have to continue on other legislative acts, such as the Dual Use Regulation and the IPI.

FURTHER READING

[Europe in May 2019 – Preparing for a more united, stronger and more democratic Union in an increasingly uncertain world](#), European Commission, 2019.

Hoekman B., Puccio L., [EU trade policy: challenges and opportunities](#), European University Institute, Robert Schuman Centre for Advanced Studies, Policy Papers, 2019/06.

Kerremans B., Adriaensen J., Colli F., Coremans E., [Parliamentary scrutiny of trade policies across the western world](#), Directorate-General for External Policies of the Union, European Parliament, 2019.

[The power of the European Parliament: Examples of EP impact during the 2014-19 legislative term](#), EPRS, European Parliament, 2019.

[Europe's two trillion euro dividend: Mapping the Cost of Non-Europe, 2019-24](#), EPRS, European Parliament, 2019.

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