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*Plenary sitting*

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**A9-0160/2020**

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# **REPORT**

on the implementation of the common commercial policy – annual report 2018  
(2019/2197(INI))

Committee on International Trade

Rapporteur: Jörgen Warborn

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the implementation of the common commercial policy – annual report 2018 (2019/2197(INI))

*The European Parliament,*

- having regard to the Commission’s report of 14 October 2019 on implementation of free trade agreements, 1 January 2018 - 31 December 2018 (COM(2019)0455),
- having regard to the Commission Staff Working Document (SWD(2019)0370) of 14 October 2019, accompanying the Commission’s report on the implementation of free trade agreements, 1 January 2018 - 31 December 2018 (COM(2019)0455),
- having regard to the Commission document of 2015 entitled ‘Trade for all: Towards a more responsible trade and investment policy’,
- having regard to the Commission communication of 29 January 2020 entitled ‘Commission Work Programme 2020: A Union that strives for more’ (COM(2020)0037),
- having regard to the Political Guidelines for the European Commission 2019-2024 of 16 July 2019,
- having regard to its resolution of 30 May 2018 on the annual report on the implementation of the Common Commercial Policy<sup>1</sup>,
- having regard to the Commission communication of 11 December 2019 on the European Green Deal (COM(2019)0640),
- having regard to the Joint Communication of 8 April 2020 on the global EU response to COVID-19 (JOIN/2020/11 final);
- having regard to its resolution of 29 November 2018 on WTO: the way forward<sup>2</sup>,
- having regard to the Joint Communication of 9 March 2020 entitled ‘Towards a comprehensive strategy with Africa’ (JOIN/2020/4 final),
- having regard to the joint statement of 25 January 2019 by the World Trade Organisation (WTO) on electronic commerce,
- having regard to the G20 Trade Ministers’ statements of 30 March and 14 May 2020;
- having regard to the joint US-EU statement of 25 July 2018,

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<sup>1</sup> Texts adopted, P8\_TA(2018)0230.

<sup>2</sup> Texts adopted, P8\_TA(2018)0477.

- having regard to the joint statement of 14 January 2020 of the Trilateral Meeting of the Trade Ministers of Japan, the United States and the European Union,
- having regard to the Commission Staff Working Document of 20 December 2019 on the protection and enforcement of intellectual property rights in third countries (SWD(2019)0452),
- having regard to the Commission’s annual report of 27 March 2019 on trade defence instruments (COM(2019)0158),
- having regard to the Special Eurobarometer published in November 2019 entitled ‘Europeans’ attitude on Trade and EU trade policy’,
- having regard to the joint communication on ‘EU-China – A strategic outlook’ adopted by the Commission and the European External Action Service on 12 March 2019 (JOIN/2019/9 final),
- having regard to the joint communication on ‘Connecting Europe and Asia - building blocks for an EU strategy’ adopted by the Commission and the European External Action Service on 19 September 2018 (JOIN/2018/31 final),
- having regard to the Commission’s report of 26 June 2019 on trade and investment barriers,
- having regard to its resolution of 18 May 2017 on the implementation of the free trade Agreement between the EU and the Republic of Korea<sup>3</sup>,
- having regard to its resolution of 5 July 2016 on a new forward-looking and innovative future strategy for trade and investment<sup>4</sup>,
- having regard to the resolution adopted by the UN General Assembly on 25 September 2015 entitled ‘Transforming our world: the 2030 Agenda for Sustainable Development’,
- having regard to its resolution of 5 July 2016 on social and economic standards, human rights and corporate responsibility<sup>5</sup>,
- having regard to Articles 2 and 21 of the Treaty on European Union (TEU) and to Chapter V, Title II of the Treaty on the Functioning of the European Union (TFEU), as well as to Article 218 TFEU,
- having regard to its resolution of 9 June 2015 on the EU strategy for equality between women and men post 2015<sup>6</sup>;

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<sup>3</sup> OJ C 307, 30.8.2018, p. 109.

<sup>4</sup> OJ C 101, 16.3.2018, p. 30.

<sup>5</sup> OJ C 101, 16.3.2018, p. 19.

<sup>6</sup> OJ C 407, 4.11.2016, p. 2.

- having regard to its own-initiative resolution of March 2018 on gender equality in trade agreements<sup>7</sup>,
  - having regard to the Commission’s gender equality strategy of March 2020,
  - having regard to the Commission’s report on the Generalised Scheme of Preferences covering the period 2018-2019<sup>8</sup>,
  - having regard to the Commission communication of 22 November 2018 entitled ‘The Single Market: Europe’s best asset in a changing world’ (COM(2018)0772),
  - having regard to Rule 54 of its Rules of Procedure,
  - having regard to the opinion of the Committee on Development,
  - having regard to the report of the Committee on International Trade (A9-0160/2020),
- A. whereas Parliament’s resolution of 30 May 2018 on the implementation of the Common Commercial Policy obtained wide support for its approach favouring a rules-based, value-based and predictable trade system; whereas new developments since 2018, notably the implementation of the EU-Canada trade agreement and most recently the effects of the COVID-19 pandemic on trade, make it necessary to undertake a thorough update of the previous report;
- B. whereas the EU is the world’s leading commercial power and largest trading bloc, acting as a major driver of economic prosperity; whereas it is also the largest trader of manufactured goods and services; whereas the latest indicators reveal that in 2019 EU exports of goods rose to EUR 2 132.3 billion, amounting to an increase of 3.5 % on the previous year; whereas despite the current global challenges the EU’s main trading partners are the US and China; whereas between 2007 and 2017 global GDP increased by more than 70 %; whereas if one compares the EU’s increase of 17 % to the figures for countries like the US (60 %), India (80 %) and China (315 %), it is clear that the EU is falling behind in global competitiveness;
- C. whereas on 14 October 2019 the Commission published its third report on the implementation of EU free trade agreements (FTAs), which shows that in 2018 33 % of EU exports and 29 % of EU imports were traded with FTA partners; whereas in 2018 the EU had a trade surplus of EUR 84.6 billion with FTA partners compared to its overall trade deficit of EUR 24.6 billion; whereas according to a recent Commission report, exports to the EU from developing countries on the basis of special trade preferences (GSP) grew by 16.2 % between 2016 and 2018, with an increase in value from EUR 158 billion euro in 2016 to 183.6 billion in 2018; whereas world trade is expected to fall by between 13 and 32 % in 2020 due to the effects of COVID-19; whereas extra-EU27 exports of goods and services are expected to decline by 9.2 % and extra-EU27 imports by 8.8 %, while the IMF expects EU GDP to decrease by 7.5 %;

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<sup>7</sup> Texts adopted, P8\_TA(2018)0066.

<sup>8</sup> [https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc\\_158619.pdf](https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158619.pdf)

- D. whereas the common commercial policy is an exclusive competence of the Union implemented by the Commission, the Council and Parliament, which requires the Union to speak with one voice in trade matters with the Commission as its negotiator; whereas in 2015 the Commission adopted a communication entitled ‘Trade for All: Towards a more responsible trade and investment policy’; whereas the Commission has launched a trade policy review aiming at improving the trade toolbox following the COVID-19 crisis;
- E. whereas Article 207 of the Treaty on the Functioning of the EU and Article 21 of the Treaty on European Union stipulate that the common commercial policy shall be conducted in the context of the principles and objectives of the Union's external action, including the promotion of human rights, democracy, the rule of law and sustainable development; whereas in December 2019 the Commission adopted the European Green Deal, which provides that all EU actions and policies will have to contribute to its objectives;
- F. whereas EU trade and investment policy also provides investors with market access and investment protection through legal certainty and a stable, predictable and properly regulated environment in which to conduct their economic activities;
- G. whereas recent Eurobarometer figures show that around 60 % of EU citizens believe that they benefit from international trade; whereas part of public opinion is highly informed about trade policy and trade agreements; whereas half of those surveyed suggest that the priorities of EU trade policy should be to create jobs in the EU and to defend environmental and health standards; whereas the Commission and the Member States must continue to develop a proper communication strategy on trade policy and trade agreements, which aims to tackle fake news on trade and to transmit as much information as possible, while targeting specific stakeholders and raising economic operators’ awareness about trade agreements;
- H. whereas the common commercial policy, composed of trade agreements and legislative measures, should serve the objective of creating a stable, predictable and fair trading environment in which EU businesses can thrive and the interests of EU citizens are asserted, and should ensure that the EU continues to safeguard its existing social and regulatory model, while using trade policy to promote its values around the world; whereas the EU should step up its efforts to promote fair competition, ensuring a level playing field and addressing contemporary trade issues; whereas fulfilling these objectives requires a sound orientation of Union trade policy and full and efficient implementation and monitoring thereof, in a fairer and more transparent manner; whereas EU trade agreements should represent opportunities for growth through market access and the lifting of trade barriers; whereas it is of fundamental importance that negotiations are conducted in a spirit of mutual benefit, in order to tackle unfair trade practices and secure compliance with EU rules and standards;
- I. whereas on 30 April 2020 the EU, together with 18 WTO members, formally notified the ‘Multi-party interim appeal arbitration arrangement’ (MPIA) to the WTO; whereas this notification marks the start of the application of the MPIA to disputes arising between the participating WTO members in view of the stalemate of the Appellate Body (AB);

- J. whereas the COVID-19 outbreak has caused a multifaceted crisis with long-term consequences and has exposed the lack of resilience of the global value chains for certain key products, including medical equipment and devices; whereas the crisis has shown the need for more robust and resilient production chains, as well as the need to invest in strategic areas to increase the resilience of EU supply chains; whereas science-based reports point to growing risks of worldwide outbreaks of pandemics and of climate change-related phenomena impacting international relations; whereas G20 trade ministers have committed to mitigate the impacts of COVID-19 on international trade and investment by continuing to work together to deliver a free, fair, non-discriminatory, transparent, predictable and stable trade and investment environment, and by keeping our markets open to ensure the continued flow across borders of vital medical supplies and equipment, critical agricultural products, and other essential goods and services;
- K. whereas on 14 March 2020 the Commission adopted Implementing Regulation (EU) 2020/402<sup>9</sup> under an urgency procedure to make the export of personal protective equipment (PPE) subject to export authorisation in line with Regulation (EU) 2015/479, as a temporary measure that serves to help the EU face the surge in demand and prepare its operational capacity to help out third countries;
- L. whereas the EU has negotiated comprehensive agreements governing trade relations with nearly all of Latin America and the Caribbean, with the exception of Bolivia, Cuba and Venezuela;
- M. whereas Parliament has stressed the need for a gender perspective in EU international trade policy in 2015<sup>10</sup>, and the need for gender equality in trade agreements in 2018<sup>11</sup>; whereas 36 million jobs in the EU, of which 13.7 million are occupied by women, depend on exports to outside the EU; whereas women are largely under-represented in extra-EU trade in the agricultural and manufacturing sectors; whereas only one in five exporting companies in the EU is led (i.e. owned and/or managed) by a woman and women account for 30 % or less of the total workforce in the export sector;
- N. whereas many countries impose tariffs on medical devices including patient monitors, diagnostic equipment and common medicines like antibiotics, painkillers, or insulin, and virtually all countries charge import tariffs on soap; whereas tariffs have been exacerbated by the decision of the US to impose additional duties on USD 370 billion worth of imports from China which include some aspects of PPE;
- O. whereas science-based reports point to growing risks of worldwide outbreaks of pandemics and of climate change-related phenomena impacting international relations, and conclude that our economic models have to be deeply reformed, notably in accordance with the Paris climate agreement;

### ***Global context***

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<sup>9</sup> OJ L 771, 15.3.2020, p. 1.

<sup>10</sup> European Parliament resolution of 13 May 2015 on the EU strategy for equality between women and men post 2015

<sup>11</sup> European Parliament resolution of 18 March 2018 on gender equality in EU trade agreements

1. Notes that significant aspects of the global context have been shifting and have proven to be unpredictable, with tensions occurring in the last two years; reiterates its support for an open, free, rules-based, predictable and fair multilateral trading system that needs to be safeguarded and promoted; points out that despite the difficult global economic climate, the EU recorded a surplus of EUR 84.6 billion (in 2018) in trade in goods with its trade agreement partners, compared to its overall trade deficit with the rest of the world of about EUR 24.6 billion; recalls that over 36 million jobs are being supported by exports to outside the EU;
2. Notes that since the Commission adopted its latest trade strategy in 2015, entitled ‘Trade for all’, the EU has concluded and started applying a number of new trade agreements, notably the EU-Canada Comprehensive Economic and Trade Agreement (CETA), the EU-Japan Economic Partnership Agreement (EPA) and the EU-Singapore and EU-Vietnam Free Trade Agreements (FTAs),
3. Insists that the EU trade strategy must continue to promote the Union’s interests and values when contending with new challenges worldwide, increase the competitiveness of EU industry, and generate economic growth in line with the European Green Deal objectives; considers, therefore, that an ambitious multilateral, plurilateral and bilateral agenda, the conclusion of trade agreements that are fair and fruitful for both parties, ensuring a strict reciprocity and respecting Europe’s high norms and standards in sensitive sectors, human rights and their effective protection, the elimination of unjustified trade barriers, and the use of trade defence tools where necessary constitute the best way to make the EU more competitive in a globalised world;
4. Stresses that our relationship with the two other trade superpowers, China and the US, which represent approximately 30 % of our trade exchanges, are key when it comes to driving EU trade policy; insists, however, that the EU should reinforce its relationships with other parts of the world, diversify and improve its trade relations with all partners, including developing countries and LDCs, and work towards a multipolar world order; underlines the need to avoid overdependence of the EU economy on supply chains of a few major trading partners;
5. Stresses the need to enhance exchange of information between the Member States; calls for further exchange of good practices, between Member States and between Member States and the Commission, with a view to achieving synergies and improving outcomes; in this regard, also stresses the need to improve assessment strategies on agreements, and considers that the Commission should ensure a better impact assessment for each trade agreement, to be carried out in due time and conducted by independent bodies;
6. Welcomes the increase of transparency in trade policy; welcomes the decision of the Council to publish the mandate on the negotiations of Economic Partnership Agreements with the ACP regions on 13 December 2019; expresses satisfaction with the recent efforts of the new Commission to inform Parliament more regularly about the state of play of ongoing negotiations, thus making the work of the Commission more transparent, such as making available detailed reports on the specialised committees set up under CETA and the agreement with South Korea;



7. Stresses that the Commission and the Member States must work on a better communication strategy with regard to the benefits of EU trade policy and awareness-raising in order to effectively engage with society and stakeholders; recalls that roadmaps provide the opportunity for the Commission to communicate and explain the reasons behind a particular initiative and its objectives, as well as to engage with society and stakeholders and receive feedback; considers that the Commission should ensure the full transparency of roadmaps and other consultation activities in order to maximise their impact and guarantee the involvement of stakeholders;
8. Regrets the serious impact of the COVID-19 virus and the consequent lockdown of economies as regards global trade, with both imports to and exports from the EU being reduced and value chains interrupted and halted as a result; highlights that the EU must learn from the current pandemic in order to reduce its vulnerability, especially for certain strategic sectors; believes that the EU and its Member States need to act swiftly to use trade policy as a tool to enable the recovery of the global economy and mitigate recession; is of the firm belief that the EU must improve its open strategic autonomy while ensuring rules-based trade in time of crisis, and must avoid measures that restrict and/or distort trade, and similarly challenge such measures from third countries, all of which should be specifically addressed in the Trade Policy Review;
9. Calls for progressing on the current negotiations and in particular revamping negotiations for a swift conclusion of a plurilateral agreement on free circulation of medical equipment; strongly encourages all countries to join the WTO Pharmaceutical Tariff Elimination Agreement (Zero for Zero) and believes its scope should be extended to all pharmaceutical and medicinal products to ensure worldwide cross-border trade; calls on WTO members to make this topic a priority on the agenda of the next WTO Ministerial Meeting, considering trade agreements as a way to help companies diversify their sources;
10. Stresses that the EU must ensure open trade flows and sustained global value chains, and must therefore refrain from export restrictions such as on PPE, for which the EU is depending on trade partners in third countries; urges those Member States which restrict the flow of critical goods on the internal market to immediately lift their export restrictions, and calls on the Commission to apply zero tolerance to such breaches of the rules of the single market; takes the view that the EU must carefully assess and identify critical sectors and societal vulnerabilities where the Union needs to secure its supply of products, and must seek effective and proportionate remedies in trade policy;
11. Laments the economic losses due to the disruption of international trade and global value chains as a result of the COVID-19 pandemic, which may have a particularly severe impact on developing countries; calls on the Commission to ensure that its trade provisions with developing countries support access to medicines and medical equipment;
12. Highlights the need to help rural and coastal producers to adapt to the crisis market conditions arising from the COVID-19 outbreak and devise swift coronavirus adaptation and resilience strategies so as to maintain subsistence income levels, while

ensuring the sustainable management of agricultural, forest, marine and biodiversity-rich ecosystems;

### ***WTO and plurilateral cooperation***

13. Stresses that this is a critical moment for promoting open, fair, balanced, sustainable, and values-based multilateralism and fostering the global trading system; deeply regrets the impasse of the WTO, which requires active steps and commitments from all WTO members; reiterates its commitment to defend the rules-based multilateral trading system;
14. Underlines the primary political and economic importance of the multilateral system and calls on the international trading partners to work towards the achievement of a well-functioning dispute settlement system at the WTO and to carry forward an ambitious reform led by the EU; urges the Commission, in this respect, to negotiate new rules to fight trade-distorting phenomena relating to non-market policies and practices, state-owned enterprises (SOEs) and industrial subsidies, that lead to overcapacity, forced technology transfer policies and practices, and intellectual property theft; encourages WTO members to reach an ambitious and balanced agreement on the long-standing issue of fishery subsidies during the ministerial conference to be held in 2021, and to send out a clear signal that the WTO is still able to deliver on its negotiating function;
15. Welcomes the multi-party interim appeal arbitration arrangement (MPIA), a new system that will allow the EU, together with other participating WTO members, to overcome the current paralysis of the WTO's Appellate Body and will permit the participating members to preserve a functioning two-step dispute settlement system at the WTO should there be disputes between them;
16. Notes the progress made during ongoing sectoral and plurilateral negotiations, notably on domestic regulation of services, e-commerce and investment facilitation; underlines that these sectoral negotiations are Joint Communication-based undertakings which should be conducted with a view to finding a cross-cutting consensus of all participants;
17. Welcomes the progress made on negotiations for the Multilateral Investment Court (MIC); notes that the International Court System (ICS) is intended to be a stepping-stone towards the MIC; regrets the extremely slow progress of Member States in dismantling intra-EU bilateral investment treaties (BITs), and urges the Commission to take action where appropriate;
18. Expresses its strong support for the trilateral cooperation under way between the EU, the US and Japan on limiting market-distorting practices worldwide; welcomes in this regard the joint statement of 14 January 2020 on industrial subsidies;

### ***United States***

19. Deeply regrets the significant change of direction in US trade policy over the past three years, and is concerned at the increase in unilateral trade measures and the rise of protectionist measures, including recent decisions by the US Department of Commerce to launch further section 232 investigations; regrets the formal notification by the US on

4 November 2019 of its withdrawal from the Paris Agreement, and recalls that the EU's common commercial policy should contribute to promoting the realisation of that agreement; stresses the importance of relaunching the EU-US talks to resolve pending problems, including disputes; stresses the importance of keeping agriculture outside the scope of the negotiations as well as ensuring proper monitoring and protection of the fisheries sector;

20. Recalls that the EU should continue to work with the US as a partner with whom it has to find solutions to trade issues of common interest and also to threats and to trade frictions, including the extraterritorial application of laws adopted by the US which are contrary to international law; stresses that the EU should continue to engage in efforts to restore mutual trust and close trade relations while ensuring that European standards are respected; is of the view that a limited trade agreement with the US could be considered as an important stepping-stone;
21. Invites the Commission to engage its US counterparts to find ways to de-escalate transatlantic trade tensions, including finding negotiated solutions with the US on the issue of civil aircraft subsidies, in particular with regard to the ongoing Airbus-Boeing dispute, and to reach a deal to end the illegal imposition of US steel and aluminium tariffs and illegal anti-subsidies and anti-dumping measures on agri-food products, including those on ripe olives; urges the Commission to increase its efforts for a coordinated and unified EU response; welcomes the negotiations between the EU and the US on mutual acceptance of the results of the conformity assessment; encourages the Commission to accelerate cooperation in other areas of joint interest, such as standards and other non-tariff barriers, in order to make trade easier, reduce bureaucratic obstacles and slash costs;
22. Regrets that the current administration is considering withdrawing from the General Procurement Agreement; urges the administration to remain a party to that agreement;

### *China*

23. Notes that China represents a market of opportunities because of its size and growth, being the EU's second biggest trading partner, but that there are many barriers for EU businesses when it comes to accessing and operating in that market, due to the state-led and state-subsidised nature of the Chinese economy, where state-owned businesses benefit from exclusive or dominant market access; condemns all types of discriminatory measures facing EU companies in China; considers that fair competition between EU and Chinese companies would lead to more opportunities and greater innovation, and calls on the Commission to constantly monitor the persistent acts of discrimination and work with the Chinese authorities in order to dismantle such acts and barriers; takes note of the withdrawal by China in May 2019 of its complaint at the WTO against the EU regarding the non-market economy treatment in anti-dumping; welcomes the outcome of the dispute settlement case between the EU and China which marks the end of China's status as a market economy, in line with Parliament's position of May 2016<sup>12</sup>;

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<sup>12</sup> European Parliament resolution of 12 May 2016 on China's market economy status, OJ C 76, 28.2.2018, p. 43.

24. Welcomes the conclusion on 6 November 2019 of the negotiations for an EU-China Geographical Indications Agreement as a positive step towards improving the protection of EU GI products in China, and calls for its swift ratification, as well as for updated legislation and stronger enforcement; insists that this EU-China Geographical Indications Agreement must not be infringed upon by the US-China Phase 1 trade deal; calls on the Commission to monitor the situation of market access for European products during implementation of this agreement; notes that, according to the most recent report on the protection and enforcement of intellectual property rights (IPRs), more than 80 % of seizures of counterfeit and pirated goods concern goods originating from China, and that this was the case in both 2018 and 2019; calls on the Commission to explore further tools to address these issues and guarantee the full protection of IPRs;
25. Encourages the Commission to conclude negotiations on an ambitious investment agreement with China, with an effective Trade and Sustainable Development (TSD) chapter, which removes all barriers to market openness in China; looks forward to the conclusion of the negotiations by the end of 2020 as agreed in the EU-China Summit in 2019; firmly believes, however, that the substance of the agreement should be prioritised over the speed of its conclusion;
26. Is appalled by the report of the Australian Strategic Policy Institute released in February 2020, which shows evidence of exploitation of Uyghur workers in Chinese factories, including in factories belonging to EU companies' value chains; is deeply concerned at the reported impacts of the Belt and Road Initiative on human rights in China and Pakistan; calls on the Commission to use all available means to end the exploitation of Uyghurs; calls on European companies to stop any form of implication in China's human rights violations; insists that Uyghur forced labour must be excluded from the supply chains of products imported into the single market;

### *New partnership with Africa*

27. Welcomes the publication of the Joint Communication for a comprehensive EU-Africa Strategy; calls for the EU to engage more with African countries in order to create an effective and solid partnership, in line with the trade-related aspects of the Agenda 2063 African Development Strategy, that would promote sustainable economic development, growth and food security in the African continent; stresses that the figures of the recent report of 10 February 2020 on the General Scheme of Preferences (GSP) covering the period 2018-2019 show an increase in the utilisation rate of the preferences by the countries benefiting from the scheme; calls on the Commission to increase its technical and economic support via aid-for-trade measures between the EU and African countries as well as among African countries themselves; notes in this regard that aid-for-trade should be a key component in trade relations with Africa in the aftermath of the COVID-19 crisis;
28. Welcomes the progress made towards implementing the African Continental Free Trade Area (ACFTA), which aims to create a single continental market for goods and services, with free movement of people and investment; welcomes the EU's support in setting up the new African Union Trade Observatory; calls for continued EU support for ACFTA in line with the Africa-Europe Alliance for Sustainable Investments and Jobs; calls for proper enforcement and deepening of the existing Economic Partnership Agreements

(EPAs) with the aim of boosting trade and investment; welcomes the entry into force of the ESA and SADC EPAs and the interim EPAs with Ghana and Côte d'Ivoire, and regrets the lack of progress in ratification of the remaining regional EPAs; expresses its support for the vision set out in the 2018 State of the Union address of a continent-to-continent trade agreement that should be an economic partnership between equals which would create mutual benefits and serve to further the Sustainable Development Goals (SDGs) and support the development of competitive local and regional value chains and resilient fiscal systems;

29. Stresses, moreover, that it is important that EPAs are jointly monitored, with the support of local partners and civil society organisations; calls on the Commission to carry out an in-depth analysis of the current EPAs on matters such as local economies, labour markets, biodiversity loss, deforestation and land-grabbing, in order to determine whether changes are needed;

### *Developing countries*

30. Emphasises that trade can be an important tool for achieving the SDGs by helping to reduce poverty; to this end, highlights the need to focus on mutually beneficial FTAs, export diversification, value addition and micro-, small and medium-sized enterprises (MSMEs); points out that the EU is committed to a robust, effective and credible commercial policy which will form the basis of a fair, open, rule-based, multilateral and inclusive commercial system constituting a global level playing field in the interest of all countries, including developing ones, which is essential for the further integration of developing countries into global value chains; recalls that EU trade and development policy should contribute to regional integration and the incorporation and rise of developing countries within global value chains;
31. Highlights that developing countries are the most affected by the phenomenon of tax evasion, which deprives states of billions of euros in public revenues every year; calls for the inclusion in trade agreements with developing countries of provisions to help combat illicit financial flows and tax evasion on the part of corporations and multinationals, with the aim of ensuring that taxes are paid where profits and real economic value are created and eliminating base erosion and profit-shifting;

### *Japan, Singapore and Vietnam*

32. Welcomes the entry into force of the EU-Japan FTA of 1 February 2019, and notes that, according to the first elements given after one year of implementation<sup>13</sup>, EU exports to Japan went up by 6.6 % compared to the same period the year before;
33. Welcomes the entry into force of the EU-Singapore trade agreement of 21 November 2019; welcomes the progress towards implementation of the EU-Vietnam agreement and calls for continued speedy progress, notably in the establishment of joint institutions and the ratification of outstanding core ILO conventions and commitments on human rights issues, urging the Commission to ensure their concrete enforcement in liaison with the EEAS; calls on the Member States to proceed with ratification of the EU-Vietnam Investment Protection Agreement (EVIPA) so that it can, together with the

EU-Vietnam Free Trade Agreement (EVFTA), enter into force as soon as possible; notes that in 2018 the EU exported around EUR 13.8 billion worth of goods to Vietnam, and points out that the rules-based free trade agreements (FTAs) and investment protection agreements (IPAs) will ensure predictability and rule of law for investors, as well as positively increasing exports in both ways and creating stability and trust for SMEs; views these agreements as a step towards concluding an FTA with the entire Association of Southeast Asian Nations (ASEAN) region;

34. Stresses that the above three agreements consolidate the strategic dynamic of the European Union in a key area of the world characterised by a rapid growth of population and incomes, with significant opportunities for our operators; considers furthermore that by its stronger presence the EU could create an alternative to Chinese domination in the area;

### ***Latin America and the Caribbean***

35. Highlights the importance of strengthening mutually beneficial trade and political relations with Latin America; recalls that the European Union and Latin America maintain close cooperation based on their historical, cultural and economic ties, with the Latin America and the Caribbean (LAC) region representing the EU's fifth largest trade partner; believes that the EU's presence in the region is fundamental in terms of enhancing cooperation based on shared values, as well as being a vector for pursuing the EU's external action policy, notably in terms of strengthening the multilateral rules-based trade system; invites the Commission to clarify its intention concerning future trade and association agreements on the issue of the split of the text;
36. Stresses the importance of the recently concluded modernisation of the EU-Mexico association agreement and the conclusion of the Mercosur association agreement, which both have the potential to deepen our strategic partnership with Latin America, to create additional opportunities in our trade relations with those countries, and to help diversify supply chains for the European economy; considers that the association agreement between the EU and Mercosur represents the largest 'bloc to bloc' deal of its kind and has the potential to create a mutually beneficial open market area encompassing approximately 800 million citizens; points out that this agreement, like all EU trade agreements, must ensure fair competition and guarantee that European production standards and methods are upheld; points out that the agreement contains a binding chapter on sustainable development that must be applied, implemented and fully assessed, as well as specific commitments on labour rights and environmental protection, including the implementation of the Paris climate agreement and the relevant implementing rules;
37. Is convinced that the modernisation of the association agreement with Chile will serve to further boost the EU's presence in the wider region and help promote an international trade agenda based on sustainable development, stronger protection for environmental and labour standards and respect for human rights; calls on the Commission to ensure that the ongoing negotiations deliver on these principles and that an agreement can be reached in a timely manner;

### ***Ongoing FTA negotiations***



38. Calls for an ambitious agenda to be pursued when it comes to negotiating FTAs, in particular with Australia and New Zealand, Tunisia, Morocco and Indonesia and in line with the Green Deal, bearing in mind the sensitive nature of certain agricultural products such as beef, sheepmeat, dairy products and fruit; reiterates its call for the swift opening of investment negotiations with Taiwan, and invites the Commission to open a scoping exercise;
39. Takes a pragmatic approach towards the issue of trade relations with UK, which should be comprehensive and ambitious, aiming at zero tariffs and zero quotas, and should be based on the principles regarding trade, investment and competitiveness that are set out in its recommendation of 18 June 2020 on the negotiations for a new partnership with the United Kingdom of Great Britain and Northern Ireland<sup>14</sup>; notes that the Political Declaration of 17 October 2019, supported by the UK, states that the future economic partnership will be underpinned by provisions ensuring a level playing field for open and fair competition, especially if no agreement is reached before the end of 2020; points out that the EU Member States are net exporters to the UK and that finding a solution that satisfies both parties must be a priority aiming to ensure the respect and protection of the interests of EU exporters and investors; calls on the Commission to enhance competitiveness for EU companies and SMEs;
40. Encourages the Commission to seize the momentum caused by the UK's withdrawal to streamline our EU policies, cut red tape and enhance competitiveness for EU companies and SMEs; stresses that the FTA with the UK should aim to allow for the closest possible market access and trade facilitation, in order to minimise trade disruptions and ensure a level playing field;

### ***Implementation of FTAs***

41. Acknowledges the outcome presented in the Commission's report regarding the implementation of free trade agreements (FTAs), in particular with South Korea, Central America/Latin America, Canada and the Eastern partners; stresses that EU trade agreements have a clear track record of, in most cases, reaching their primary objective of creating significant opportunities for EU exporters on third-country trade markets; stresses, however, that Commission estimates point to an increased negative economic impact of trade and investment barriers as a result of the protectionist trend; asks the Commission to continue with carrying out ex post impact assessment, including on sustainability, of the impact of trade agreements on our economy;
42. Encourages the Commission to continuously search for ways to enhance trade relations and further deepen economic integration with the Eastern Partnership countries, particularly in the case of the three associated countries;
43. Recalls the positive developments concerning the EU-Canada trade agreement (CETA); notes that during its first full calendar year of implementation, bilateral trade in goods, including agri-food products, grew by 10.3 %, compared to the average of the previous three years; recalls that the EU's trade surplus with Canada rose by 60 % and created additional opportunities for our exporters; also recalls that since the provisional entry into force of the agreement the two parties have created a solid partnership by

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<sup>14</sup> Texts adopted, P9\_TA(2020)0152.

accompanying the original text with important recommendations on trade, climate action and the Paris agreement, trade and gender, and SMEs, and considers this to be proof of the dynamic of a trade agreement in its implementation; invites the Commission to transmit to Parliament more recent data relating to exports by EU SMEs and the overall sustainability of the agreement; recalls the importance of strengthening implementation and follow-up of the TSD chapter;

44. Reiterates its concern over the low preference utilisation rate on EU exports reported by some of the EU's preferential partners, which denotes the limited benefits of the strategy of trade bilateralism for smaller economic operators; notes in particular a large divergence in utilisation of preferences on the Union's exports to different trade partners and little divergence in utilisation of preferences on EU imports from different trade partners; calls on the Commission to further analyse preference utilisation and come up with new innovative tools and practical solutions; highlights the importance of flexible, streamlined and uncomplicated rules of origin in this regard; calls on the Commission, together with the Member States, to streamline work towards more effective trade promotion and communication strategies and to use the full potential of the EU Delegations around the world;
45. Points out that the large number of trade and non-trade barriers and the current divergences in the level and quality of controls, customs procedures and sanctions policies at the EU's points of entry into the Customs Union, often result in distortion of trade flows, which puts at risk the integrity of the single market; therefore urges the Commission to address this issue to ensure that companies can compete fairly on a level playing field;
46. Underlines that the protection of geographical indications is one of the Union's offensive points in trade agreement negotiations, and highlights the importance of the EU's partners complying with the provisions concerned; calls on the Commission to secure greater compliance with those provisions in existing and future trade agreements;
47. Calls on the Commission to specifically look into the cumulative effects of EU FTAs on trade diversion, for the EU as well as for its partner countries, and to compare the results to the individual impact assessments and to actual figures;
48. Highlights the importance of involving the national parliaments, civil society and the private sector of all parties in trade negotiations in particular; calls for greater participation and consultation of social partners and civil society in the negotiation and implementation of trade agreements, notably within the remit of domestic advisory groups, whose monitoring role could be extended to all parts of trade agreements, and not limited solely to TSD chapters;

### *Trade and sustainable development*

49. Recalls its position expressed in its previous report on the implementation of the common commercial policy; underlines that the 15-point action plan of 27 February 2018 set out by the Commission's services represents a good basis for reflection in order to improve TSD chapter implementation; points out that the new-generation agreements include human rights clauses and sustainable development chapters, to be implemented comprehensively and in their entirety in order to safeguard and promote



the observance of human rights, the Union's values and high labour, social and environmental standards; notes the evaluation of the sustainable development chapters included in the Commission report on implementation of FTAs, and calls for a timely implementation of existing TSD provisions; asks the Commission to develop a precise and specific methodology for monitoring and evaluating the implementation of these chapters, given that such an evaluation cannot be made on the basis of quantitative data only; calls on the Commission to present proposals on how to strengthen the enforcement of the sustainable development chapter in trade agreements;

50. Takes note of the initiative launched by the Commission's DG JUST for mandatory due diligence for companies, including its consideration in EU trade agreements, as well as a mechanism that ensures effective implementation; points out that the proposal on mandatory due diligence should ensure that these measures will not add an extra burden for European SMEs or lower their competitiveness;
51. Reiterates its call on the Commission and the Member States to engage constructively in the negotiations for a legally binding UN treaty on transnational corporations and other business enterprises with respect to human rights, with the aim of ensuring access to justice for victims of human rights violations and enabling them to seek redress;
52. Welcomes the Commission's initiative for a European Green Deal, and underlines that it should be actively supported by an EU trade strategy that is ecologically, economically and socially balanced; welcomes the Commission's commitment to make compliance with the Paris climate agreement an 'essential clause' in trade agreements;
53. Observes that the current approach already contributes to addressing issues of non-compliance with obligations; however, calls on the Commission to be more attentive and to learn from its previous experience as seen in the establishment of a panel at the request of the EU under the EU-Korea FTA, following South Korea's failure to ratify International Labour Organisation (ILO) conventions on workers' rights, notably on freedom of association and collective bargaining;
54. Recalls that the early efforts of the Commission and Parliament in the trade negotiations with Mexico and Vietnam successfully encouraged the ratification by both countries, respectively in November 2018 and June 2019, of ILO Convention 98 on the right to organise and collective bargaining; congratulates both countries for such an important step; calls on the Commission to monitor the progress made with respect to the implementation of other ILO conventions, and to set up without delay the interparliamentary committee as agreed under the EVFTA, paying special attention to the prohibition of child labour; deplores the fact that Vietnam has not ratified ILO Conventions 87 and 105 on Freedom of Association and Forced Labour; calls on the Commission to monitor the situation closely and to request consultations with the Vietnamese government should it fail to make continued and sustained efforts towards ratifying them, as foreseen by the agreement;
55. Recalls the need for an effective action plan to implement the goal of zero tolerance of child labour in FTAs, by building a strong partnership with NGOs and national authorities in order to develop strong social and economic alternatives for families and workers, in coherence with actions taken under the EU development policy;

56. Believes that TSD chapters in trade agreements should be one of the drivers of the external dimension of the European Green Deal; underlines that any new carbon adjustment mechanism should be compatible with WTO rules as well as EU FTAs; stresses that EU companies should not be put at a competitive disadvantage;
57. Notes that EU trade and investment policy should be used as leverage towards responsible management of supply chains, which includes ensuring that businesses uphold human rights, labour rights and environmental standards and that there is access to justice; takes note of the commitments from the Commission that it will present a legislative proposal by 2021;
58. Calls on the Commission to ensure that human rights conditions linked to unilateral trade preferences such as GSP or GSP+ are effectively implemented and monitored; stresses that EU trade policy should help to combat illegal trade, deforestation and forest degradation;
59. Considers that the trade dimension of the COP15 of the UN Convention on Biological Diversity should be fully taken into account; recalls its resolution of 16 January 2020 on the fifth meeting of the Conference of Parties (COP15) to the Convention on Biological Diversity,<sup>15</sup> calling on the Commission and the Member States to actively engage with third countries, particularly through their external action instruments, such as the Neighbourhood, Development and International Cooperation Instrument (NDICI), in order to promote and set targets for biodiversity protection, conservation and restoration measures and governance, in particular in all multilateral and trade agreements, as well as measures against non-compliance; consequently, calls on the Commission to include enforceable TSD chapters in all future trade agreements;
60. Demands that beside the usual fundamental ILO conventions, the EU should urge its economic partners to ratify and implement Conventions 189 on domestic workers, 156 on workers with family responsibilities and 190 on violence and harassment;

### *Defending EU trade interests*

61. Recalls that the efforts to maintain rules-based trade must play a crucial role in our trade strategy, and in this context welcomes the adoption of the modernisation package of trade defence instruments in 2018, and the new foreign direct investment (FDI) screening mechanism; underlines that this screening mechanism aims at cooperation and potential restriction regarding foreign investments in strategic sectors with a view to protecting the Union and its Member States; calls on the Commission to ensure the effective enforcement of trade defence instruments (TDIs) so as to protect European industry from unfair market practices, and to evaluate and strengthen the safeguard instruments in order to make them more responsive to extraordinary circumstances and better adapted to reinforce European industry by effectively anticipating market disruptions from trade flow; stresses the need for strong screening and cooperation in the post COVID-19 context, in which some of the EU strategic sectors could be subjected to pressure; stresses, however, that the new FDI screening mechanism should never be used as a protectionist measure; welcomes the White

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<sup>15</sup> Texts adopted, P9\_TA(2020)0015.

Paper on foreign subsidies, and calls on the Commission to come forward with a legislative proposal as appropriate should current tools prove to be insufficient;

62. Notes that there is currently a massive increase in steel imports from China and other third countries, which severely affects the European industry and endangers a large number of jobs; highlights that the review process of the current safeguard measures on imports of steel products needs to include reducing the existing quotas in accordance with the imported overcapacities, and to abolish the possibility of transferring unused quotas;
63. Welcomes the announcement by the Commission of the appointment early in 2020 of a Chief Trade Enforcement Officer (CTEO) to monitor and improve compliance with the EU's trade agreements; notes that rules under EU trade agreements should be properly enforced in order to ensure their effectiveness and address market distortions; underlines the need for this newly created post to focus on implementation and enforcement of our trade agreements, as well as on breaches of market access and trade and sustainable development commitments; is of the opinion that the CTEO should not only monitor and enforce environmental and labour protection obligations under the EU trade agreements with third countries, but also focus on implementation of all chapters of trade agreements in order to guarantee that these are used to their full potential; calls on the Commission to further clarify this role;
64. Calls on the Council to ensure a rapid and swift agreement on the International Procurement Instrument, in order to provide legal security, reciprocity and a level playing field for EU operators; calls for the inclusion of a global catalogue of essential emergency healthcare products, to avoid future abuses by third-country providers in international trade during a global pandemic; notes that the Union's public procurement markets are the most open in the world and that certain third countries have very limited access to such markets; stresses the importance of promoting reciprocity and mutual benefit in the area of access to markets and public procurement, to the benefit of EU companies;
65. Emphasises the necessity of having in place adequate investment screening mechanisms in all Member States to protect against risks regarding security and public order; encourages Member States that do not yet have screening mechanisms to put in place temporary solutions, and invites the Commission to actively support such efforts;
66. Underlines that foreign direct investment into the EU and the acquisition of healthcare and other key infrastructure by foreign investors has the potential to harm EU efforts to address the COVID-19 pandemic in Europe; welcomes in this regard the Commission's communication on Guidance to the Member States ahead of the application of the FDI Screening Regulation; urges those Member States which have not yet established a screening mechanism to do so urgently; further calls on all Member States to use all available tools to ensure that effective mechanisms are in place to assess potential investment and acquisitions in relation to threats to critical health infrastructure in the EU, and to take mitigating or blocking measures as needed;

67. Reiterates the need to level the playing field between European industries that implement ambitious climate, environmental, ecological and social standards, and those trade partners that do not pursue the same high standards; considers, therefore, that a WTO-compatible Carbon Border Adjustment Mechanism that enhances global climate action and protects European industries from unfair competition is urgently needed;
68. Calls on EU leaders and the Commission to take bold decisions regarding the reform of the EU's own resources system, including the introduction of a basket of new own resources; reaffirms its position, as set out in the interim report on the multiannual financial framework (MFF), regarding the list of potential candidates for new own resources: a common consolidated corporate tax base, digital services taxation, a financial transaction tax, income from the emissions trading scheme, a plastics contribution and a WTO-compatible carbon border adjustment mechanism<sup>16</sup>;
69. Is concerned at the continuous expansion of arbitration mechanisms between investors and states through investment agreements; recalls that such parallel judicial systems are designed to favour corporate interests and rights but not companies' duties and responsibilities, and can put states' policy space and legitimate right to regulate at risk; denounces the fact that law firms have begun promoting advice on how foreign investors could bring suits in arbitration as a result of COVID-related government measures; calls for a moratorium on all arbitration claims related to measures targeting health, economic, and social dimensions of the pandemic and its effects;
70. Calls for a relaunch of negotiations for an Environmental Goods Agreement, and calls on the Commission to propose unilateral modifications of the tariffs applied on 'green goods' if these can be identified as contributing to reaching the targets of the European Green Deal;
71. Calls for the external dimension of circular economy initiatives<sup>17</sup> to be scaled up in the EU's relations with third countries through regulatory cooperation and dialogue;

### ***Trade in services and digital trade***

72. Welcomes the ongoing plurilateral negotiations over key areas of trade in services, notably domestic regulation of services and investment facilitation; notes that having a commercial presence in a third country is the dominant mode of supply for trading services and for e-commerce;
73. Stresses that the EU is by far the world's biggest exporter of services and that services represent about 70 % of its GDP; highlights in particular the relative resilience of trade in services during the COVID-19 crisis, and underlines its role in the economic recovery in Europe;
74. Underlines the need to facilitate international recovery efforts through open and fair trade, including digital trade, which necessitates a moratorium on customs duties on electronic transmissions; supports the WTO Joint Statement on Electronic Commerce

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<sup>16</sup> See European Parliament resolution of 15 May 2020 on the new multiannual financial framework, own resources and the recovery plan - Texts adopted, P9\_TA(2020)0124.

<sup>17</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52020DC0098&from=EN> ;

advocating global rules in this field; calls for openness to a meaningful outcome to facilitate the flow of data across borders and address unjustified barriers to trade by electronic means, in full conformity with EU privacy and data protection law, including the General Data Protection Regulation (GDPR), and for use to be made of the flexibility offered by the negotiating directives; welcomes the fact that these negotiations bring together a very large number of WTO members, and calls for them to be kept as open and inclusive as possible;

### ***SMEs***

75. Notes that SMEs account for approximately 30 % of the value of EU goods exports and more than 80 % of all EU enterprises exporting goods, and yet only 5 % of SMEs are active on the international front, meaning that a large majority depend on the vibrancy of the internal market; supports the idea that a specific chapter on SMEs should be part of all proposed FTAs, as is the case in the EU-Japan agreement and the modernised agreement with Mexico, and that SMEs should be included when revising existing FTAs; notes that trade barriers and bureaucracy are especially burdensome for SMEs; calls on the Commission to continue its efforts to support micro-, small and medium-sized enterprises (MSMEs), with specific focus on and measures for those which are women-led; calls on the EU and its Member States to pay particular attention to the special circumstances of women-led MSMEs when establishing export helpdesks, to take advantage of the possibilities created by FTAs, and to strengthen services, technologies and infrastructures (such as internet access) that are of particular importance for the economic empowerment of women and women-led MSMEs;
76. Asks the Commission, in collaboration with Member States, business, and stakeholders, to facilitate the use and understanding of rules of origin for SMEs; reminds the Commission of its objective of launching in early 2020 a dedicated rules of origin self-assessment tool for SMEs on the Access2Market platform, to help companies assess whether a product can benefit from preferences under a given EU trade agreement, in order to facilitate SMEs' utilisation of preferences under EU trade agreements, and so that SMEs ultimately enjoy the full benefits of trade agreements and access to foreign markets, via the provision of user-friendly, up-to-date and practical information on trade policy and in particular on FTAs; reiterates its call on the Commission to monitor the effects of its trade policy on SMEs, as they play a vital role in international trade, recalling that owing to their size and limited resources administrative costs and bureaucracy affect SMEs disproportionately;

### ***Gender and trade***

77. Stresses the opportunity for EU free trade agreements to promote gender equality and strengthen the economic position of women in third countries, and calls on the Commission to combat the exploitation of women; calls on the Commission and the Council to propose negotiating a specific gender chapter in EU trade and investment agreements; supports the recommendations on gender and trade issued by the EU-Canada Joint Committee, setting out a platform that can promote understanding on how trade agreements can contribute to gender equality;

78. Notes that the 26 sustainability impact assessments completed as of June 2017 did not include any specific statistics on trade and gender and that the 2018 implementation report does not provide any data either; insists on the need to start collecting gender-disaggregated data, and expects the next report to contain comprehensive data on the impact of FTAs in accordance with the commitment made by the Commission; flags in that respect the gender-based assessment carried out by Canada as a best practice worth implementing;
79. Calls on the Commission to make sure that the composition of the Domestic Advisory Groups (DAGs) is gender-balanced and that a Trade and Gender committee is established under each FTA to identify shortcomings and that, as is the case with the Canada-Israel FTA, the dispute settlement mechanism applies to gender issues;
80. Instructs its President to forward this resolution to the Council, the Commission, the national parliaments of the Member States, the European Economic and Social Committee and the Committee of the Regions.

## EXPLANATORY STATEMENT

This report on the implementation of the Common Commercial Policy of the European Union is the second one of this kind. The first implementation report, adopted on 30 May 2018, covered a period from October 2015, date of the latest Commission's trade strategy entitled "Trade of All", to December 2017, date of the finalisation of the draft report.

In order not to reinvent the wheel, the Rapporteur is of the opinion that this report should somehow be an update to the first one. Should Parliament's positions remain similar, the report should simply recall the previous provisions; alternatively, if positions, or context, have changed, then an update should be provided.

This report is also the first implementation report on trade policy of the new legislature. In this sense, its scope will be broader than only the implementation of trade agreements, and therefore it will also initiate forward-looking reflections on what EU trade policy should be in a rapidly evolving world.

The report covers the period between January 2018 and July 2020; two years, during which a number of previous trends have been confirmed, or even amplified, such as the gradual withdrawal of the US from the multilateral trading system or the consolidation of the State-led Chinese economy.

At the same time, some new encouraging elements have been added to the picture, starting with the positive figures coming from the first two years of implementation of the EU-Canada trade agreement (CETA) or the opening of a series of plurilateral negotiations that raise hopes for a revitalisation of multilateralism.

Furthermore, trade is not an end in itself. It is a means to deliver joint prosperity and also has the potential to deepen political and cultural bonds, as said by the President of the new Commission, Ms Ursula von der Leyen in her political guidelines. Trade agreements are therefore the best levers for supporting our partners to meet the EU's ambitious environmental goals, in particular through dedicated and delivering sustainable-development chapters.

Last but not least, the capacity of the EU to consolidate its own tools in order to be better equipped to deal with unfair competition is of great importance, as shown when the EU adopted modernised trade defence instruments and a new foreign investment screening, entered into force in June 2018 and April 2019 respectively.



18.6.2020

## **OPINION OF THE COMMITTEE ON DEVELOPMENT**

for the Committee on International Trade

on the implementation of the common commercial policy – annual report 2018  
(2019/2197(INI))

Rapporteur: Benoît Biteau

### **SUGGESTIONS**

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Emphasises that trade is not an end in itself but an important tool for achieving the Sustainable Development Goals (SDGs), by helping to reduce poverty, improve health and support efforts to tackle environmental degradation, and for promoting the EU's values to this end; highlights the need to build supply-side capacity and trade infrastructure in developing countries, focusing on export diversification, value addition and micro, small and medium-sized enterprises; recalls the EU's commitment regarding the principle of policy coherence for development and the 'do-no-harm' principle; points out that the EU is committed to a robust, effective and credible commercial policy which will form the basis of a fair and open rules-based multilateral commercial system, which is essential for the further integration of developing countries into global value chains; underlines the importance of technical assistance strategies to that effect;
2. Stresses the importance of comprehensive, binding and enforceable provisions on social, labour and environmental standards, especially in the trade and sustainable development (TSD) chapters of free trade agreements (FTAs); stresses, in addition, the importance of effective monitoring; calls for the systematic use of comprehensive ex ante and ex post impact assessments on trade sustainability;
3. Highlights that trade agreements should not have a negative impact on food security in developing countries; emphasises the need to enable developing countries to assert their food sovereignty and determine by their own democratic means how their food systems are to be configured; calls for a holistic approach to this effect encompassing key issues such as public procurement, competition (including subsidies), and sanitary and phytosanitary barriers; calls, in particular, for the EU to help developing countries to protect their local food production, support small family farms and build upon the recommendations of the Food and Agriculture Organization of the UN (FAO);



4. Notes that despite the progress made towards policy coherence for development for the duration of the 2014-2020 common agricultural policy (CAP), the banning of export subsidies has no bearing on the economic distortions resulting from other direct or indirect subsidies, as with the case of dairy products; calls for the EU to embark on a review of the current provisions of the 1994 Agreement establishing the World Trade Organization (WTO); calls for the EU to provide assistance to developing countries in designing foreign direct investment (FDI) screening mechanisms;
5. Stresses that the new EU-Africa Strategy should support fair and ethical trade; points out that the Commission's 2019 report entitled 'Implementation of Free Trade Agreements 1 January 2018 - 31 December 2018' (COM(2019)0455) highlights limited progress regarding the economic diversification of developing countries covered by economic partnership agreements (EPAs); urges the EU and its Member States to acknowledge the concerns expressed by developing countries in relation to EPAs; recalls that EPAs should provide effective support for the integration of regional markets; stresses the need to take into consideration the ex-post evaluation study of the first 10 years of the EPA with CARIFORUM and to examine the scope for improvements with a view to strengthening ties with the countries in the region while addressing the new challenges of the 21st century, in particular climate change, and meeting the SDGs; stresses the importance, moreover, for EPAs to be jointly monitored with the support of local partners and civil society organisations; calls on the Commission to carry out an in-depth analysis of the current EPAs on matters such as local economies, labour markets, biodiversity loss, deforestation and land-grabbing to determine whether changes are needed;
6. Highlights the importance of involving the national parliaments, civil society and private sector of all parties to trade negotiations in particular; calls for greater participation and consultation of social partners and civil society in the negotiation and implementation of trade agreements, notably within the remit of domestic advisory groups, whose monitoring role could be extended to all parts of trade agreements, and not solely limited to TSD chapters;
7. Stresses that the EU must ensure sustainable global supply chains; reiterates its call for an EU legal framework based on mandatory corporate due diligence on human rights violations in supply chains and providing access to justice for victims; believes that such obligations should be cross-sectoral; welcomes the forthcoming entry into force of the regulation on conflict minerals, and calls for its implementation to be monitored closely, including through the implementation of flanking measures; stresses that this regulation marks a significant milestone in guaranteeing transparency and accountability in supply chains;
8. Calls on the Commission to actively work within the WTO in order to promote multilateral rules for the sustainable management of global value chains, including mandatory supply chain due diligence, with the garment sector to be addressed as a first step based on OECD guidelines; reiterates its call on the Commission and the Member States to engage constructively in the negotiations for a legally binding UN Treaty on transnational corporations and other business enterprises with respect to human rights, with the aim of ensuring access to justice for victims of human rights violations and seek redress;

9. Highlights that developing countries are the most affected by the phenomenon of tax evasion, which deprives states of billions of euros in public revenues every year; calls for the inclusion in trade agreements with developing countries of provisions to help combat illicit financial flows and tax evasion on the part of corporations and multinationals, with the aim of ensuring that taxes are paid where profits and real economic value are created and eliminating base erosion and profit shifting;
10. Recalls that one of the main challenges for developing countries is to climb up the global value chain through economic diversification;
11. Stresses the importance of the multilateral system as the most effective means of achieving a global level playing field and an inclusive global trading system in the interest of developing countries; reiterates the importance of reforming the WTO in line with the SDGs, the 2030 Agenda and the Paris Agreement commitments;
12. Recalls, in addition, that EU trade and development policy should contribute to regional integration and the incorporation and rise of developing countries within global value chains; stresses the importance of adapting trade policies to support efforts towards the development of the African Continental Free Trade Area (AfCFTA) through financial and technical assistance;
13. Stresses equally the importance of monitoring the implementation of TSD chapters in FTAs based on guidance provided by advisory groups in the EU and the respective partner countries, with a view to evaluating the delivery of development-oriented outcomes through trade preferences; emphasises the need to adapt TSD chapters to each country's capacities, in combination with the provision of the necessary financial and technological transfers;
14. Welcomes the EU's support for far-reaching, balanced and mutually-beneficial FTA negotiations with the aim of ensuring a level playing field; points out that tax avoidance, tax evasion and tax fraud must be tackled robustly and that rule systems aimed at creating and safeguarding open, fair competition should be promoted;
15. Highlights the need to help rural and coastal producers to adapt to crisis market conditions due to the outbreak of COVID-19 and devise swift coronavirus adaptation and resilience strategies so as to maintain subsistence income levels, while ensuring the sustainable management of agricultural, forestry, marine and biodiversity-rich ecosystems;
16. Laments the economic losses due to the disruption of international trade and global supply chains as a result of the COVID-19 pandemic, which may have a particularly severe impact on developing countries; calls on the Commission to ensure that its trade provisions with developing countries support access to medicines and medical equipment; encourages the Commission to work towards greater transparency in global supply chains, particularly in the pharmaceutical sector; supports the conclusion of a multilateral agreement on the free circulation of medical equipment;
17. Calls on the Commission to ensure that human rights conditions linked to unilateral trade preferences such as GSP or GSP+ are effectively implemented and monitored;
18. Stresses that the implementation of the Paris Agreement should be supported by EU

trade policy; points out that compliance with the Paris Agreement must be a mandatory provision of EU trade agreements; calls for the inclusion of specific provisions and targets to achieve these commitments in FTAs, notably on the implementation of the national determined contributions, on loss and damage associated with the adverse effects of climate change, and on technology transfer;

19. Reiterates that the EU and its trade partners must abide by international labour and environmental standards, combat illegal trade in threatened and endangered species of fauna and flora, fight deforestation and forest degradation, and encourage trade that supports efforts to tackle climate change; expresses its concern about the link between trade liberalisation and deforestation and about the potentially negative impact of new trade agreements in this regard; calls on the Commission to include in all future trade agreements – both comprehensive and relevant sub-agreements – legally binding provisions relating to forests, in addition to safeguards that ensure their implementation and serve to combat deforestation and forest degradation;
20. Underlines the fact that the ongoing rise in CO<sub>2</sub> emissions related to transport and international trade undermines the effectiveness of the EU's climate change strategy; takes the view that the climate costs of FTAs make a strong case for shifting the path of export-led development strategy towards endogenous development based on local consumption and production in developing countries;
21. Underlines the fact that the disruptions triggered by COVID-19 have brought the vulnerabilities of the global food system to the fore; highlights, moreover, that the liberalisation of agricultural markets further entrenches an export-oriented, industrial model of agriculture that is a significant contributor to climate change, drives habitat loss and creates the conditions for viruses to emerge and spread; considers that short supply chains and other local initiatives, by contrast, hold great potential to address current failures in the food system, by improving access to fresh food, ensuring that farmers derive greater value, and reducing vulnerability to disruptions on international markets; urges the Commission, therefore, to develop a strategy to gradually shift away from trade-oriented agricultural policies and towards local and regional markets;
22. Expresses its support for carbon border tax adjustments as an important tool to guarantee fair competition for companies taking action to reduce their climate impact.

## INFORMATION ON ADOPTION IN COMMITTEE ASKED FOR OPINION

<b>Date adopted</b>	15.6.2020
<b>Result of final vote</b>	+: 15 -: 10 0: 1
<b>Members present for the final vote</b>	Anna-Michelle Asimakopoulou, Hildegard Bentele, Dominique Bilde, Udo Bullmann, Catherine Chabaud, Antoni Comín i Oliveres, Ryszard Czarnecki, Gianna Gancia, Charles Goerens, Mónica Silvana González, Pierrette Herzberger-Fofana, György Hölvényi, Rasa Juknevičienė, Beata Kempa, Erik Marquardt, Norbert Neuser, Janina Ochojska, Jan-Christoph Oetjen, Michèle Rivasi, Christian Sagartz, Marc Tarabella, Tomas Tobé, Miguel Urbán Crespo, Bernhard Zimniok
<b>Substitutes present for the final vote</b>	Barry Andrews, Marlene Mortler, Caroline Roose, Patrizia Toia

## FINAL VOTE BY ROLL CALL IN COMMITTEE ASKED FOR OPINION

15	+
S&D	Udo Bullmann, Mónica Silvana González, Norbert Neuser, Marc Tarabella, Patrizia Toia
RENEW	Catherine Chabaud, Charles Goerens, Jan-Christoph Oetjen, Barry Andrews
GREENS/EFA	Pierrette Herzberger-Fofana, Erik Marquardt, Michèle Rivasi
ECR	Beata Kempa
GUE/NGL	Miguel Urbán Crespo
N.I.	Antoni Comín i Oliveres

10	-
EPP	Anna-Michelle Asimakopoulou, Hildegard Bentele, György Hölvényi, Rasa Juknevičienė, Janina Ochojska, Tomas Tobé, Marlene Mortler
ID	Dominique Bilde, Gianna Gancia, Bernhard Zimniok

1	0
ECR	Ryszard Czarnecki

**Key to symbols:**

+ : in favour

- : against

0 : abstention

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	3.9.2020
<b>Result of final vote</b>	+: 29 -: 5 0: 8
<b>Members present for the final vote</b>	Barry Andrews, Anna-Michelle Asimakopoulou, Tiziana Beghin, Geert Bourgeois, Saskia Bricmont, Udo Bullmann, Jordi Cañas, Daniel Caspary, Anna Cavazzini, Miroslav Číž, Arnaud Danjean, Paolo De Castro, Emmanouil Fragkos, Raphaël Glucksmann, Markéta Gregorová, Enikő Győri, Roman Haider, Heidi Hautala, Danuta Maria Hübner, Herve Juvin, Karin Karlsbro, Maximilian Krah, Danilo Oscar Lancini, Bernd Lange, Margarida Marques, Gabriel Mato, Emmanuel Maurel, Maxette Pirbakas, Carles Puigdemont i Casamajó, Samira Rafaela, Inma Rodríguez-Piñero, Massimiliano Salini, Helmut Scholz, Liesje Schreinemacher, Sven Simon, Dominik Tarczyński, Mihai Tudose, Marie-Pierre Vedrenne, Jörgen Warborn, Iuliu Winkler, Jan Zahradil

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

29	+
ECR	Geert Bourgeois, Emmanouil Fragkos, Dominik Tarczyński, Jan Zahradil
PPE	Anna-Michelle Asimakopoulou, Daniel Caspary, Arnaud Danjean, Enikő Győri, Danuta Maria Hübner, Gabriel Mato, Massimiliano Salini, Sven Simon, Jörgen Warborn, Iuliu Winkler
RENEW	Barry Andrews, Jordi Cañas, Karin Karlsbro, Samira Rafaela, Liesje Schreinemacher, Marie-Pierre Vedrenne
S&D	Udo Bullmann, Miroslav Číž, Paolo De Castro, Bernd Lange, Margarida Marques, Inma Rodríguez-Piñero, Mihai Tudose, Kathleen Van Brempt
VERTS/ALE	Markéta Gregorová

5	-
S&D	Raphaël Glucksmann
ID	Herve Juvin, Maxette Pirbakas
GUE	Emmanuel Maurel, Helmut Scholz

8	0
VERTS/ALE	Saskia Bricmont, Anna Cavazzini, Heidi Hautala
ID	Maximilian Krah, Danilo Oscar Lancini, Roman Haider
NI	Tiziana Beghin, Carles Puigdemont i Casamajó

### Key to symbols:

+ : in favour

- : against

0 : abstention