



TEXTS ADOPTED

Provisional edition

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EU Trade Policy Review

European Parliament resolution of 26 November 2020 on the EU Trade Policy Review (2020/2761(RSP))

The European Parliament,

- having regard to the Commission communication of 17 May 2020 entitled ‘Adjusted Commission Work Programme 2020’ (COM(2020)0440) and to President von der Leyen’s letter of intent to President Sassoli and Chancellor Merkel of 16 September 2020 entitled ‘State of the Union 2020’,
- having regard to the Commission consultation note of 16 June 2020 entitled ‘A renewed trade policy for a stronger Europe’,
- having regard to the Commission communication of 27 May 2020 entitled ‘Europe’s moment: Repair and Prepare for the Next Generation’ (COM(2020)0456),
- having regard to the White Paper on levelling the playing field as regards foreign subsidies (COM(2020)0253),
- having regard to the Commission communication of 14 October 2015 entitled ‘Trade for All - Towards a more responsible trade and investment policy’ (COM(2015)0497),
- having regard to the Commission communication of 10 March 2020 entitled ‘A New Industrial Strategy for Europe’ (COM(2020)0102),
- having regard to the Commission communication of 10 March 2020 entitled ‘An SME Strategy for a sustainable and digital Europe’ (COM(2020)0103),
- having regard to the Commission communication of 19 February 2020 entitled ‘Shaping Europe’s digital future’ (COM(2020)0067),
- having regard to the Commission communication of 11 December 2019 entitled ‘The European Green Deal’ (COM(2019)0640),
- having regard to the joint communication of the Commission and Vice-President / High Representative of 9 March 2019 entitled ‘Towards a comprehensive Strategy with Africa’ (JOIN(2020)0004),

- having regard to the Commission communication of 20 May 2020 entitled ‘A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system’ (COM(2020)0381),
 - having regard to the Agreement adopted at the 21st Conference of the Parties to the United Nations Framework Convention on Climate Change (the Paris Climate Agreement),
 - having regard to the United Nations 2030 Agenda for Sustainable Development and to the Sustainable Development Goals (SDGs),
 - having regard to its resolutions of 5 July 2016 on a new forward-looking and innovative future strategy for trade and investment¹, of 12 December 2017 on ‘Towards a digital trade strategy’², of 28 November 2019 on the ‘climate and environment emergency’³, of 16 September 2020 on the EU’s role in protecting and restoring the world’s forests⁴, of 7 October 2020 on the implementation of the common commercial policy – annual report 2018⁵ and of 25 November 2020 on ‘A New Industrial Strategy for Europe’⁶,
 - having regard to the statement by the Commission of 24 November 2020,
 - having regard to the question to the Commission on the EU Trade Policy Review (O-000070/2020 – B9-0024/2020),
 - having regard to Rules 136(5) and 132(2) of its Rules of Procedure,
 - having regard to the motion for a resolution of the Committee on International Trade,
- A. whereas following the COVID-19 outbreak in 2020 global supply chains and production lines have been disrupted, bringing to the fore the fact that the European Union is dependent on non-EU sources, especially for some strategic sectors such as the medical and the pharmaceutical sectors;
- B. whereas trade rules and benefits are being challenged both outside the EU and within Member States, and whereas new challenges for sustainable development, such as the fight against climate change, need mainstreaming in all EU external and internal public policies;
- C. whereas the EU was already lagging behind other economies in terms of competitiveness before the pandemic; whereas the disruption to international trade resulting from the COVID-19 pandemic has now exacerbated already significant economic losses;
- D. whereas the European Union, being a resource-poor continent and the world’s largest trading block, is in a unique position to cooperate globally to achieve a sustainable

¹ OJ C 101, 16.3.2018, p. 30.

² OJ C 369, 11.10.2018, p. 22.

³ Texts adopted, P9_TA(2019)0078.

⁴ Texts adopted, P9_TA(2020)0212.

⁵ Texts adopted, P9_TA(2020)0252.

⁶ Texts adopted, P9_TA(2020)0321.

recovery of the world economy, in line with the European Green Deal;

- E. whereas the EU's trade policy review and the development of a more assertive EU trade agenda is taking place at a time when globally many politically-steered actions are being implemented in trade, economy, and finance, with long-term consequences;

Trade and 'open strategic autonomy'

1. Welcomes the timely launch of the review of the EU's trade policy in 2020, in response to and taking into account of the lessons learned from the COVID-19 pandemic, the rise in protectionist behaviour globally, the particularly challenging environment facing international trade, and the need for the mainstreaming of trade in the European Green Deal and SDGs with the aim of making economic cooperation and trade fair, inclusive and sustainable; considers it crucial, for this purpose, to coordinate and create synergies between relevant Commission Directorates-General European and the European External Action Service, as well as between trade policy and internal policies (e.g. industrial, State aid, digital, environmental, including circular economy, and social), and to incorporate trade policy into the EU's broader external policy;
2. Welcomes the debate on the unique EU concept of 'open strategic autonomy', and invites the Commission to provide further details on its content; notes, in this context, that the concept should be in line with the EU's international legal obligations and its commitment to a rules-based approach in its trade policy and to the multilateral trading system, with the World Trade Organization (WTO) at its core; insists that the EU's trade strategy must increase the competitiveness of EU industry, including the agricultural sector, create decent quality jobs, protect workers, generate inclusive and sustainable economic development in line with the European Green Deal, and promote the EU's interests and values;
3. Stresses that the EU, being one of the largest trading blocks in the world, would benefit from wider use of the euro in its international trade, as this would reduce exchange rate risk and other currency related costs in trade transactions; stresses that it is now even more crucial to boost trade, and highlights that the EU's trade strategy has the potential to contribute significantly to the recovery process after the current public health and economic crisis;
4. Calls on the Commission to analyse how the resilience of EU's supply chains can be increased, while enhancing production capacities in our Union, by exploring potential gains from EU level strategic stockpiling of essential goods for emergencies, and by encouraging the diversification of supply sources while also exploring the concept of nearshoring and the special role that countries in the EU neighbourhood could play in this regard;
5. Stresses that reshoring and nearshoring measures should contribute to the EU's long-term competitiveness, and not lead to increased costs for consumers according to a detailed sector-by-sector analysis been conducted in this regard; notes that supply chain management measures can play an important role in the economic recovery and that decisions should, in any case, remain in the hands of the relevant economic operators;
6. Calls on the Commission to identify European strategic sectors and raw materials, and to proactively support businesses, especially SMEs, focusing on the current crisis as

well as on potential future developments, providing support for climate neutrality, the accountability and sustainability of global supply chains, and digital innovation, in order to increase food security by keeping green lanes open and increasing transparency on food value chains; highlights that the EU is highly reliant on third countries for critical raw materials necessary for the green and digital transitions; emphasises, in this context, that a fully functioning multilateral trading system together with a broad network of sustainable and well-implemented free and fair trade agreements constitutes the best and most cost-effective way of guaranteeing that multiple sources of manufacturing are available; emphasises, moreover, that greater resilience will be achieved through open trade flows, by refraining from trade-restrictive measures, and through stronger cooperation with our trading partners; believes that cooperation with our trading partners would also be useful to removing barriers to trade;

Multilateral trading system

7. Reaffirms the EU's commitment to the open, rules-based multilateral trading system, with a reformed WTO at its core, to improve its efficiency, stability and predictability; invites the Commission to intensify its engagement in international fora, in close coordination with other international governance institutions such as the United Nations Conference on Trade and Development (UNCTAD) and the International Labour Organization (ILO), and to pursue an ambitious modernisation, strengthening and substantial reactivation of the WTO and its negotiating function and rulebook, with SDGs and the fight against climate change at its core, while also ensuring coherence with international commitments;
8. Insists on the reform of the WTO's Appellate Body based on a fully operational two-tier dispute settlement system; underlines that as long as the Appellate Body is not functioning properly, the EU should make effective use of the Multi-Party Interim Appeal Arbitration Arrangement, and encourage other WTO Members to participate in this arrangement; calls on the Union to reform the provisions of the WTO Dispute Settlement Understanding on retaliatory measures in order to ensure that only the relevant and affected sectors are targeted in disputes on illegal State aid;
9. Calls on the Commission to deepen its international cooperation with strategic partners, and welcomes in this regard the ongoing discussions on how to address and effectively mitigate distortions caused by industrial subsidies, knowing that market-distorting practices can have considerable negative impacts on fair competition and the level playing field, and to seek solutions to prevent forced technology transfers;
10. Expresses its preference for multilateral agreements; but recognises that plurilateral agreements can provide a useful stepping stone to reaching multilateral agreements; notes, in this regard, the value of Joint Statement Initiatives; highlights the importance of concluding a binding and enforceable agreement on fisheries subsidies, taking into account the implications on developing and least developed countries;
11. Renews its calls for a plurilateral agreement on e-commerce that would help SMEs bridge the digital gap and address digital trade barriers, and that would facilitate commercial cross-border movement of data in full conformity with EU privacy and data protection law, including the General Data Protection Regulation (GDPR); calls for enhanced online consumer protection, and increased cooperation between the Commission's services in order to improve the detection of counterfeit goods in e-

commerce; looks forward in this regard to the 12th WTO Ministerial Conference in 2021, and calls for a consolidated text to be made available by the end of 2020; emphasises the need for the EU to present a digital trade strategy, building on Parliament's resolution of 2017 on this matter, and to seek ways for the EU to create and promote new international rules, including through specific provisions in trade agreements, by creating an enabling digital trading environment for EU companies and removing barriers in third countries;

12. Calls on the Commission to monitor, analyse and address at global and bilateral level with international partners new barriers to trade including export restrictions and other distortions affecting essential goods, as well as to develop common criteria for the granting of sustainability-oriented subsidies for the post-pandemic recovery; calls on the Commission to update the WTO Pharmaceutical Agreement, while exploring the possibilities for a broader plurilateral initiative on healthcare products; calls on the Commission to ensure that the flexibilities in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) can be optimally used for critical medical products, and that provisions in EU bilateral agreements do not impact negatively on these flexibilities;

Relations with strategic partners

13. Highlights that the United States of America is the EU's most important trading partner; notes that this relationship is currently characterised by tensions; takes note of the agreement on a package of tariff reductions with the US as a positive development, and urges the Commission to build on this momentum to construct a positive EU-US trade agenda beyond tariff reductions, as a broader cooperation agreement would be of particular benefit, facilitating our mutual economic recovery and the resolution of trade irritants and exploring new areas for cooperation, such as on trade, technologies and digital taxation, including in the framework of the Organisation for Economic Co-operation and Development (OECD); encourages the Commission to make progress on regulatory assessments, which would benefit SMEs in particular; strongly supports cooperation with the US to tackle strategic challenges at global level; urges the US to re-join the Paris climate agreement in order to facilitate future EU-US cooperation; calls on the US to remove its tariffs imposed since 2017; takes note of the latest, long-awaited WTO ruling on the Airbus-Boeing dispute, and stresses the importance of finding a negotiated solution;
14. Calls for ambitious progress to be made in the negotiations on the Comprehensive Agreement on Investment with China, in order to address the urgent need for reciprocity, including regarding access to the public procurement market and other outstanding level-playing-field-related issues such as market-distorting practices of Chinese State-Owned Enterprises (SOEs) or forced technology transfers, joint-venture requirements and non-discriminatory treatment; underlines the importance of including an ambitious chapter on trade and sustainable development to protect human rights, including core labour standards, promote environmental standards and fight against climate change in line with the Paris climate agreement; stresses the importance of the EU strategic relationship with China as a competitor, partner and systemic rival; calls therefore on the Member States and EU institutions to speak with one voice; urges the Commission, in this regard, to set up a dedicated China Task Force, modelled on the Task Force for relations with the United Kingdom, to ensure unity and coherence of message at all levels and in all formats with a view to a common and unified EU policy

towards China; stresses that EU trade and investment relations require full respect for human rights; expresses deep concern about the reported exploitation of Uyghurs in factories in China, and stresses that products produced in re-education camps should be banned from EU markets; calls on the Commission to start the scoping exercise and impact assessment in order to formally commence the negotiations with Taiwan as soon as possible;

15. Believes that in the context of the pandemic, on a global level, especially with regard to Africa, and in the light of the Union's new Africa Strategy, new approaches should be adopted to re-shape economic, commercial and trade relations to promote fair and ethical trade based on the principles of solidarity and cooperation and coherence with EU Development Policy;

Horizontal issues

16. Underlines that global markets are a crucial source of growth for SMEs; notes, however, that only 600 000 SMEs export goods outside the EU; urges the Commission to support SMEs by systematically including and implementing dedicated SME chapters in trade agreements, without an increased administrative and regulatory burden, and to support SMEs' utilisation of such agreements in close cooperation with Member States' chambers of commerce and trade promotion agencies; urges the Commission to address the issue of the cost for SMEs to comply with increasingly complex legislation that affects trade; calls on the Commission to reach out to businesses at the earliest possible stage when setting up new information portals or improving already existing ones, so that the information needs of SMEs can be met in a practical way; welcomes in this regard the Commission's efforts in the context of the March 2020 SME Strategy to increase its dedicated support to SMEs; welcomes the recent launch of the Access2Markets tool, including its Rules of Origin Self-Assessment (ROSA) module, and calls on all stakeholders to provide feedback to the Commission so that the tool may be continuously updated;
17. Is convinced that legislation for mandatory EU-level horizontal due diligence throughout the supply chain for EU and foreign companies operating within the single market is necessary to achieve the SDGs, to promote good governance, to increase traceability and accountability in global supply chains, to strengthen Europe's international competitiveness by creating a level playing field, and to mitigate unfair competitive advantages of third countries resulting from lower protection standards and social and environmental dumping in international trade; stresses the need to consider the risk of harm and the size of the company while bearing in mind the principle of proportionality;
18. Looks forward to the Commission's proposal on a carbon border adjustment mechanism, which should be fully WTO compatible and based on an impact assessment; urges the Commission to ensure the EU's competitiveness with particular regard to the costs, risks and ambitions of other international partners, and to propose a transparent mechanism that is able to co-exist with the existing carbon leakage measures, while providing a stable and certain legal framework for European industries; stresses that further similar proposals should be embedded into our industrial strategy in order to create an incentive for industries to produce clean and competitive products; calls on the Commission to develop ideas, taking into consideration, inter alia, the non-paper from the Netherlands and France on trade, social economic effects and sustainable

development; calls on the Commission to explore the possibility of an ex post impact assessment and review clauses to align existing FTAs with the European Green Deal and to bring forward new initiatives that use trade policy to facilitate the achievement of our ambitious climate objectives, including a new initiative on climate and trade at the WTO, which builds on the mandate of the Environmental Goods Agreement and expands the scope to include trade in green services, thus fostering the development of green goods and refrain from enabling brown ones;

19. Calls on the Commission to implement, advance and ensure the effective implementation of existing FTAs including enforceable Trade and Sustainable Development (TSD) chapters, and ensure that the benefits are distributed to all; points out that the enforceability of the TSD chapters could be significantly improved through various enforcement methods, and that the Commission should explore a sanctions-based mechanism as a last resort; supports Commission Executive Vice-President and Commissioner for Trade Dombrovskis' commitment to bring forward the review of the 15-point Action Plan on TSD Chapters, engaging with the Parliament from the outset; asks the Commission to explore the ideas in the non-paper from the Netherlands and France and other ways to incorporate more granularity into the enforcement of these chapters; welcomes the Commission's commitment to make compliance with the Paris climate agreement an essential part of all future trade agreements; calls for complementary measures such as banning the importation of products linked to severe human rights violations such as forced labour or child labour;
20. Calls on the Commission to adopt in good time the proposal for the new regulation applying a Generalised Scheme of Preferences, possibly with a view to increasing the number of countries committing to the GSP+ scheme;
21. Underlines the importance of addressing anti-competitive practices with main trading partners and levelling the playing field for companies to create the conditions for recovery from the COVID-19 pandemic and to enable the global transition towards a sustainable economy; calls on the Commission to act swiftly and launch investigations early on, as soon as the injury occurs, ensuring that unfair trade practices do not undermine the competitiveness and level of employment of European economic operators, particularly taking into account the specific needs of SMEs;
22. Welcomes the newly appointed Chief Trade Enforcement Officer (CTEO), and believes that the consistent implementation and enforcement of EU and WTO agreements, including their TSD chapters, and trade legislation, including more effective, more flexible and more responsive Trade Defence Instruments (TDIs), is crucial to preserve the EU's credibility and values and its agenda for fairer trade; calls on the new CTEO to work together with Parliament to ensure that pre-ratification commitments made by trading partners are followed up on;
23. Urges the Commission to review the role of delegations in implementing the EU's trade and cooperation agenda in respect of policy coherence, and to ensure a coordinated approach that incorporates the different services of the Commission (e.g. cross-sectoral trade missions to third countries);
24. Calls on the Commission to facilitate the conclusion of all necessary steps after thorough investigations to fill any proven gaps in the trade and investment toolbox, including a new legislative proposal to review the Blocking Statute against sanctions

that substantially infringe upon the territorial sovereignty of the Member States, and to introduce a new instrument to deter and counteract coercive actions by third countries, preceded by an impact assessment;

25. Calls for the negotiations on an International Procurement Instrument (IPI) to move forward in order to ensure a more robust application of reciprocity in accessing international public procurement markets for EU companies, while preserving possibilities to use public procurement as a tool for the success of the climate transition, especially in developing countries through a renewed multilateral approach; welcomes the White Paper on Foreign Subsidies as a necessary complementary tool to trade defence measures, and looks forward to a legislative proposal from the Commission in January 2021 to protect EU companies from distortions on both the internal and global markets, while underlining the importance of free and fair competition; calls, further, on all Member States to use all available tools, including Regulation (EU) 2019/452 establishing a framework for the screening of foreign direct investments into the Union, to assess potential investments and acquisitions for threats to the security of critical infrastructure in the EU, notably in strategic sectors such as healthcare, utilities, mobility and information and communications technology, so as to avoid unnecessary and detrimental economic dependencies;
26. Welcomes the progress made in negotiations on the Multilateral Investment Court (MIC); notes that the Investment 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, in accordance with the judgement by the European Court of Justice in the Achmea case; calls on the Commission to continue its work towards a framework for intra-EU investment protection and facilitation; supports the ongoing negotiations on the Energy Charter Treaty in line with the European Green Deal, which must enable the achievement of climate neutrality aimed at the phasing out of protection of investments in legacy fossil fuel technologies; expresses its concerns about investor-state dispute settlement (ISDS) and the number of cases related to the Energy Charter Treaty;
27. Highlights the importance of gender issues; stresses the opportunity for EU FTAs to promote gender equality, to strengthen the economic position of women in third countries and to improve living standards for women across all industries covered by the EU's FTAs; notes that women receive less than two-fifths of the benefits of free and fair trade agreements in terms of jobs generated, and stresses that women may be disproportionately affected by the current economic crisis; calls on the Commission and the Council to promote and support the inclusion of a specific gender chapter in EU trade and investment agreements;
28. Calls on the Commission to ensure a follow-up on proposals issued by the Domestic Advisory Groups for improving our international trade policy, and on the Commission and Member States to better communicate the benefits and impacts of EU trade policy for all, in order to increase transparency and improve awareness among citizens, non-governmental organisations, trade unions, and businesses, especially SMEs, since it is important to provide accurate information to all stakeholders; recalls, in this context, the importance of the rights of the European Parliament as enshrined in Articles 207 and 218 of the Treaty on the Functioning of the European Union (TFEU) and of the interinstitutional dialogue as a way of contributing to the ongoing discussions and of

achieving a positive conclusion; recalls the role of Parliament as co-legislator in trade policy and its role in scrutinising negotiations as well as the effective implementation of trade agreements, and the commitments made by the President of the Commission in support of the resolutions on legislative initiatives adopted by Parliament under Article 225 of the TFEU;

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29. Instructs its President to forward this resolution to the Council and the Commission.