Anti-coercion: political breakthrough on principles for new trade tool to protect EU from economic blackmail

MEPs and Council negotiators agree on setting up a new tool to safeguard the EU’s interests and respond to countries seeking to coerce the Union or member states.

During the third negotiation round with EU governments on the proposed anti-coercion instrument, EP negotiators on Tuesday morning managed to improve the new draft law by strengthening its deterrent nature. Timelines for the whole procedure and, in particular, for adopting a response to a non-EU country’s attempt to coerce, will now ensure that the instrument is applied in a swift manner.

Bernd Lange (S&D, DE), rapporteur and Chair of the Committee on International Trade, said after the talks: “Overnight we made huge strides in shaping this new instrument to be an effective deterrent and a powerful tool against coercion. With a broad list of countermeasures, a framework for obtaining reparation for injury, clear timelines and Parliament’s close involvement throughout the process, we are close to finalising a deal which will equip the European Union to defend itself robustly when faced with economic blackmail.”

Uphold the European Union’s interest

The new tool is designed to protect the EU’s strategic and economic interests. It will enable the EU to respond, in line with international law, if it or a member state experiences economic blackmail by a non-EU country in reaction to a particular policy choice or stance, such as parliamentary resolutions. The primary goal of the new instrument is to dissuade non-EU countries from attempting to coerce or to get them to halt coercion, including threats, and avoid escalating the conflict.
MEPs managed to keep a broad list of possible EU responses as part of the new tool, stressing that its use must be a last resort, once other avenues, including direct negotiations, have been exhausted.

Repair the injury

Parliament’s negotiators obtained an extension to the scope of the proposed legislation to include measures to repair the injury where it is deemed appropriate.

Binding deadlines

MEPs also introduced deadlines for determining whether coercion has occurred and for adopting a response to it, to make sure the procedure is nimble enough to avoid administrative delays.

Democratic scrutiny

Parliament also strengthened the democratic scrutiny of the new tool’s application, ensuring that MEPs will be kept informed together with the Council at all relevant stages, from the examination of a case to the continuous review of the EU measures.

Next steps

The final text negotiated still needs to be endorsed at a final meeting. The informal agreement will then have to be formally approved by Parliament and Council (member states) before it can enter into force.

Background

The Commission published its proposal about the anti-coercion instrument on 8 December 2021, upon the request of the Parliament and the Council. The new deterrent fills a gap in the EU toolkit to deal with countries trying to restrict trade or investment in order to force a change in various EU policies.

Parliament denounced in several resolutions the People’s Republic of China’s economic coercion of Lithuania in response to a Lithuanian policy decision, among others, in January, February and September 2022.

Further information

Legislative train: “Instrument to deter and counteract coercive actions by third countries”
EP Think Tank: “Proposed anti-coercion instrument” (November 2022)
Procedure file
EP’s position on the protection of the Union and its Member States from economic coercion by third countries
Committee on International Trade
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