**Follow up to the European Parliament non-legislative resolution on the
trade-related aspects and implications of COVID-19**

1. **Rapporteur**:Kathleen VAN BREMPT (S&D / BE)
2. **Reference numbers:** 2020/2117(INI)/ A9-0190/2021 / P9\_TA-PROV(2021)0328
3. **Date of adoption of the resolution:** 7 July 2021
4. **Competent Parliamentary Committee:** Committee on International Trade (INTA)
5. **Brief analysis/ assessment of the resolution and requests made in it:**

The resolution welcomes the EU Trade Policy Review. It calls for fair, resilient and sustainable value chains that respect human rights, labour rights and environmental standards, to consider the needs of the economically disadvantaged and it also recalls the relevance of promoting ‘fair and ethical trade schemes’ (paragraphs 1 and 3). It encourages the Commission to promote fair trade initiatives involving consumers, and in particular young people and the private sector in the implementation of Trade and Sustainable Development (TSD) chapters, notably through EU programmes facilitating knowledge exchange among European stakeholders – with the inclusion of schools and universities (paragraph 4). The Parliament also calls for concrete proposals following the Commission’s pledge of ‘zero tolerance of child labour’ before the end of 2021 (paragraph 5).

The resolution calls on the Commission to expand and strengthen the EU’s trade defence toolbox in 2021, giving priority to an anti-coercion instrument, a foreign subsidies instrument, and the International Procurement Instrument (paragraph 8). Concerned with detrimental and exploitable economic dependencies on non-EU actors, the Parliament considers the diversification and resilience of supply chains, the strengthening and enforcement of Foreign Direct Investment (FDI) screening as key priorities of the revised EU trade policy (paragraph 10). It advocates for a horizontal mix of policies to incentivise companies in strategic sectors to pursue diversification and sustainability in their global supply chains (paragraph 11), and underlines their role in the management of such supply chains (paragraph 12).

The resolution calls on the Commission to come up with a digital trade strategy which increases the market access of European businesses (paragraph 15) and to make thorough assessments of the impact of the new EU model clause on data flows on Europeans’ data protection and privacy rights (paragraph 16). Moreover, it asks the Commission to thoroughly review and limit technology transfer flows taking place from the EU to authoritarian states via trade and investment (paragraph 19). The Parliament supports the proposal for an international treaty on the pandemic response, which it believes should include a strong trade pillar (paragraph 21), and calls for the establishment of a new Committee on Trade and Health at the 12th World Trade Organization (WTO) Ministerial Conference (paragraph 22). It urges the EU to encourage the adoption of the WTO trade and health initiative by the end of 2021, demand stricter transparency of the supply, production and cost of medical products (including vaccines), and advocate for the resilience of global healthcare systems and accessible and affordable medical products and services (paragraph 23).

The resolution calls for the EU to integrate commitments regarding trade secrets, proprietary data and technology transfers, and demand the necessary transparency from suppliers, including a cost-profit analysis per product (paragraph 24). It urges the Commission to engage with producing countries to rapidly eliminate export barriers and reminds that the EU export authorisation mechanism should evolve into a transparency mechanism (paragraph 25). It insists on a constructive dialogue about a temporary waiver of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) during the pandemic (paragraphs 28 and 29).

The Parliament calls for a concrete action plan, roadmap and timeline to achieve the mainstreaming of the European Green Deal and the European Digital Strategy into the communication on the Trade Policy Review (TPR) and invites the Commission to engage with partners to update existing trade and investment agreements by making use of their review clauses (paragraph 31). The resolution stresses that ratification of the International Labour Organization (ILO) core conventions and respect for human rights are requirements for concluding free trade agreements (FTAs), which should all include ambitious chapters on gender, women’s empowerment, consumer protection and small and medium-sized enterprises (SMEs), as well as dedicated chapters on digital trade. It also calls for the Union to engage with future and existing trading partners to ratify and effectively implement other outstanding ILO conventions (paragraph 32).

It urges the Commission to speed up its review of the 15-point action plan on Trade and Sustainable Development chapters in 2021 and recalls the importance to advance in the enforceability of EU trade policy to at least tackle any non-compliance by partners through unilateral sanctions as a last resort (paragraph 33). Notably, trade and sustainable development, and agricultural chapters should include provisions regarding animal welfare, fair trade and the circular economy, and the Chief Trade Enforcement Officer should monitor their enforceability in close cooperation with INTA (paragraph 34). It requests that the Commission implements the Green Deal in all aspects of trade policy (paragraph 35) and calls for the EU to take a leading role within the multilateral framework to engage with like-minded countries and trade partners in pursuing a strong environmental agenda (paragraph 37).

The Parliament also stresses the importance of drawing up sustainability impact assessments on an ex ante, intermediate and ex post basis, following a concrete timeline, and asked to be briefed regularly on these assessments. It also stresses the need to develop a comprehensive framework with concrete targets to advance the Sustainable Development Goals (SDGs), the Green Deal and the ILO Decent Work Agenda (paragraph 38). The resolution calls on the Commission to engage with the Parliament at all stages of its proposals, to follow up on proposals made by the Domestic Advisory Groups (DAGs), to reinvigorate civil society dialogue and to cooperate more intensively with civil society in the European Economic and Social Committee (paragraph 40).

Moreover, it invites the Commission to identify possible concrete and specific actions and a roadmap to implement the concept of open strategic autonomy (paragraph 41). It reiterates its support for an environmental goods agreement and urges the Commission to strongly support the new Director-General of the WTO in reinforcing the multilateral trading system (paragraph 48).

It asks the Commission to propose as part of its WTO trade and climate initiative the inclusion, where relevant, of environmental expertise in the context of dispute settlement (paragraph 49) and to put forward proposals to identify and differentiate categories of subsidies according to their contribution to legitimate public goals (paragraph 50). The Commission should continue engaging in plurilateral negotiations as a step towards multilateral agreements (paragraph 51). It should also address the mismatch between the level of development and of commitments taken within the international trading system and pay particular attention to the specific needs of developing countries in relation to economic growth, sustainable development and WTO reform (paragraph 52).

The Parliament invites both the Commission and the United States (US) administration to cooperate closely in order to secure a level playing field for business, explore agreements on conformity assessment and the elimination of industrial tariffs, and agree on ambitious social, technological and environmental standards and efficiently promote such standards (paragraph 56). It urges both sides to solve bilateral trade disputes and find a solution to digital taxes (paragraph 57). The resolution stresses that trade, the climate and related reforms should be put at the core of transatlantic relations, based on new approaches such as those introduced by the US-Mexico-Canada Agreement (USMCA) (paragraph 60).

Finally, the resolution urges the Commission to take the necessary steps before the end of 2021 towards an impact assessment, public consultations and a scoping exercise for an investment agreement with Taiwan (paragraph 64). The Commission should remain engaged with South East Asia and proactively promote rules-based trade relations for a comprehensive and ambitious Indo-Pacific strategy (paragraph 66).

1. **Response to the requests and overview of the action taken, or intended to be taken, by the Commission:**

**Paragraph 3:** The Commission will continue to support the enhanced integration in the world economy of vulnerable developing countries and will promote sustainability standards across global value chains. Trade policy can contribute to this objective by promoting responsible business conduct, fair and ethical trade and greater transparency and traceability in supply chains. All recently concluded Free Trade Agreements include provisions that promote responsible business conduct and voluntary sustainability schemes. The Commission wants to ensure that EU policy contributes to its global objectives and is well implemented and enforced. One example is the forthcoming legislation on sustainable corporate governance the objective of which will be to ensure that companies can better contribute to sustainable development by putting in place proactive and reactive processes to identify, manage and report on environmental and human rights risks in their supply chains.

**Paragraph 4**: The European Commission recognises the importance of policies and programmes to support fair and ethical trade as a means to promote sustainable development. It is engaging with willing trade partners to organise events and communication campaigns, implement projects to raise awareness and to promote fair and ethical trade.

**Paragraph 5**: The Commission is designing its actions against child labour as part of long-term programming, and takes into account the new global estimates from the International Labour Organization (ILO) and the United Nations Children’s Fund (UNICEF) on child labour, which show a significant rise in the number of children aged 5 to 11 years in child labour. Child labour largely occurs in the informal sector, which is not always - or only indirectly - exposed to international trade. The classic trade tools (e.g. bilateral agreements, unilateral preferences) can help support the economic growth and welfare of our trading partners. This can lead to better wages and reduced need to resort to child labour. Moreover, schemes like the GSP+ (the special incentive arrangement for sustainable development and good governance under the Generalised Scheme of Preferences), condition access to EU benefits on systemic changes in partner countries, aligning their policies and laws with international values and principles, including labour and human rights. Overall, there is a need for holistic and systemic solutions that should tackle the deep root causes of poverty and inequalities.

The Commission has been investing heavily in studying inequality drivers and universal social protection. The interventions in key relevant areas such as education and vocational training, social benefits, decent work and fair incomes can play a significant role in reducing child labour. The Commission is also working on how to support companies to comply with the upcoming due diligence legislation. In that context, the Commission is examining accompanying measures that will take into account the child labour dimension in global supply chains. As an example, one of the objectives of the Sustainable Cocoa Initiative and multi-stakeholder Cocoa Talks, launched by the Commission in September 2020, with the valuable cooperation of a number of Members of the European Parliament, is to improve sustainability of cocoa production and supply chain in West Africa, including fostering progress in the elimination of child labour and child trafficking. In addition, the Commission will address child labour in its Communication on decent work that is planned to be adopted this autumn.

**Paragraph 8:** As regards the anti-coercion instrument, the Commission is currently taking the necessary steps in preparation for a legislative proposal for the fourth quarter of 2021. An impact assessment will accompany the proposal. The Commission has already collected stakeholder input and the analysis of the results is ongoing. In addition, the Commission proposed on 5 May 2021 a new regulation to address distortions caused by foreign subsidies in the Single Market, which is now being discussed by the European Parliament and Council. With regard to the International Procurement Instrument (IPI), the Commission welcomes the agreement on a common negotiating mandate found by the Council on 2 June 2021 and looks forward to supporting the co-legislators in the ordinary legislative procedure once the European Parliament has adopted its position.

**Paragraph 10:** The Commission agrees that the effective implementation of the Foreign Direct Investment (FDI) Screening Regulation (Regulation (EU) 2019/452) is a matter of credibility for the Union, both, internally and vis-à-vis third countries. It is a challenging task as investment screening is a new policy area for the Commission and many Member States (18 Member States currently screen foreign investment, a number of them just starting the implementation of their recently adopted mechanism). While there is no legal obligation for the Member States to set up or maintain a screening mechanism, all of them are invited to do so. In its Communication of March 2020[[1]](#footnote-1), the Commission called upon those Member States that currently do not have a screening mechanism, or whose screening mechanisms do not cover all relevant transactions, to set up a fully-fledged screening mechanism. At the latest by October 2023, the Commission will evaluate the functioning and effectiveness of this regulation and present a report to the European Parliament and to the Council. The Commission will determine the timing of the review after examining how the cooperation mechanism between the Member States and the Commission has been working in practice in a sufficient number and variety of cases. Such review should take into account security of supply aspects. Any future updates of the EU framework for FDI Screening will need to remain consistent with the Union's international commitments, which include the possibility to adopt measures to safeguard security and public order. The Commission is also stepping up preparations for the implementation of the new Export Control Regulation (EU) 2021/821, which enters into force in early September 2021, and that will provide the EU with an

autonomous capacity to establish export control measures which will contribute to the development of secure supply chains for sensitive strategic technologies, and is directly complementary to the FDI Screening Regulation.

**Paragraphs 11 and 12**: Global supply chains have shown remarkable resilience during the crisis, despite some disruptions. Trade policy supports companies’ efforts to adjust by providing a stable rules-based trading framework and opening up diversified sources of supply. In the update of the industrial strategy presented in May 2021, the Commission’s initial analysis identified a list of 137 possible strategic dependencies (out of 5200 products imported into the EU) based on objective criteria - concentration of suppliers, possibility to diversify import sources or to produce domestically. For 34 of these products, the risks are higher because it is not possible to produce internally and there are only few suppliers at global level. The Commission is now discussing these first results with industry and Member States and exploring well-targeted solutions to increase resilience.

**Paragraph 14**: The Commission agrees that during the COVID pandemic, international cooperation and trade proved to be essential elements for ensuring food security. The Agricultural Market Information System (AMIS) played a key role in that respect. The Commission will continue to work with partner countries, the United Nations, civil society and the private sector, to support a global shift towards sustainable food systems. The Common Agricultural Policy and Horizon Europe instruments will accompany this transition. The Commission is also fully committed to the United Nations Food Systems Summit.

**Paragraphs 15:** Supporting Europe’s digital agenda is a priority for EU trade policy. The objective is to ensure a leading position for the EU in digital trade and in the area of technology, most importantly by promoting innovation within a human-centric approach to the digital transformation. The EU should continue to lead the way in digital standards and regulatory approaches, in particular as regards data protection, where the EU’s General Data Protection Regulation has been a source of inspiration. To achieve this, the World Trade Organization (WTO) needs to set the rules for digital trade and the EU needs to play a central role in creating them. The Commission will also need to step up bilateral engagement and explore stronger frameworks for cooperation on trade-related digital issues with like-minded partners. It will also seek to deepen its existing regulatory dialogues with like-minded partners in line with the Digital Compass Communication of March 2021.

**Paragraph 16:** The EU model clause on data flows fully preserves European’s fundamental rights to data protection and privacy, which are non-negotiable. With regard to cross-border data transfers and the prohibition of data localisation requirements, the Commission will follow an open but assertive approach, based on European values and interests. The Commission will work towards ensuring that its businesses can benefit from the international free flow of data in full compliance with EU data protection and privacy rules and other public policy objectives, including public security and public order. In particular, the Commission will continue to address unjustified obstacles to data flows while preserving its regulatory autonomy in the area of data protection, cyber security and privacy. The agreed provisions on data flows and on the protection of personal data and privacy in the Trade and Cooperation Agreement with United Kingdom facilitate cross-border data flows while the paragraph on the privacy exception ensures that the Parties provide for instruments enabling data transfers under conditions of general application. This solution ensures that the privacy exception cannot be abused for protectionist reasons.

**Paragraph 18:** The EU is preparing a number of initiatives that should contribute to fostering more responsible and sustainable value chains, including future legislative proposals on the placing on the EU market of products derived from deforestation and on sustainable corporate governance including mandatory environmental and human rights due diligence. The Commission will raise awareness about existing guidance to ensure the EU business already now assumes responsibility to exclude from its value chains products manufactured by forced labour. The EU will cooperate with the United States and other like-minded partners in promoting core labour standards, including with regard to forced labour. The Commission will strengthen dialogue with its key trading partners on circular economy and sustainable product policy in an effort to encourage more ambitious ‘green’ regulation at a global level and further contribute to value chains’ sustainability through circular approaches. In addition, on 14 July 2021 the Commission put forward a comprehensive legislative package with the aim of delivering the EU’s increased climate target, of a net domestic reduction of at least 55% in greenhouse gas emissions compared to 1990 levels – as agreed in the recently adopted European Climate Law Regulation. This package includes a proposal for a regulation on a Carbon Border Adjustment Mechanism - a climate measure that aims at preventing the risk of carbon leakage. A number of support measures are available to the EU industry to help the decarbonisation process, including EU budget and NextGenerationEU (NGEU) funds, state aid, as well as funds under the EU Emissions Trading System.

**Paragraph 19:** Among the preparations for the implementation of the new Export Control Regulation (EU) 2021/821, the Commission is setting up a dedicated Technical Expert Group for tightening controls on Emerging Technologies, in application of provisions for controls on non-listed dual-use items. The enhanced transparency requirements and information exchange on authorisations, denials and prohibitions under the new Export Control Regulation will allow to evaluate the trade flows about such technologies and, where needed, to introduce measures for limiting such transfers.

The Commission is indeed discussing with like-minded partners the security and resilience of supply chains, and in particular of technology products including semiconductors. The recently launched EU-US Trade and Technology Council will provide an adequate forum to conduct such a cooperation on supply chains. In respect of Taiwan, and other relevant countries such as South Korea and Japan, the Commission is considering to conduct closer cooperation on semiconductor technologies possibly through sector specific bilateral dialogues. Should these dialogues materialize, it would be an appropriate forum to coordinate on supply chain issues related to the semiconductor sector. As regards the latter, the Commission recalls the proposed Digital Decade Communication target that by 2030 the production of cutting-edge and sustainable semiconductors in Europe, including processors, is at least 20 % of world production in value.

**Paragraph 21:** The Commission takes note of the call of the Parliament to include a strong trade pillar in an international treaty on pandemic response. The Commission believes that any new legal disciplines regarding trade should be first discussed and agreed within the existing WTO framework for international trade rules. The WTO remains the most appropriate forum for such discussions.

**Paragraph 22:** The Commission takes note of the call of the European Parliament to establish a new Committee on Trade and Health at the 12th Ministerial Conference in the WTO and is open to exploring this idea with WTO members. A decision on the necessity to establish any new body will need to be taken by all WTO members. The EU is currently discussing with co-sponsors of the current draft Declaration on Trade and Health how the WTO can contribute to the international efforts to enhance resilience to health crises, including through an establishment of a work programme in the WTO that could focus on crisis preparedness from the perspective of trade policy.

**Paragraph 23:** The Commission is making every effort to encourage all WTO members to agree on the WTO Trade and Health Initiative as proposed by the draft Declaration on Trade and Health (see reply to paragraph 22 above). The Declaration has received support of 51 co-sponsors (with EU counted as 27 members). The initiative encourages stronger global cooperation amongst WTO members and other international organizations in building resilience to global health crises. It also promotes affordable access to essential medical goods as well as transparency in respect of trade-restrictive measures and supply chains.

**Paragraph 24:** The Commission takes note of the suggestion that vaccine purchase contracts could be used to promote the listed objectives. The Commission considers that such provisions would not be appropriate for legally-binding contracts as they may not be enforceable, for example if the potential recipients of the technology transfer are not party to the advance purchase agreements.

**Paragraph 25:** The EU is at the forefront of finding multilateral solutions for ramping up production and sharing vaccines. The Commission is making every effort to promote a Trade and Health Initiative (see reply to paragraphs 22 and 23 above), which includes, amongst other, stronger global cooperation amongst WTO members and other international organizations to build resilient global supply chain and increase the preparedness for possible future health crises. It is proposed that, when justified, export restrictions should be transparent, proportionate, targeted and limited in time. The EU export authorization mechanism complies with these principles and is being used as a measure of last resort (only one request for exports blocked and over 1,500 requests granted).

**Paragraphs 28 and 29:** The Commission shares the European Parliament’s view about the role of the multilateral intellectual property legal framework in providing protection and incentives that have been key for the rapid development of various effective COVID-19 vaccines and will remain critical in case of future pandemics. The Commission notes the European Parliament’s views on having a constructive dialogue about a temporary waiver of the WTO Agreement on Trade-Related Aspects of Intellectual Property (‘the TRIPS Agreement’). The Commission also notes that the European Parliament suggests that the temporary waiver should address the risk of retaliation over COVID-19 patent infringements during the pandemic. In this respect, the Commission agrees that legal certainty about the use of patent rights is key for the intellectual property system to work properly, in particular in the context of a pandemic. Moreover, the Commission notes that there are important questions as to whether the waiver under discussion at the WTO (i.e. the waiver from certain provisions of the TRIPS Agreement for the prevention, containment and treatment of COVID-19 – WTO doc. IP/C/W/669/Rev.1) is temporary. In addition, the scope of the proposed waiver is not limited to patent rights.

More generally, the Commission has expressed its concerns as to whether this waiver would contribute to achieving the objective of ensuring global equitable access to COVID-19 vaccines and medicines and whether it would address global production constraints and supply shortages. In order to achieve that objective and constructively support a text-based process in the WTO Council for TRIPS, the EU submitted on 4 June 2021 a dedicated Communication on “Urgent trade policy responses to the COVID-19 crisis: intellectual property” (WTO doc. IP/C/W/680). This Communication sets out the Commission’s views on the role of intellectual property in enhancing access to affordable COVID-19 vaccines and therapeutics. Further to that Communication, the EU contributed to the text-based negotiations in the WTO by submitting on 21 June 2021 a new Communication with a draft ‘Declaration on the TRIPS Agreement and Public Health in the circumstances of a pandemic’ (WTO doc. IP/C/W/681). Further details about this Communication can be found in the Commission’s reply to the resolution of the European Parliament on meeting the global COVID-19 challenge: effects of the waiver of the WTO TRIPS Agreement on COVID-19 vaccines, treatment, equipment and increasing production and manufacturing capacity in developing countries (2021/2692 (RSP)). The Commission is engaged in a constructive dialogue with other WTO Members, by signalling its readiness to agree on concrete steps to facilitate the use of compulsory licences, including openness to considering additional flexibilities in relation to its proposal. Going forward, the Commission will continue supporting a text-based negotiation process in the WTO Council for TRIPS.

**Paragraphs 31, 32 and 33:** The Commission has brought forward and has started the review of the 15-point Trade and Sustainable Development (TSD) action plan. In the review, the Commission will have a critical look at all relevant aspects of TSD implementation and enforcement. This review will also take into account the results of the recent Trade Policy Review and the Communication, most importantly supporting the green transition and promoting responsible and sustainable value chains. As a first step, to feed this process with evidence-based inputs, a comparative study is now being conducted by an external consultant to see what countries around the world are doing on enforcement of TSD chapters and, more globally, on climate, environmental, social and labour law, and to identify best practices. The Commission has also launched an open public consultation, which gives stakeholders the possibility to submit their views and proposals. The deadline for the submissions is 31 October 2021.

**Paragraph 34:** The monitoring and enforcement of the respect of TSD Chapters of EU trade agreements are top priorities of EU trade policy. The objective is to foster fairer and more sustainable trade and to implement and enforce the sustainability commitments of trade partners on workers’ and consumers’ rights, climate change, and environment protection. EU trade agreements also play an important role in promoting and enhancing cooperation on animal welfare standards. These efforts will be stepped up in the future, in line with the Green Deal and the Farm to Fork Strategy, for instance by introducing a Sustainable Food Systems chapter in trade agreements to foster dialogue and cooperation. The Chief Trade Enforcement Officer stands ready for, and looks forward to, closer cooperation with the European Parliament’s Committee on International Trade.

**Paragraph 35:** The EU Trade Policy Review Communication puts sustainability at the centre of trade policy - by further promoting trade policy for sustainability, contributing to the green deal on all its trade-related aspects and supporting our sustainability actions notably on climate. The Commission will put sustainability at the heart of all policy levels, whether multilaterally in the WTO, bilaterally through Trade and our Investment Agreements or autonomously through legislation and unilateral trade instruments. The EU is aiming to eliminate tariffs on green goods on a reciprocal basis when negotiating Free Trade Agreements, and is also pursuing an ambitious environmental agenda in the WTO, that includes liberalization of green goods and services.

**Paragraph 37:** The EU is actively engaging in the Trade and Environmental Sustainability Structured Discussions of the WTO to pursue a strong environmental agenda that will take forward initiatives and actions to promote climate and sustainability considerations throughout the various functions of the WTO.

**Paragraph 38:** The Commission intends to continue carrying out its comprehensive evaluation policy in the field of trade. The Commission continuously strives to improve and deepen our assessment, both ex-post and ex-ante, of the impact of EU trade agreements and other trade policy initiatives, including on sustainability. The Commission stands ready to inform the Parliament whenever necessary about the results of its evaluations, as it has done regularly in the past.

**Paragraph 40:** The Commission is a very transparent negotiator. Before launching a negotiation, the Commission publishes the draft negotiating directives and its negotiating proposals. The Commission makes public its proposals on the different chapters of trade agreements and issues reports after each negotiating round. The Commission then puts online the negotiated text before legal revision and publishes reports of negotiating rounds. In addition, the Commission has made significant efforts over the past years also to provide civil society with more information about what the Commission does and how, in particular as regards the implementation phase of trade agreements.

In all these transparency efforts, the Commission informs the European Parliament via its Committee on International Trade (INTA) at the same time as the Council and treats both institutions equally. The Commission attaches great importance to informing the Parliament immediately at all stages of the negotiations. The Commission continues therefore to stand ready to present the state of play of negotiations in the INTA and in INTA’s Monitoring Groups whenever so desired by the European Parliament.

During trade negotiations, the negotiators at political and technical level regularly meet with civil society to hear and address its concerns. Every year, the Directorate General for Trade (DG Trade) organizes around 20 Civil Society Dialogue meetings on trade policy. The topics for the meetings include updates on ongoing trade and investment negotiations and other trade policy issues. In the implementation phase, EU domestic advisory groups (DAGs) set up in all trade agreements since 2011 regularly meet with Commission officials who inform them about the latest on the implementation of their respective trade agreement. In order to further improve DG Trade’s Civil Society Dialogue (CSD), the Commission launched in 2020 a study to review the CSD and to help improving its outreach to civil society in Member States. The conclusions of the study have recently been published and the proposed follow-up was also presented to the European Parliament. The study confirms that, overall, Civil Society Organisations (CSOs) are satisfied with the CSD.[[2]](#footnote-2) At the same time, it proposed areas for improvement, which the Commission is now taking forward as appropriate to improve in particular the preparation of CSD meetings through, for example, more advanced notice and more targeted input from CSOs. In addition, the Commission is increasing its efforts to reach out to civil society in Member States. Finally, the Commission calls upon Member States, the European Parliament and other stakeholders to use all possible synergies in engaging with civil society to achieve better results.

**Paragraph 41:** The concept of open strategic autonomy underpins the entire TPR Communication, which in turn outlines a set of 16 headline actions for implementing this concept in the coming years grouped in six priority areas for action.

**Paragraph 48:** The Commission agrees on the importance of addressing the fight against climate change in the WTO work and of ensuring that multilateral trade rules support the global transition towards a climate neutral and resilient economy. In this regard, the Commission is keen on mainstreaming climate in the broader work on environment in the WTO. This covers the need to deepen the climate aspects in the market access discussions both for goods and services and to gain a better understanding on how trade can address of the environmental and climate dimension in supply chains including environmental and carbon footprint. This also covers the need to secure a climate dimension in the “Aid for Trade” action and other development initiatives and to foster the role of the Committee on Trade and Environment in securing transparency of climate related measures.

**Paragraph 49:** The Commission will take forward initiatives and actions that promote climate and sustainability considerations throughout the various functions of the WTO, including a trade and climate initiative. In this respect, the Commission is engaging with like-minded countries to pursue a strong climate and environmental agenda at the WTO, both bilaterally with key partners as well as through the dedicated forum created to this end, the so-called Trade and Environmental Sustainability Structured Discussions. In disputes before the WTO, it always works to ensure that panellists have relevant expertise. Panels also have the possibility to seek expert information or advice from any individual or body they deem appropriate, including from international organisations.

**Paragraph 50:** The future plurilateral initiative on Competitive Neutrality should include a modernised category of non-actionable subsidies (“Green box”) that includes subsidies that support legitimate public goals while having a minimal distortive impact on trade, provided they are subject to full transparency and agreed disciplines. This would particularly be the case in certain types of environmental and research and development subsidies provided they are subject to full transparency and agreed disciplines.

**Paragraph 51:** The Commission agrees that open plurilateral negotiations can represent an important avenue to allow the development of new rules in the WTO, given the difficulty to reach multilateral outcomes. The Commission also agrees that as part of the future work to update the institutional setup of the WTO, it would be important to discuss the parameters for allowing the integration of plurilateral outcomes into the WTO framework. The EU is currently strongly involved in the work of the three plurilateral negotiations in the WTO on services domestic regulation, e-commerce and investment facilitation.

**Paragraph 52:** The Commission will continue to support special and differential treatment of WTO members, especially the Least Developed Countries and developing countries with specific needs. At the same time, the Commission considers that special and differential treatment should be more granular. Instead of block exemptions for large number of Members self-declaring as developing, it should rather be guided by the need of supporting developing countries’ genuine integration into the trading system.

**Paragraph 56:** The Commission will explore with the US ways to further facilitate bilateral trade. With the launch of the Trade and Technology Council, the Commission will, among others, seek to advance a positive regulatory cooperation agenda with the US (including cooperation on standards, conformity assessment and compatible regulatory approaches) and to promote its approach to standards-making on the global stage. In line with the Council decision of April 2019 authorising the opening of negotiations with the US for an agreement on the elimination of tariffs for industrial goods, the Commission remains ready to explore the possibility for such negotiations, but the Commission notes that the US Administration would need to abandon its request to expand the negotiations to areas not covered by the Council’s mandate (i.e. to include tariffs for agri-food products).

**Paragraph 57:** Executive Vice-President Dombrovskis and US Trade Representative Tai announced an Understanding on a Cooperative Framework for Large Civil Aircraft. This will entail prolonging the suspension of the application of their countermeasures for an additional period of 5 years. The Commission is engaged in discussions with the US to achieve the lifting of the US 232 tariffs on steel and aluminium before the end of the year. The Commission will also continue to seek an amicable solution to the differences of view related to the unilateral US Section 301 tariffs related to digital taxes, in line with international law, especially as part of the international tax related discussions at the Organisation for Economic Co-operation and Development (OECD).

**Paragraph 58:** Both the EU and the US are committed to the respect of labour rights globally and appreciate the importance of labour issues in trade policy. The Commission will therefore seek to continue and step up the fruitful exchanges it has with the US on a wide range of labour issues. The EU and the US expressed firm determination to end the pandemic and drive a sustainable global recovery and are committed to promote access to vaccines, diagnostics and therapeutics through COVAX and Access to COVID-19 Tools Accelerator (ACT-A). They deepened bilateral cooperation through a Joint EU-US COVID Manufacturing and Supply Chain Taskforce. The Commission has also invited the US and other WTO members to join our efforts and agree on a trade policy response to the health crisis in a holistic manner ensuring more equitable access to vaccines and therapeutics. Further, the Commission continuously monitors the developments in US policy in the field of public procurement, and that US legislation is applied in compliance with US international commitments, with the aim of ensuring that the rights of EU suppliers of goods and services stemming from the Agreement on Government Procurement are safeguarded. The Commission intends to work cooperatively with the US to achieve meaningful WTO reform. In particular, the Commission intends to work with the US administration to re-instate a fully functioning dispute settlement system in the WTO, including a well-functioning Appellate Body, which will require addressing long-standing concerns.

**Paragraph 60:** Climate change is at the top of the agenda of both the EU and the US. At the June 2021 Summit, the US and the EU have underlined their interest in exploring further how trade could help in ensuring a sustainable recovery from the COVID-19 crisis as well as in preventing climate change and protecting the environment. The EU will seek close dialogue and cooperation with the US in pursuing an ambitious transatlantic green trade agenda.

**Paragraph 64:** The EU and Taiwan are in regular policy dialogues on economic, trade and investment issues. Strengthening EU-Taiwan trade and economic relations is an important element of the EU’s policy in the region. These relations should be built upon the strong economic links that already exist between the EU and Taiwan. The Commission takes note of the European Parliament’s views and is currently assessing how to engage closer with Taiwan, which is an important and like-minded trade and investment partner. Amongst others, the Commission would like to develop its partnership to address the most pressing and concrete challenges, focusing on issues such as supply chain vulnerabilities and critical value chains, as well as on strategic sectors like semiconductors. This is a work in progress. However, the Commission is currently not considering the launching of investment negotiations with Taiwan.

**Paragraph 66:** The Commission shares the European Parliament’s view of the importance of a strategic and sustainable partnership with South-East Asia and India. On 8 May 2021, the EU and Indian Leaders’ agreed to resume negotiations for a “balanced, ambitious, comprehensive and mutually beneficial” trade agreement, and to launch separate negotiations on an investment protection agreement and another agreement on geographical indications. Both sides are now engaged in internal preparations to take these various strands of work forward. The Commission continues to be engaged with countries in the Indo-Pacific region to promote rules-based trade relations, including through negotiating bilateral trade agreements. Together with the European External Action Service, the Commission will contribute to the implementation of the recently adopted (mid-September) Strategy for the Indo-Pacific.

1. C(2020) 1981 final - Communication from the Commission of 25 March 2020 - Guidance to the Member States concerning foreign direct investment and free movement of capital from third countries, and the protection of Europe’s strategic assets, ahead of the application of Regulation (EU) 2019/452 (FDI Screening Regulation) [↑](#footnote-ref-1)
2. Study available at <https://trade.ec.europa.eu/doclib/docs/2021/may/tradoc_159575.pdf>. [↑](#footnote-ref-2)