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Mr. Valdis Dombrovskis
*Executive Vice President
Commissioner for Trade
European Commission*

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Dear Commissioner,

We are writing you on behalf of the EPP Members in the Committee on International Trade (INTA) with regard to the upcoming review of the EU's Trade and Sustainable Development (TSD) policy.

We are convinced that EU trade policy must be value-based, open, sustainable and assertive, acting as one of our main geostrategic strengths in today's complex world. Our ambition is to impact positive change on the ground in partner countries. A clear contribution is brought on this front by EU TSD chapters. These rules-based engagements are instrumental in promoting key international standards in labour and environmental protection, as well as in projecting EU priorities on good governance and human rights.

The TSD review is a timely exercise that follows the Commission's Communication on the Trade Policy Review. The EPP Group sees the importance of such a re-evaluation and wishes to contribute to the elaboration of a strategy in this regard, while also not shying away from recognising already-achieved progresses. The 15-point Action Plan has delivered on consolidating the binding and enforceable nature of TSD chapters, bringing about concrete progress on labour standards in South Korea and Vietnam, to name two examples. In the review process, TSD policy must clearly remain primarily a trade tool, boosting this key EU geostrategic strength. Overall, we must strike the right balance between ambition and negotiability. TSD clauses must be elaborated in a tailored-made fashion depending on the trading partner in question, without attempting to apply a one-size-fits-all approach. In this context, we consider the following key points as essential in this exercise to update the EU's TSD policy:

- The COVID-19 pandemic has impacted the negotiation processes and the implementation of EU FTAs and investment agreements, including their TSD clauses. The current review must therefore adapt TSD chapters to the digital era and make them fit for a world increasingly driven by online working methods. While the Single Entry Point (SEP) within the Access2Markets tool does offer the possibility to register TSD-related complaints, this option has to be better promoted. We thus urge the Commission to increase awareness-raising programs on the SEP, while also elaborating a set of guidelines on the submission of TSD-related complaints. This shall also include a specific focus on SMEs, providing them with multilingual guidance on how to best comply with requirements and address possible TSD shortcomings in a partner country.
- We in the EPP strongly support TSD as a cooperative instrument. This entails a specific focus on capacity building programs, transparent dispute settlement mechanisms and effective information sharing with all relevant stakeholders, including governmental agencies, economic operators and SMEs, civil society and think tanks.
- Provisions within such chapters must be built in close coordination with international expert bodies that are specialised in the areas TSD aims to address. As such, the elaboration of TSD commitments and the monitoring of their effectiveness shall be done jointly with the International Labour Organisation (ILO), Multilateral Environmental Agreements (MEAs) and the United Nations Framework Convention on Climate Change (UNFCCC) secretariat.

- Cooperation and information sharing with the local level in the relevant partner countries can go a long way in improving the effectiveness of TSD Chapters. EU delegations and Member State embassies shall therefore play a key role in observing the implementation of TSD provisions by local actors, and could aid in the transparent evaluation of their impact on the ground. Moreover, these could provide for a facilitated dialogue with local authorities, Domestic Advisory Groups (DAGs), SMEs, civil society and other relevant institutions, with the aim of supporting the partner state in implementing relevant reforms and reaching the mutually agreed TSD commitments.
- Importantly, the TSD review should be done subsequent to a dialogue with all relevant stakeholders that play a role in its implementation. Such panels shall also include SMEs and SME organisations, given their key role in the European economy. As such, in-depth meaningful discussions on the way forward should precede any concrete decisions on the adaptation of TSD chapters.
- The appointment of a Chief Trade Enforcement Officer (CTEO) is a significant step toward ensuring that EU free trade agreements deliver and stay relevant over time. The CTEO will make every effort to reach an agreeable agreement with the third country's appropriate authorities in the shortest time possible. The CTEO should also be empowered to bring cases on his own initiative, with the enforcement of trade and trade provisions, as well as the establishment of fair competition, in the forefront of his enforcement efforts.
- TSD Chapters as cooperative instruments are designed to improve the situation on the ground in partner countries, including the informal sectors and the semi-formal economy. A dialogue-based strategy, complemented by capacity building and financing, is the best way to improve the situation on the ground in this context. Adopting a sanctions-based strategy fails to address the root of the problem and is unlikely to produce tangible results. If the EU decides to pursue an economic penalty system after a comprehensive review, it should always be a last resort measure, employed only after all other options have been exhausted, and with objective, stringent, and clearly specified application requirements. Equally pertinently, we consider that any decision on the way forward in TSD Chapters should not be applied retroactively. Regardless of the outcome of the TSD-reform process, any new policy in the area should thus only be applied to new or updated FTAs.

The INTA Members of the EPP Group continue to believe that it is of utmost importance to create incentives for our trading partners to improve the implementation of TSD Chapters and to increase their effectiveness in delivering better results on the ground. We remain at your disposal for further discussions on this topic and are looking forward to a constructive debate in the upcoming months.

Sincerely yours,



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