

# A RENEWED TRADE POLICY FOR A STRONGER EUROPE

INTERNATIONAL ECONOMIC POLICY

EPD MFIN

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# Key Objectives of Review of EU Trade & Investment Policy

- ▶ Assess trade policy's contribution to swift & sustainable socio-economic recovery & reinforcement of competitiveness post-COVID 19
- ▶ Address new EU challenges and promote EU values and standards
- ▶ Formulate trade policy to strengthen EU “Open Strategic Autonomy” model for greater economic benefits of businesses, workers & consumers
- ▶ Protect from unfair practices and build resilience for future challenges

# 1. Building resilience: internal and external dimensions

**EU Open Strategic Autonomy** to pursue interests independently and assertively, engage partners to deliver solutions to global challenges

Unlikely that EU can be self-sufficient in producing certain complex critical health products & impossible to tackle global climate and environmental challenges on its own

Trade policy that stabilises EU strategic engagement with key trading partners, based on values, interests and objectives

Diversify relationships and create alliances with like-minded countries

# Building more resilience - internal and external dimensions

Externally: develop international governance measures to support stability & predictability. Support rules-based trade & mutually beneficial partnerships, promote multilateral, plurilateral and bilateral trade agreements - important spill-over effects in other policy areas & promoting international role of the Euro

Internally: COVID-19 confirmed that to remain open for investment, EU needs ability to control who invests in its territory and why, and to screen FDI on basis of threats to security and public order. The EU's FDI screening Regulation and MS FDI screening mechanisms should protect businesses and citizens from risks linked to foreign investment.

## 2. Supporting socio-economic recovery and growth

For trade and investment to thrive and to maximise our chances of economic recovery, a stable, predictable and trusted framework for rules-based international economic governance will be needed.

Every effort must be made to reform the World Trade Organization (WTO) and re-establish it as an effective forum to develop new and appropriate trade rules, ensure their implementation and help to settle disputes.

Promoting international regulatory cooperation is important role to play in this regard. European regulations often have a global impact, for instance as regards data privacy or climate/environmental standards.

# Supporting socio-economic recovery and growth

Help exporters, particularly SMEs, to reap full benefits of EU trade agreements: e.g. market access, trade facilitation, improve investment conditions, protect intellectual property (including GIs), and implement & enforce and, provide stability and predictability for economic operators.

Focus on EU's closest partners and Africa: of top geographic and geopolitical importance; offer growth potential and production markets, as well as key source for imports of goods & services, & value chain integration.

Agreements that are mutually beneficial for EU and partner countries to strengthen trade and investment relationships.

### 3. Supporting SMEs

Opportunities of untapped potential to support the trade and investment activities of European SMEs remain especially within the EU's increasing number of trade and investment agreements.

Many SMEs are unaware of these opportunities including for public procurement, or tend to think that they only benefit bigger companies.

In addition, SMEs have been most severely hit by the disruption of supply chains resulting from the COVID-19 crisis as well as from the fall in global demand. While access to finance will be essential, trade policy can also help to support their recovery by creating new opportunities.

## 4. Supporting green transition and make trade more sustainable and responsible

EU is a global leader on climate action and sustainability, and the Green Deal growth strategy should act as roadmap within the global recovery effort, supporting transition to climate-neutral and more sustainable economy.

Joint Communication on Global EU response to COVID-19 underlined importance of sustainability, and respect of labour rights and corporate responsibility throughout value chains.

Promote decent work and improve working conditions at home and abroad remains a priority.

Full commitment to the UN Sustainable Development Goals and increased effort to integrate them into all its policies.



# Supporting green transition and make trade more sustainable and responsible

Trade policy's role to promote sustainable development have already increased significantly in recent years.

Trade and Sustainable Development elements: legally binding commitments to ratify & effectively implement international environmental conventions and international labour standards.

Commission intends to make respect of Paris Agreement an essential element for future comprehensive trade agreements

Establish Carbon Border Adjustment mechanism to reduce the risk of carbon leakage through different climate ambition levels around the world persist, and zero-tolerance on child labour will be considered.

# 5. Supporting digital transition and technological development

Covid 19 highlights importance of digital trade and its role in facilitating global value chains & developing innovative products and services,

Reaffirms need for an effective data privacy framework: prompts calls to accelerate work on international standards for e-commerce, including data flows, notably via WTO eCommerce negotiations.

EU's General Data Protection Regulation (GDPR) facilitates safe data flows ensuring a high level of data protection.

# Supporting digital transition and technological development

New technologies and changes in business models, e.g. AI, blockchain and 3D printing affect both nature of traded goods and methods of transactions.

Assertive industrial policies by third countries is important, e.g. massive state support.

Trend started pre-pandemic and poses increasingly significant risks of trade distortions for EU companies.

As a consequence, EU trade policy must examine how to support the digital transition and help secure the EU's position in the digital sphere in the long-term and at the global level.

## 6. Ensure fairness and level playing field

EU committed to openness for future growth, prosperity and competitiveness, coupled with efforts against unfair, hostile or uncompetitive trade practices.

Tax good governance's role in ensuring level playing field, to accompany trade and investment instruments.

Increased abusive practices by trading partners in Post-COVID 19 environment, notably through industrial policies featuring massive state intervention.

EU objective of a level playing field by agreeing on clear rules with partners, e.g. with new rules on industrial subsidies in the WTO or in the EU trade agreements.

Fairness and level playing field is not always possible as commitments are not always respected by EU trading partners.

# Ensuring fairness and level playing field

Importance of defending EU rights using existing trade defence or dispute settlement tools

Develop new tools where necessary, e.g.

- upgrading the Enforcement Regulation,
- protect & upgrade dispute settlement mechanisms (multilateral/bilateral)
- International Procurement Instrument proposal
- Address the distortive effects of foreign subsidies in the internal market

Appointment of Chief Trade Enforcement Officer to ensure proper implementation of FTA commitments of trading partners (on market access or sustainable development)

# Consultation Feedback

European Commission consultation website and email:

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_1058](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1058)  
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