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Statement: The EU Trade Policy Review – a Curate’s Egg

The long-awaited new EU Trade Policy comes with some interesting suggestions on how to better include the sustainability dimension whilst preserving European economic resilience. However, it fails to provide enough details on how these commitments will translate into operational solutions. Although amfori welcomes the sentiment behind the Commission’s Trade Policy Review, we would certainly appreciate having clearer indications on the Commission’s working plans.

A greener world?

Implementing the ambitions set in the Green Deal will require effective policy measures. Trade policy is no exception and could be an important lever in raising environmental standards at the global level. Even though the EU commitment to make respect of the Paris Agreement an essential element of future trade deals is welcomed, amfori is curious to better understand how this will translate in practice. So far, references to climate change commitments have been traditionally included in Trade and Sustainable Development chapters. However, not only are TSD Chapters falling under a specific dispute mechanism but the compliance criteria remain unclear and might only mean “having ratified” the Paris Agreement, rather than proper implementation. At amfori, we would welcome a clear commitment from the EU to use FTAs as an opportunity to raise ambition in the trading partners’ Nationally Determined Contributions in the Paris agreement (e.g. on deforestation in Mercosur).

In line with our conviction that trade can be a strong driver for sustainability, we believe that the EU needs to pay a closer look at developing preferential trading opportunities for circular products and services, support countries to transition to a more sustainable and circular economy, notably by being more proactive on organising and supporting the market for secondary raw materials. It is also important that the consequences of trade on the extraction and consumption of raw materials are carefully considered when negotiating trade agreements.

All of these suggestions are applicable to all trading partners, so it is disappointing that these specific commitments are missing in this Review.

TSD – Taking Strong Decisions

We take note of the Commission's willingness to strengthen the enforcement and effective implementation of TSD commitments and would welcome the possibility to pass on violations that we have discovered. Despite the recent success of the EU-South Korea dispute, we still have some doubts about the enforceability of TSD Chapters. Therefore, we would welcome further clarity, and assurances, on how the Commission intends to introduce the possibility of sanctions for non-compliance and on what basis could the essential elements clause be grounded.

amfori has been following and supporting TSD discussions in the EU since their onset and to us, it is crucial for the parties to set-up strong monitoring mechanisms that will follow the implementation of these sustainability commitments. On this regard, regular post impact assessment studies on TSD chapters implementation could incentivise underperforming partners to do more or seek support.

Gender equality

We welcome the Commission's intention to carry out work to develop a better understanding of the gender equality implications of trade policy and actions for improved gender awareness in trade policy, including Aid for Trade.

The collection of gender-disaggregated data is crucial to understand the gender equality implications of trade and to monitor and evaluate countries' and businesses' progress on gender equality. We therefore encourage the Commission to take this into account when developing a monitoring and evaluation framework and we offer our support in doing so.

That said, we were surprised to see the important issue of gender equality reduced to one sentence in the Trade Policy Review – particularly so considering the importance placed by the previous Trade Commissioner, Cecelia Malmstrom. Therefore, we hope the Commission will keep up the momentum on the gains made on gender equality over the 25 years since the adoption of the Beijing Declaration, notably through the EEAS's Gender Action Plan III.

Rules for all

amfori believes that the reform of the WTO is critical as it delivers a predictable and rules-based trading system with reliable legal enforcement procedures. Without such a system protectionist forces could undo decades of economic development that would impact vulnerable economies the most. We therefore welcome the emphasis the Commission has placed on this important issue.

amfori also welcomes the initiative to harmonise rules of origin in EU trade agreements. We are pleased to see that our demands of many years have been met – although we would also request that they be updated to more properly reflect modern global value chains.

Gains, but with conditions

Many companies benefit from the preferences granted to imports sourced from GSP countries – and those countries have benefited in turn. However, the conditions attached to being granted those preferences – i.e. adherence to core ILO/UN conventions – must be honoured to ensure the proper protection of human rights and to the environment. amfori has given its support to the Commission taking a strong line in this regard and so the priority given to it in this paper (particularly with respect to child labour) is welcomed. Our recent [position paper](#) also recommends that the Commission is more transparent concerning countries' adherence in this regard and involve civil society more often.

Due diligence

Similarly, we are encouraged to see that mandatory human rights due diligence is also reiterated – including “effective action and enforcement mechanisms to ensure that forced labour does not find a place in the value chains of EU companies”. amfori is very supportive of EU action in this domain and has been calling for a comprehensive approach to due diligence, of which legislation is only one element. Trade and investment policies, partnerships and cooperation with governments from other countries to build capacity and law enforcement locally, but also public procurement incentives are some of the areas we would like to see mobilised to coherently advance on the due diligence agenda.

Therefore, we would be very interested to learn more about the guidelines the Commission intends to issue ahead of the adoption of due diligence legislation and offer our assistance in this regard so that our experience is put to fruition. On a related note, we would also welcome further information about the Commission intentions with respect to a potential ban on imports of goods produced by forced labour.

Standing by

As the organisation for open and sustainable trade, we look forward to working alongside the European Commission to translate the proposals for an “Open, Sustainable, and Assertive Trade Policy” into actionable results.

About amfori

amfori is the leading global business association that promotes open and sustainable trade. We number over 2,400 importers, retailers and brand manufacturers, from over 40 countries and with a combined turnover of more than €1.7 trillion. Our membership includes large retailers, brands, importers and supermarket chains.

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