

# CONCORD's reaction to the Communication “Trade Policy Review - An Open, Sustainable and Assertive Trade Policy” (April 2021)

The review of the EU's Trade Strategy was an opportunity for the EU to use its leadership in the multilateral trade system to accelerate worldwide progress on the implementation of the 2030 Agenda and the Paris Agreement. On a few aspects, the EU's new Trade Strategy delivers. But overall, the new strategy does not suggest any major changes to the EU's approach to trade. The EU continues to promote a model in which trade liberalisation and measures to protect European companies and domestic markets are the main goals, without enough consideration for realising sustainable development across the globe. CONCORD deeply regrets that the European Commission missed this opportunity to truly align EU trade policy with the objectives of the 2030 Agenda.

CONCORD Europe has called for the firm inclusion of a policy coherence for sustainable development (PCSD) perspective in the EU's new Trade Strategy.<sup>1</sup> Applying PCSD to EU trade policy would mean that trade chapters in current trade agreements are significantly modified to balance the commercial interests of Europe with respect for human rights, decent work and environmental protection. With this new trade strategy the EU clearly prioritises the economic interests of European businesses, based on an unquestioned reliance on a growth model that expects that our production capacities can be endlessly increased with ever-growing markets, regardless of the earth's limited resources. The EU assumes that, through promoting further technological advancement of 'green' and 'digital' production and service value chains, harmful environmental and social impacts can be mitigated, at least for Europe. Such a growth model follows a macro-economic theory which is not fit for the 21st century's challenges, when instead we should be developing an economy geared toward ensuring well-being for the people and planet.<sup>2</sup>

CONCORD welcomes the intention to pay more attention to the protection of the environment, but can't see any commitment to measure and reduce the impact of international trade on GHG emissions, reduce the global volume of trade, or significantly change Europe's consumption and production patterns towards greater sobriety. This requires EU trade and investment agreements to not undermine other countries' ability to achieve sustainable development, and to combine the promotion of strategic autonomy for other countries as well (so, not only for the EU) with a strong multilateral governance that prioritises the respect of human rights and the environment over other considerations.

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<sup>1</sup> [CONCORD's response to the public consultation regarding “A renewed trade policy for a stronger Europe”](#) (Nov 2020)

<sup>2</sup> For recommendations on how the EU and its Member States can transform the economic system, see the CONCORD report [“Inequalities unwrapped - An urgent call for systemic change”](#) (2019)

## “Open strategic autonomy” - a one-sided response to global challenges

In terms of identifying the global challenges of our times, the new strategy pays much attention to the EU's geopolitical relations with different regions and countries and their economic power. For example, it describes the expansive development of China that has created new power balances across the globe in trading relations. The strategy also correctly states that the expansion of global value chains led to growing inequalities and left “some individuals and communities” behind. It acknowledges that there is a “decent work deficit” in global supply chains in many parts of the world.<sup>3</sup> In terms of providing the solutions, however, the strategy is very limited: it doesn't put forward any measures to redress economic inequalities, environmental targets or any of the other goals that are part of the 2030 Agenda, beyond parking these issues in the Trade and Sustainable Development Chapter. A holistic approach in which social justice, decent work, human rights and environmental protection are mainstreamed throughout whole trade agreements is needed to tackle these issues from a trade perspective. Instead, the strategy only commits the European Commission to undertake “further analytical work” to address the impacts of trade policies on employment and different aspects of social development.<sup>4</sup>

The new Trade Strategy refers to the need to strengthen the EU's open strategic autonomy<sup>5</sup> in response to the global challenges identified.<sup>6</sup> According to the new strategy, this means “leveraging our strengths while engaging with partners” and is explained with a diagram which shows “resilience and competitiveness”, “assertiveness and rules-based cooperation” and “sustainability and fairness” as the three main components.<sup>7</sup> The EU claims to want to make trade sustainable and fair but in effect this means supporting *domestic* policies to strengthen the EU's economy as well as protecting the EU's economy from unfair trade practices. **The impact on partner countries is not included in the analysis when the European Commission speaks about fair and resilient trade partnerships in this context.** This is far from a nuanced picture of the world's interdependence.

The reference to “a stronger and more resilient EU requires joined up internal and external action, across multiple policy areas, aligning and using all trade tools in support of EU interests and policy objectives”<sup>8</sup> once again shows an EU-centric view of the world around us as it only talks about internal coherence and the EU's own strategic interest. CONCORD calls for this statement to be implemented in a manner consistent with EU commitments to sustainable development policy objectives, and the attainment of the SDGs.

The vision for “a stronger Europe in the world”, as put forward in the new EU Trade Strategy, is thus not the sustainable-development-aligned approach which CONCORD would have expected from Europe as part of its COVID-recovery, considering the experience of interdependence and vulnerability the strategy itself spells out.

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<sup>3</sup> [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p1

<sup>4</sup> [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p.22

<sup>5</sup> This term is described as a “policy-choice” and “mind-set” for policy makers in the [new Trade Strategy](#), p 4

<sup>6</sup> Globalisation, the rise of China, climate change and decent work deficit

<sup>7</sup> [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p 4

<sup>8</sup> [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p 4

## A greener outlook on trade

The EU's new strategy "An Open, Sustainable and Assertive Trade Policy" has the ambition to be greener. This is one of the six focus areas the European Commission will focus on in order to achieve its medium-term objectives for EU trade policy.<sup>9</sup> **CONCORD welcomes the intention to create opportunities for a climate neutral, environmentally friendly and resilient economy through EU trade policy.** For the first time, the European Commission says that "The EU needs to leverage its openness and engage its partners, notably the biggest emitters and polluters, so that they contribute their fair share to climate change mitigation".<sup>10</sup> The strategy also includes welcome wording on reducing investments in fossil fuels. This language is however not new and remains insufficient as a complete withdrawal of investments in all fossil fuels is needed in order to reach climate targets by 2030. In addition, the strategy is entirely missing references to the EU's own responsibility for polluting. The strategy does not acknowledge that the EU, with only 6% of the world's population, has the historical responsibility for one-sixth of the global greenhouse gas emissions.<sup>11</sup> To address this, the European Commission should also ensure that trade deals do not lead to an overall increase of greenhouse gas emissions.<sup>12</sup> This greener outlook on EU trade is welcomed, but the EU must make more efforts to address all the dimensions of sustainable development<sup>13</sup> and not only environmental sustainability in its trade relations.

## Sustainable development commitments remain vague

**The European Commission expresses the willingness to make the Sustainable Development Chapter more ambitious<sup>14</sup>,** but without making it part of binding dispute settlement mechanisms. The Commission continues to be unclear in its use of the term "enforcement" for protecting environmental and/or social standards, for instance by referring to the Chief Trade Enforcement Officer (CTEO) with regard to the Trade and Sustainable Development (TSD) Chapter. Sustainable Development Chapters of the EU's trade agreements must be made equally enforceable as the rest of the agreement and any dispute in the trade relationship should be resolved in regular courts (not in specialised trade panels) and must include access to formal complaint procedures for negatively affected communities. CONCORD urges the European Commission to involve civil society partners meaningfully, including those in the Global South, in the upcoming review of the 15-point action plan for trade and sustainable development since this review will cover all relevant aspects of TSD implementation and enforcement.

In order to implement sustainable development commitments more effectively, **sustainable Impact Assessments must be used systematically. They must better identify possible negative impacts on human rights, women's rights, social development and the**

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<sup>9</sup> [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p. 9-11

<sup>10</sup> [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p.6

<sup>11</sup> [https://climateanalytics.org/media/historical\\_responsibility\\_report\\_nov\\_2015.pdf](https://climateanalytics.org/media/historical_responsibility_report_nov_2015.pdf)

<sup>12</sup> <https://caneurope.org/trade-policy-review-fails-to-propose-the-reforms-needed-to-align-eu-trade-and-climate-policies/>

<sup>13</sup> To read more about CONCORD's view on addressing all dimensions of sustainable development, see "[A guide to PCSD](#)" (Oct 2020)

<sup>14</sup> [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p.12

**environment.** This means that the European Commission must make sure that, where an impact on developing countries is likely, it is taken into account from the very start of the policy-making process. Civil society and affected communities should be consulted when proposals and Impact Assessments are being prepared. In addition, Impact Assessments should examine what provisions need to be changed in EU trade and investment agreements to avoid adverse impacts on people and the planet.

### **The lack of a Policy Coherence for Sustainable Development approach**

**Nowhere in the strategy can we see references to mitigating negative impacts on partner countries' abilities to achieve sustainable development and protect human rights, despite the European Commission commenting on China's failure to do so.** Moreover, the strategy mentions the ability of governments to mitigate negative impacts whereas the EU should ensure that these do not happen in the first place. Preventing negative spillover effects is an EU obligation under international human rights law and Policy Coherence for Development is a Treaty obligation.<sup>15</sup>

Safeguarding the EU's position in the global economy vis-à-vis China should not be to the detriment of partner countries' ability to achieve sustainable development. It is well documented that the majority of EU Member States generate large negative impacts through trade.<sup>16</sup> **CONCORD therefore regrets the missed opportunity for the EU to clearly spell out how an open strategic autonomy can create geopolitical gains for the EU while at the same time ensuring that EU trade efforts do not undermine EU partner countries efforts to achieve sustainable development.**

### **Addressing food systems**

**It is an important step forward that the Commission will propose a chapter on sustainable food systems in future trade agreements.** CONCORD calls on the Commission to develop this chapter with a broad, intersectional perspective, and to make sure that no provisions in future agreements will contradict the objective to encourage the agroecological transition in Europe and in partner countries, and the development of territorial markets and short food supply chains. In this context, it will be important to give content to these chapters so they are not just panacea and the European Commission should clarify whether this approach to sustainable food systems can be extended to existing trade agreements. In order to create sustainable food systems the EU must also address its investment patterns: it cannot continue to invest in the same sectors as it risks fuelling unsustainable food production, such as conventional or industrial monocultures. For example, the EU is the largest importer of cocoa, representing 60% of global consumption. While attempts to boost sustainable cocoa production have been made by the EU, the environmental and poverty aspects related to its production have been by-and-large neglected for decades.

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<sup>15</sup> See the Lisbon Treaty, article 208: "Union development cooperation policy shall have as its primary objective the reduction and, in the long term, the eradication of poverty. The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."

<sup>16</sup> See [the 2019 Europe Sustainable Development Report](#)

By forming more sustainable value chains - spanning for example from family farmers to customers in the most direct way possible - we increase the opportunities to optimise their social and environmental added value by creating jobs in the country of origin and investing with a long-term perspective. Within the food production system, production for local economies with short supply chains can reduce waste as well. Shorter supply chains can also help protect local farmers by preventing unfair contracts where powerful buyers can cancel at short notice owing to retail changes, leaving crops unharvested in the field, and the farmer with no income.

### **The need for more sustainable supply chains**

We recognise that the EU is aiming to make supply chains more sustainable, in particular by promoting sustainability standards across global value chains. In this context, it is indeed important to promote responsible business conduct and greater transparency and traceability in supply chains. CONCORD hopes that the forthcoming legislation on sustainable corporate governance as well as deforestation will be important milestones in this regard. However, this leaves certain important aspects of sustainability unaddressed. The creation of global value chains and the proliferation of bilateral free trade agreements have led to increased trade, increased transport, long value chains, the reallocation of production and increased concentration of production in certain countries, taking products around the world several times. **The strategy completely fails to address the need for *shorter* value chains** where possible.

### **Sustainable and inclusive business models**

**CONCORD regrets that the new Trade Strategy fails to address fair trade or to encourage sustainable and inclusive business models such as cooperatives and social enterprises.** CONCORD sees a clear role for sustainable and inclusive business models to help rebuild better after the COVID-19 crisis. We are therefore disappointed that the new trade strategy fails to explain how it will support the 2.8 million social economy organisations and enterprises in Europe – which is 10% of all businesses, providing jobs to 13.6 million people - to trade with like-minded sustainable and inclusive business models in other parts of the world. This should be done in a cooperative rather than a competitive spirit, building resilience and sustainability across value chains, especially since the Communication considers this to be important. However, the new strategy also fails to commit to ensure that trade and investment agreements will not jeopardise the strengthening and development of the social and solidarity economy in partner countries.

The previous EU Trade Strategy, Trade for All, included a focus on the need to better support fair trade and the commitment to better examine the human rights impacts of trade and investment agreements. These aspects are not well reflected in the new strategy but CONCORD counts on the European Commission to remain committed to fair trade as stated by the European Commission Vice President Valdis Dombrovskis to the members of the European Parliament's committee on International Trade.<sup>17</sup>

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<sup>17</sup> [Hearing in the European Parliament Committee on International Trade with EVP Dombrovskis](#) (24 Feb 2021)

## EU trade agreements should not lead to the privatisation of public services

The previous trade strategy included the commitment that EU trade agreements would never “prevent governments, at any level, from providing, supporting or regulating services in areas such as water, education, health, and social services, nor will they prevent policy changes regarding the financing or organisation of these services”.<sup>18</sup> The new strategy unfortunately does not provide the same assurance.

In the Gender Action Plan III, the European Commission stated that **women and men should have equal access to public services**.<sup>19</sup> CONCORD reminds the European Commission of the European Parliament’s position, urging the EU to ensure that trade and investment treaties do not lead to the privatisation of public services, especially those that could impact women (both as service providers and service users), and increase gender inequality. The European Parliament urges that “public services, existing or future services of general interest, and services of general economic interest should be excluded from the negotiations on any trade agreement concluded by the EU (including, but not limited to, water, sanitation, health, care, social services, social security systems, education, waste management and public transport)”.<sup>20</sup>

## Intellectual Property Rights

The strategy contains weak references to the importance of taking the needs and interests of countries in the Global South on board in WTO reforms. In the context of the COVID pandemic, European Commission President Von der Leyen referred to a COVID-19 vaccine as ‘a universal public good’. At the same time, the EU is blocking the COVID-19 patent waiver in the WTO, disclosing a blatant inconsistency. CONCORD is seriously concerned by the competition on access to vaccines and by some of the actions taken by the EU, especially in view of its claims to promote global solidarity during the COVID-crisis. Leaving the production and development of vaccines to the private sector and its willingness to share technology and know-how voluntarily, will not allow countries in the global South to access vaccines on a mass scale this year, or next. In the meantime, the COVAX programme is struggling to provide global access to COVID-19 vaccines due to a lack of funding and the inability to secure and procure enough vaccine doses. **CONCORD Europe therefore urges the EU to agree to a TRIPS waiver and to work with other countries and the pharmaceutical industry as a matter of urgency**, so that all countries can fulfill their obligations regarding people’s rights to life and healthcare. In addition, CONCORD supports the long-standing call on WTO members to accept the request for an open-ended extension of LDC exemption from nearly all of the TRIPS obligations, including for pharmaceutical products, until the country is no longer classified as ‘least developed’.

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<sup>18</sup> [Trade for all](#), p. 11

<sup>19</sup> [The Gender Action Plan III](#), p.12

<sup>20</sup> [Gender equality in EU trade agreements European Parliament resolution of 13 March 2018 on gender equality in EU trade agreements \(2017/2015\(INI\)\)](#), p.9

## A gender blind trade policy

**The new Trade Strategy is gender blind.** In spite of the strong references in the EU's Gender Equality Strategy 2020-2025, where the Commission committed itself to actively promote gender equality through its trade policy and in the WTO, also reiterated in the Gender Action Plan III, the Trade Strategy relegates gender equality to an after-thought on the last page. In the last paragraph, there is a mention of “improving understanding of the gender equality implications of various parts of trade policy and informing actions for improved gender awareness in trade policy”. This is far from the ambitious intention to mainstream gender equality throughout the EU's external action including trade, as stated in GAP III. It is a real pity that not more attention has been paid to this issue in the new trade policy. This is especially disappointing in light of the two conferences on trade and women's rights promoted by the previous Trade Commissioner Cecilia Malmström. CONCORD would have expected strong and more detailed commitments on gender mainstreaming in the strategy in order to adjust trade and investment agreements to ensure they respect and promote all women's rights - starting with women workers in the formal and informal sectors.

## A long road yet to transparent and inclusive decision-making

To orient EU trade policy towards sustainable development, in the response to the public consultation on the Trade Policy review, CONCORD Europe called for providing more openness, transparency and inclusiveness at all stages of the EU's trade negotiations<sup>21</sup>. In particular, CONCORD advised the EU to enable and allow more involvement of other stakeholders, including CSOs, also in partner countries, in negotiations. In this context, we welcome the references made in the annex on WTO reform to encourage online participation by CSOs from developing countries in the WTO's work. However, for CSOs to meaningfully engage in trade and investment policies, they need to be resourced - but there is no recognition of this or commitment to support this in the Trade Strategy. In the context of the European Commission stakeholder dialogue, the Commission commits to deepen its engagement with civil society. The engagement will, however, focus on implementation and enforcement and on ensuring that the EU's interests are fully met as regards the expected benefits of trade agreements. **CONCORD regrets that this dialogue will not encompass a broader scope and also include the need to address spillover effects and to safeguard development cooperation objectives being taken into account in trade policy.**

## EU-Africa trade relations continuously shaped by the EU's strategic interests

EU-Africa trade relations continue to be shaped by EU strategic interests. **It is doubtful that EU trade policies, in this framework, will be able to unlock their African partners' economic potential and to foster economic diversification and inclusive growth.** While the new strategy spells out the long-term perspective of a continent-to-continent agreement, this risks being undermined by the insistence on maintaining sub regional trade relations through widening and deepening the Economic Partnership Agreements (EPAs). We have witnessed how EPAs have led to divisions among ACP countries: some countries were forced to accept the EPAs because they would otherwise lose preferential market access to the EU, whereas other countries did not accept EPAs, which led to fragmentation in the ACP region and

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<sup>21</sup> [CONCORD's response to the consultation on a renewed trade policy for a stronger Europe](#), p. 3

damaged regional integration efforts. The more ACP countries implement the EPAs, i.e. reducing and eliminating their import tariffs, the further they drift away from their neighbours. **Where does this leave the African Continental Free Trade Area and the continent-to-continent approach and where does it leave the local and regional attempts to strengthen inner-african trade?**

Many CSOs and trade unions have expressed concerns that, as currently shaped, the AfCFTA may incentivise inequalities between countries and within countries. As can be seen in Europe, trade and investment liberalisation without harmonisation of tax rules and social rights inevitably generates a race to the bottom on social and labour rights.

The new EU trade strategy confirms that there is a continued risk that the EU will exert pressure on African countries who signed an EPA to implement their trade commitments, i.e. force them to lift any import bans or restrictions in place on poultry, dairy, vegetable or other sensitive agricultural sectors<sup>22</sup>. While we agree that trade policy has an important role to play to enable domestic sectors to expand, we also ask for increased flexibility for countries to continue to be able to restrict imports and to not have to dismantle current protective measures in place. This is important in order not to impede investment in domestic production capacity to the benefit of income and livelihoods in the country in line with commitments to SDG 2.3 and SDG 2.4.

The emphasis on increased enforcement of trade agreements could also mean that the European Commission wants to enforce the EPAs rendez-vous clauses<sup>23</sup> which mention the broadening and deepening of the EPAs through the negotiation and addition of investment, services, intellectual property rights, government procurement, etc.<sup>24</sup> **It is crucial that the EU allows ACP countries to make their own assessments as to when they would be ready to negotiate such issues with the EU** and that the EU does not pressure them to prematurely take up far-reaching liberalisation commitments for which they are not ready. **Triggering the rendez-vous clauses and broadening and deepening the EPAs would also mean that the ACP countries involved would drift further away from the other countries in their regions.** The EU's offensive interests in Africa should not prevail over the development needs of African countries.

### **A missed chance to transform EU trade policy**

EU trade policy requires a transformation, restructuring not only the Sustainable Development Chapters in EU trade agreements, but re-considering the trade measures with a new perspective and approach. Trade agreements should be replaced by sustainable trade agreements, i.e. a new model in which trade liberalisation and economic growth are no longer the primary goal, but where trade policy supports nationally owned strategies to restructure economies in line with sustainable development and just transition strategies, thereby contributing equally to the social, environmental and governance dimensions of sustainable

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<sup>22</sup> See 3.2.6 [in the EU New Trade Strategy](#) on 'unlocking the benefits of EU's trade agreement coupled with assertive' implementation

<sup>23</sup> Communication on the [Trade Policy Review - An Open, Sustainable and Assertive Trade Policy](#), p. 18

<sup>24</sup> See also the post-Cotonou Agreement that calls for the implementation of the rendez-vous clauses

development. Human rights, labour rights, land rights, and the protection of our environment would take priority over corporate and private interests and trade agreements would no longer increase but rather help to reduce inequalities of all kinds, including gender inequalities.



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