



Mr. Valdis Dombrovskis
Executive Vice-President
European Commission
Rue de la Loi 200
1049 Brussels
BELGIUM

16 June 2021

Dear Executive Vice-President,

Following the publication of the European Commission's Communication "Trade Policy Review – An open, sustainable and assertive trade policy", with this letter, I would like to share with you our views and priorities.

For BusinessEurope, pursuing an ambitious EU trade policy is a key priority. Trade is a driver of growth in the EU, contributing to job creation and innovation. It is important to underline this point, at a moment when we are taking measures to recover from the COVID-19 pandemic, facing an increasingly competitive world that questions the principles of multilateralism and global cooperation. We welcome the concept of "open strategic autonomy", which forms the basis of the EU's trade policy reform under the pillars of resilience and competitiveness, sustainability and fairness, assertiveness and rules-based cooperation. This approach also highlights the complementarity of the EU's trade policy with the industrial strategy and our efforts to achieve the digital and green transformations.

Resilience and Competitiveness

We see an open trade policy as a critical part of the broader EU strategy towards resilience and supporting the efforts to enhance our global leadership position. **Improving access to third markets should remain at the core of the EU's trade policy.** This implies the development of a strong offensive agenda that brings new trade and investment opportunities for EU companies outside the EU and supports the EU's global competitiveness. Using and expanding our vast network of trade agreements will be key to achieve this objective. These agreements should be ambitious in terms of market access, but also on provisions to attract and protect investments. We regret that, so far, the EU's new Investment Court System has failed to enter into force and be tested in practice. This is important from an economic point of view but it is also critical to safeguard the EU's political weight and image around the world. The ability of the EU to be recognised as a reliable partner also depends on our capacity to deliver the commitments we have negotiated and agreed with our trading partners. The EU-Mercosur and the revised EU-Mexico agreement, as well as the announced restart of the EU-India negotiations, are priorities for European business and they are crucial to increasing our resilience and competitiveness.

An offensive EU trade agenda will ensure uninterrupted access to raw materials, cross-border data flows, goods and services that are critical in further developing the EU's capacity to innovate and lead in fast developing areas such as high-end manufacturing, semiconductors, artificial Intelligence and renewable energy.

Sustainability and Fairness

We agree that trade policy can play a significant role in promoting sustainability, EU values and standards globally. Trade policy can also support, along with other flanking measures, a more equitable distribution of trade benefits across countries and different societal groups. The EU's trade policy has a strong sustainability pillar, which is visible in trade agreements through the Trade and Sustainable Development (TSD) Chapters, but also in unilateral instruments, such as the Generalised System of Preferences. **It is important to ensure that these tools are effective and contribute to promoting the EU's competitiveness.** When it comes to the TSD Chapters in particular, we look forward to the upcoming public consultation on the review of the 15-point action plan. BusinessEurope stands ready to make concrete proposals to improve the effectiveness of TSD Chapters while keeping the balance between economic, environment and social objectives. More generally speaking and having also in mind the European Commission's upcoming proposal on supply chain's due diligence, it is important to stress the value of cooperation and dialogue with our trading partners and consider the evidence that suggests that sanctions-based approaches often have unintended and long-term consequences.

The Communication also pays particular attention to the EU's Green Deal and examines how trade can help achieve its objectives. We share the view that trade can support more ambitious climate action around the world. We also agree that the EU should pull its leverage at all levels, from the multilateral to the bilateral and the unilateral to increase ambition in our trading partners. In our position paper "What trade can do for climate" we elaborate these ideas in more detail. However, there is a key message that I would like to highlight in this letter as well. **Climate change is a global challenge that requires global solutions. The EU cannot go alone, we need joint efforts from our allies and key trading partners, including China and the US.** Any EU unilateral measures in this area should be WTO compatible and the EU should engage in early dialogue with trading partners to limit possible risks of retaliation.

Assertiveness and rules-based cooperation

We welcome the Communication's emphasis on implementation and enforcement of the EU's trade policy. The EU should be able to defend its interests in a proportionate and effective manner. This is important to promote the EU's competitiveness but it is also critical to support the EU's international leverage and credibility as a leading trading power. We welcome the consolidation of the EU's toolbox in this area of action, in particular the work of the Chief Trade Enforcement Officer as well as the updated Enforcement Regulation and upcoming instruments, such as in international procurement, anti-coercion and foreign subsidies. **For European business, these tools**



should be mutually reinforcing and therefore they should be implemented in a consistent and coherent manner taking into account the impact on business.

Rules-based cooperation is also central for BusinessEurope, in particular when it comes to the reform of the WTO and we believe that the EU can and should lead these efforts. We expect this will be a complex process. **Therefore, prioritisation, pragmatism and a result-driven approach will be key to achieve an overall very ambitious agenda.** We agree that we should start with a successful 12th Ministerial Conference, taking place at the end of the year. For us, a successful outcome is translated in multilateral and plurilateral deliverables, as well as on concrete proposals to get the WTO back on track as a strong organisation. It is important that the Agreement on Fisheries Subsidies – a multilateral outcome – is concluded, as well as the Agreement on Domestic Regulation on Services – a plurilateral outcome – and achieve progress in the framework of the agreement on e-commerce. At the same time, we hope that WTO members will be able to agree on a timeline for the broader reform of the organisation, including the Appellate Body, as well as pushing the agenda on trade and health and trade and the environment.

The EU as a global partner – The pertinence of recalibrating our relations with the US and China and maintain close relations with our neighbours

The Communication recognises that the EU's trade policy does not take place in a vacuum. Companies face increasing uncertainty that is often the result of unilateral and discriminatory actions. China is often a source of concern. **BusinessEurope supports the EU's multi-level approach on China and seeks to find the most constructive way forward in an environment where the broader political and economic agenda often collide.** This multi-level approach includes the bilateral agenda – such as the Comprehensive Agreement on Investment – but also multilateral cooperation. There are common areas of interest with our trading partners, most prominently the US, which we need to capitalise on. For instance, we can achieve results in the context of the WTO by revamping its rulebook on subsidies, State Owned Enterprises (SOEs), export restrictions and forced technology transfers. We can also look at improving the use of Special and Differential Treatment.

The role of the US is critical in this context. The US remains the EU's most important trading partner and we welcome the improved climate in our relations and the good prospects of cooperation following the change in the US Administration. **We expect that the EU-US Summit that took place on 15 June will mark a new phase in our relationship, a phase where we can be more open with each other and we can work more and better together.** It is in our interest and mutual benefit to promote regulatory cooperation and transatlantic data flows and hopefully setting standards globally, especially in new emerging technologies, including 6G and cyber security. In this respect, we are confident that the EU-US Trade and Technology Council will provide a strong platform for cooperation that builds on each side's technological strengths.

When it comes to the EU's relations with our neighbours, we welcome the increased focus proposed in the Communication. EU-Africa relations are important, and we need to deepen them, using all available instruments such as the Economic Partnership Agreements and by promoting sustainable investment. We also need to look at better defending our strategic interests in Western Balkans and Turkey. We are



following closely the diplomatic efforts to create a more positive agenda with Turkey in particular, including the prospects of the modernisation of the Customs Union Agreement, which we support. BusinessEurope would like to additionally raise the important point of maintaining close trade and economic relations with the UK and Switzerland. These are the EU's third and fourth larger trading partners and our economies are closely interconnected. We need to make sure that our bilateral agenda remains ambitious, positive and mutually beneficial. When it comes to the UK, it is essential that the Trade and Cooperation Agreement is fully and effectively implemented. Regarding Switzerland, BusinessEurope regrets the decision of the Federal Council of Switzerland not to sign the Interinstitutional Agreement and we are concerned about the impact of this decision on the overall bilateral trade and investment relationship. We hope that the two partners will soon find a common ground to relaunch discussions and find a way forward in the bilateral relationship.

I would like to conclude with a strong message in favour of an EU trade policy that while it does not lose sight of – the often challenging – global developments, defending the EU's interests, it does so by maintaining an open and rules-based approach. BusinessEurope will remain actively engaged in the public debate on the EU's trade policy, including specific contributions on different incoming initiatives.

Yours sincerely,

Markus J. Beyrer