Commission unveils new approach to trade agreements to promote green and just growth

Brussels, 22 June 2022

The European Commission is today taking a major step in making EU trade greener, fairer and more sustainable. It has unveiled a new plan to enhance the contribution of EU trade agreements in protecting the climate, environment and labour rights worldwide. In its Communication on “The power of trade partnerships: together for green and just economic growth”, the Commission is putting forward how to further strengthen the implementation and enforcement of Trade and Sustainable Development (TSD) chapters of the EU's trade agreements.

Executive Vice-President and Commissioner for Trade, Valdis Dombrovskis, said: “We promised to make trade more sustainable and today we are delivering. Our trade agreements give us clout on the world stage and support economic growth and sustainable development – but as of now, we want to make them an even bigger driver of positive change. We will engage and support our partners to make this happen. We will step up our enforcement, and we will resort to sanctions if key labour and climate commitments are not met.”

All EU’s modern trade agreements include chapters on trade and sustainable development, with a broad set of mutually agreed commitments. The Communication identifies policy priorities and key action points, which will further enhance the effectiveness of the current engagement-based approach to TSD, grounded in the international framework and standards, with stronger implementation and enforcement. In particular, the new approach will include the use of trade sanctions for breaches of core TSD provisions. It will be applied to future negotiations and to ongoing negotiations as appropriate.

In particular, the new approach to TSD covers the following aspects:

**Results-oriented and priority-based engagement with partner countries**

- We will negotiate with partner countries tailored objectives and time-bound roadmaps for more effective results;
- We will step up engagement with trade partners in a cooperative process to foster compliance with international labour and environmental standards, including through technical and financial assistance.
- We will work more closely with both Member States and the European Parliament to monitor and implement TSD commitments.
- We will work to open new markets for import and export of green goods and services and raw materials, which is particularly important to reduce dependencies in the current geopolitical climate.

**More participation and support for Civil Society**

- We are making it easier for civil society and Domestic Advisory Groups (DAGs) to lodge complaints on violations of sustainability commitments. We are introducing timelines that the Commission will follow as general rule to treat TSD complaints through an update of the Operating Guidelines for the Single Entry Point;
- DAGs will be better involved in technical assistance projects and in meetings with EU Member States;
- We will ensure more transparency on the work of the DAGs, including publishing the lists of participating organisations;
- We will further strengthen the role of EU DAGs by providing resources for their functioning.

**Stronger focus on implementation and enforcement**

- We will extend the standard state-to-state dispute settlement compliance phase to the TSD chapter of our trade agreements, meaning that the party found in violation of any of the TSD
commitments will have to promptly inform how it will implement the panel report, and comply within a certain period of time;

- We will include the possibility to apply, as a last resort, trade sanctions for material breaches of the Paris Climate Agreement and the ILO fundamental labour principles.

Background

All modern EU trade agreements already include Trade and Sustainable Development chapters. These require to make continuous and sustained efforts towards the ratification of fundamental ILO conventions, and the effective implementation of conventions by the ILO and of Multilateral Environmental Agreements that each party has ratified, such as the Paris Agreement on Climate Change and the Convention on Biological Diversity.

Since 2018, the Commission services’ non-paper ‘Feedback and way forward on improving the implementation and enforcement of Trade and Sustainable Development chapters in EU Free Trade Agreements’ (15-Point Action Plan) has guided the improvement of the implementation and enforcement of these chapters. As announced before the European Parliament in September 2020 and detailed in the Trade Policy Review Communication in February 2021, the Commission launched an early review of the 15-Point Action Plan.

As part of the review and feeding into the Communication presented today, the Commission requested an independent comparative study on trade and sustainable development practices in third countries’ trade agreements, which confirmed the EU as one of the key frontrunners in promoting sustainability via its trade agreements. To gather input from the widest possible range of citizens and stakeholders on how the current approach could be further improved and made more impactful, the Commission also conducted an open public consultation. The Commission also engaged in an extensive exchange of views with Member States, the European Parliament and the European Economic and Social Committee.

For More Information

Communication on “The power of trade partnerships: together for green and just economic growth”

Updated Operating guidelines for the Single Entry Point and complaints mechanism for the enforcement of EU trade agreements and arrangements

Factsheet

More on trade and sustainable development

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