



### Commission proposes new tools to enforce Europe's rights in international trade

Brussels, 12 December 2019

The Commission today presented a legislative proposal that will allow the EU to enforce international trade rules in circumstances where the World Trade Organization (WTO) is no longer able to deliver binding dispute settlement decisions.

The main proposal consists of an amendment to the enforcement regulation, existing since 2014, that permits the European Commission to act on the Union's behalf on trade matters. It can be, among others, used as a basis for the EU to impose countermeasures after it has won a dispute settlement proceeding in the WTO or under a bilateral EU trade agreement.

Under current rules related to disputes under **multilateral trade law**, the EU can adopt countermeasures only at the end of a dispute settlement procedure, having received an authorisation from the WTO. However, as of 11 December 2019, the binding WTO Dispute Settlement system, consisting of a panel phase and an appeal phase, is no longer functioning. The failure of WTO Members to agree to appoint new members to the WTO Appellate Body means that a WTO Member could, in the future, escape from a binding ruling, and hence the authorisation to adopt countermeasures against it, by simply appealing a panel report. The proposed amendment will permit the Commission to trigger countermeasures in situations where a partner prevents the dispute from reaching the point where such authorisation could be granted.

With the world's largest trade network, the EU must also ensure effectiveness in the enforcement of its rights under **bilateral and regional trade agreements**. With the increased focus on enforcement, the number of bilateral disputes brought by the EU may rise and the EU must be able to respond resolutely in cases where trade partners hinder dispute settlement resolution, for instance by blocking the composition of panels. In a dispute related to rules agreed under a bilateral agreement, the proposed amendments will allow the EU to take countermeasures also in a situation if a partner blocs the appointment of the members of a panel.

Countermeasures are a recognised instrument under international law and have the objective to induce compliance with international obligations. They can take the form of increased customs duties, quantitative restrictions or public procurement restrictions. International law foresees that where adjudicative dispute settlement procedures exist, these must be followed, but also recognises that where one party blocks effective dispute settlement, countermeasures are permitted. Accordingly, this proposal is **entirely in line with public international law**.

To further increase the focus on compliance and enforcement of the EU's trade agreements, a **Chief Trade Enforcement Officer will be appointed in early 2020**.

#### Next steps

The EU proposal will be subject to a **normal legislative procedure**, involving a decision by the European Parliament and the Council. Giving urgency for the EU to be able to use appropriate trade enforcement tools, the Commission trusts that this process can be concluded by mid-2020.

The EU has been at the forefront of **WTO reform**, making efforts to ensure that WTO members can rely again on a well-functioning Appellate Body in the future. These efforts will continue. Also, as a temporary measure, the EU has sought to agree **interim appeal arrangements** with other WTO Members. Such interim arrangements have so far been agreed with two partners - Canada and Norway - while discussions with other partners are underway.

#### For More Information

[Proposal](#)

[Press release](#)

[Infographic](#)

[Commissioner Hogan's Statement on WTO Appellate Body](#)

EU proposal for the [reform of the WTO](#) and of its [dispute settlement system](#)

EU interim arrangements with [Norway](#) and [Canada](#)

[Commission's Political Guidelines 2019](#)

[Commissioner Hogan's mission letter](#)

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