



EUROPEAN COMMISSION

*Brussels, 05.05.2021
C(2021) 3303 final*

Dear President,

The Commission would like to thank the Sénat for transmitting the Opinion adopted by the Vlaams Parlement, which, as expressed in Declaration 51 to the Treaties, is a component of the Belgian national parliamentary system, on the Report of the Commission on the Implementation of EU Trade Agreements 1 January 2019 - 31 December 2019 {COM(2020) 705 final}.

The Commission appreciates the interest expressed by the Vlaams Parlement as regards trade and investment policy and the division in trade agreements and investment treaties, and takes note of the recommendations contained in the resolution adopted by the Plenary Assembly on 10 February 2021.

The Commission's Trade Policy Review Communication of 18 February 2021 puts forward three medium-term objectives for EU trade policy: First, supporting the recovery and fundamental transformation of the EU economy in line with its green and digital objectives; second, shaping global rules for a more sustainable and fairer globalisation; and, third, increasing the EU's capacity to pursue its interests and enforce its rights, including autonomously where needed.

Reforming the WTO will be a top priority for the EU. In order to thrive and drive our economic growth, European business require a stable and predictable trading environment. Our WTO reform efforts will seek to update global trade rules to make them relevant for the challenges we collectively face, such as the recovery from COVID-19 and the digital and environmental transitions. This includes pursuing plurilateral negotiations on e-commerce, services domestic regulation and investment facilitation, as well as new initiatives on issues such as trade and sustainability and climate, trade and health, and level playing field issues. Our immediate focus will be on the preparation of the 12th WTO Ministerial Conference (MC12), where we will seek to conclude negotiations on fisheries subsidies and services domestic regulation and set the stage for further reform efforts.

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Consolidating the EU's partnerships with key growth regions in the Asia Pacific, Latin America and Africa, and refocusing the EU's efforts on the implementation and enforcement of our rights will be a critical part of the EU's approach – thus ensuring that European businesses, fully benefit from the agreements already negotiated and creating new market opportunities. An important part of this effort will be the creation of new IT tools to support EU businesses, particularly SMEs, in international trade. In communicating about the opportunities the EU's trade agreements offer, the Commission is working with Member States and trade promotion organisations to raise awareness and increase the uptake of the negotiated benefits. This is done in full respect of the respective competences, which for trade promotion continue to reside with Member States.

EU free trade agreements typically cover a wide variety of services sectors, such as transport, telecommunications, professional services, financial services, postal and courier services, retail and distribution, environmental services and tourism services. The EU excludes public services from liberalisation commitments in free trade agreements and preserves its right to maintain monopolies and exclusive rights for public utilities in the EU at all levels of government. Furthermore, the temporary movement of natural persons for business purposes is subject to strict conditions, including a high level of qualification.

EU trade agreements also benefit agri-food trade, including by opening new markets for EU products. More than 30% of EU agri-food trade takes place with preferential trade partners. Latest available figures show that in 2019, EU agri-food exports to preferential partners rose by 8.7% (equalling 4.4 billion Euros), i.e. more than twice as fast as the average export increase in other sectors. The Commission continues to support the EU agricultural and agri-food sector, composed primarily of SMEs, with a focus on promoting the sustainability and quality of their products, making them a standard-bearer of the EU food .

When negotiating on investment protection, in line with the resolution by the Vlaams Parlement, the Commission's negotiations are conducted to ensure that EU investors are treated fairly and equitably in the respective third country. EU agreements with an Investment Court System (e.g. the EU-Canada Comprehensive Economic and Trade Agreement, the EU-Singapore Investment Protection Agreement, the EU-Vietnam Investment Protection Agreement and the modernised EU-Mexico Agreement) already include a number of special provisions benefitting SMEs (e.g. the possibility to submit claims to a sole judge, instead of a panel of three, or to hold virtual consultations) and foresee the adoption by the Committee of the Parties to the agreement of specific rules on reduced costs for SMEs. In addition, the Commission is currently reflecting on how to further facilitate access of SMEs to the Investment Court Systems.

Regarding the separation of trade and investment agreements, the decision on the legal basis is always a case-by-case decision following a legal assessment of which legal base to use, taking into account the content of the agreement. Once the legal review of a given agreement is finalised, the Commission will determine the legal basis when transmitting

the agreement to the Council and Parliament for signature and conclusion. In conducting its case-by-case analysis, the Commission strives to ensure coherence with earlier agreements such as the one with Japan, Vietnam and Singapore.

The Commission hopes that these clarifications address the issues raised by the Vlaams Parlement and looks forward to continuing the political dialogue with the Sénat in the future.

Yours faithfully,

*Valdis Dombrovskis
Executive Vice-President*

*Maroš Šefčovič
Vice-President*