Resolution on the EU Trade Policy Review

2020/2761(RSP) - 26/11/2020 - Text adopted by Parliament, single reading

The European Parliament adopted by 593 votes to 50, with 50 abstentions, a resolution on the EU Trade Policy Review.

Following the COVID-19 outbreak in 2020 global supply chains and production lines have been disrupted, bringing to the fore the fact that the EU is dependent on non-EU sources, especially for some strategic sectors such as the medical and the pharmaceutical sectors. According to the resolution, the EU was already lagging behind other economies in terms of competitiveness before the pandemic. The disruption to international trade resulting from the COVID-19 pandemic has now exacerbated already significant economic losses.

The EU's trade policy review is taking place at a time when globally many politically-steered actions are being implemented in trade, economy, and finance, with long-term consequences.

Trade and 'open strategic autonomy'

Open strategic autonomy is a unique EU concept meaning the EU should increase self-sufficiency and boost its own industry in the wake of the coronavirus pandemic. Parliament welcomed the debate on the concept, however, it called on the Commission to provide further details on its content.

Parliament also stressed that the EU, being one of the largest trading blocks in the world, would benefit from wider use of the euro in its international trade, as this would reduce exchange rate risk and other currency related costs in trade transactions. The EU's trade strategy has the potential to contribute significantly to the recovery process after the current public health and economic crisis.

The Commission was called on to:

- analyse how the resilience of EU's supply chains can be increased, while enhancing production capacities in the EU;
- identify European strategic sectors and raw materials, and to proactively support businesses, especially SMEs, focusing on the current crisis as well as on potential future developments and providing support for climate neutrality.

Multilateral trading system

Parliament reaffirmed the EU's commitment to the open, rules-based multilateral trading system, with a reformed WTO at its core, to improve its efficiency, stability and predictability.

Parliament called on the Commission to:

- intensify its engagement in international fora and pursue an ambitious modernisation, strengthening and substantial reactivation of the WTO and its negotiating function and rulebook, with SDGs and the fight against climate change at its core;
- deepen its international cooperation with strategic partners, such as the USA and China, and monitor, analyse and address at global and bilateral level with international partners new barriers to trade including export restrictions and other distortions affecting essential goods, as well as to develop common criteria for the granting of sustainability-oriented subsidies for the post-pandemic recovery;
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update the WTO Pharmaceutical Agreement, while exploring the possibilities for a broader plurilateral initiative on healthcare products;
- ensure that the flexibilities in the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) can be optimally used for critical medical products;

Strategic partners

Given that the USA is the EU's most important trading partner, Parliament urged the Commission to build on this momentum to construct a positive EU-US trade agenda beyond tariff reductions. It called on the US to remove its tariffs imposed since 2017 and awaits the WTO ruling on the Airbus-Boeing dispute. It also urged the US to re-join the Paris climate agreement to facilitate future EU-US cooperation.

Parliament stressed the importance of the EU strategic relationship with China as a competitor, partner and systemic rival.

As regards Africa, new approaches should be adopted to re-shape economic, commercial and trade relations to promote fair and ethical trade.

Generalised Scheme of Preferences and unfair practices

Lastly, Parliament called on the Commission to adopt in good time the proposal for the new regulation applying a Generalised Scheme of Preferences, possibly with a view to increasing the number of countries committing to the GSP+ scheme.

It also underlined the importance of addressing anti-competitive practices with main trading partners and levelling the playing field for companies to create the conditions for recovery from the COVID-19 pandemic and to enable the global transition towards a sustainable economy.