

# Enforcement of international trade rules

2019/0273(COD) - 19/01/2021 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 653 votes to 10, with 30 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) No 654/2014 of the European Parliament and of the Council concerning the exercise of the Union's rights for the application and enforcement of international trade rules.

The current situation, namely the blocking of the dispute settlement under the World Trade Organisation (WTO) Agreement, requires the EU to act as quickly as possible to protect its interests. The proposed amendment extends the scope of Regulation (EU) No 654/2014 on compliance with international trade rules so that the EU can act when third countries adopt illegal measures while at the same time blocking the dispute settlement process.

Parliament adopted its position at first reading under the ordinary legislative procedure, amending the Commission proposal as follows:

## *Extension of the scope*

The amended text includes services and intellectual property rights within the scope of trade policy measures that can be taken by the Union and is currently limited to goods and public procurement, with a view to enhancing the credibility and deterrent effect of the regulation. It clarifies that services and intellectual property rights account for a large and growing share of world trade and are covered by international trade agreements, including regional or bilateral Union agreements.

## *Enforcement mechanism for trade disputes*

The Regulation would apply to the suspension of concessions or other obligations and to the adoption of measures in response to breaches of the trade and sustainable development chapters of trade agreements, if and to the extent that such measures are permitted and warranted by the circumstances.

## *Information and consultation of stakeholders*

Where the Commission intends to take measures concerning the imposition of restrictions on trade in services or on the protection of intellectual property rights in respect of right-holders who are nationals of a third country, the Commission should inform stakeholders, including professional associations, who are affected by possible commercial policy measures, and with Member State public authorities involved in the formulation or implementation of legislation regulating the affected fields.

The Commission should take utmost account of the information gathered during such consultations.

## *Review*

As soon as possible after the date of entry into force of the amending Regulation, but no later than one year after that date, the Commission should review the scope of the Regulation, in particular as regards the commercial policy measures that may be adopted, as well as its implementation, and will report to the European Parliament and the Council.

## *Statements by the institutions*

In a joint declaration annexed to the legislative resolution, the Commission took note of the concerns expressed by the Parliament and the Member States regarding the practices of certain third countries to seek to coerce the EU and/or its Member States to take or withdraw particular policy measures.

The Commission confirms its intention to further examine a possible instrument, which could be adopted in order to dissuade or offset coercive actions by third countries and which would allow the expeditious adoption of countermeasures triggered by such actions.

The Commission intends to adopt a legislative proposal providing for a mechanism allowing to dissuade or offset such actions in a manner consistent with international law. It shall adopt the proposal in any case no later than the end of 2021, or earlier, should the need arise as a result of coercive action taken by a third country.

Another joint declaration states that the Union remains committed to a multilateral approach to international dispute settlement, rules-based trade and international cooperation to achieve the UN's sustainable development goals. The Union will cooperate in all endeavours aiming to reform the WTO Dispute Settlement Mechanism which can ensure the effective functioning of the WTO Appellate Body.