

Trade related aspects and implications of COVID-19

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The European Parliament adopted by 509 votes to 63, with 120 abstentions, a resolution on the trade-related aspects and implications of COVID-19.

The global COVID-19 pandemic has resulted in a health, economic, social and humanitarian crisis that has created unprecedented disruptions in international trade, resulting in a decline in global production and employment, a decrease in the level of foreign direct investment and an increase in geopolitical tensions.

Fair, resilient and green value chains

Stressing that trade policy finds itself at a crossroads and that the geopolitical reality has changed, Parliament stressed that the EU still has to position itself in this new environment.

Parliament believes that COVID-19 has only increased the need for a **comprehensive review of the EU's trade policy** and are ready to make their contribution. The crisis has highlighted the risks to critical supply chains. According to Parliament, the EU is too dependent on a small number of suppliers of certain critical raw materials and essential goods and services, including medical and pharmaceutical products, which undermines its strategic autonomy and geopolitical objectives.

Therefore, the Commission is urged to pay particular attention to the sustainability of the EU's supply chains in its forthcoming industrial strategy, identifying supply chains that could benefit from greater resilience through supply diversification, relocation and stockpiling.

Members stressed that **diversification and resilience of supply chains** should be a key priority of the EU's revised trade policy. Openness should go hand in hand with safeguarding the EU's strategic sectors and be closely linked to an ambitious industrial policy, in line with the European Green Deal and the Digital Agenda, which can increase the Union's resilience to future shocks in strategic sectors.

EU trade defence instruments

The Commission is asked to complete the EU's trade defence instruments in 2021 by presenting legislative proposals, giving priority to an anti-coercive instrument, an instrument to combat distortions caused by foreign subsidies and state-owned enterprises and the conclusion of negotiations on the international public procurement instrument.

Trade policy for critical health products

The resolution welcomed the proposal by several heads of government for an international treaty on the response to pandemics and called for such a treaty to include a strong trade pillar. Parliament considered that global supply chains for raw materials and the production and distribution of vaccines must benefit from open trade relations.

The resolution therefore called on the EU to encourage the **adoption of the WTO Trade and Health Initiative by the end of 2021**, to encourage greater global cooperation and to be more demanding in terms of transparency of supply, production and cost of medical goods.

The EU should ensure that **future advance purchase contracts are fully disclosed**, including for new generation vaccines.

Removing barriers to the export of vaccines

Parliament is concerned about the recent increase in export restrictions on vaccines by major producing countries such as the United States, the United Kingdom, China, India and, to a lesser extent, the European Union, as this could jeopardise the rapid increase in global vaccine production capacity, disrupt production chains and lead to retaliation. It called on the Commission to engage with producer countries to rapidly eliminate export barriers, reiterating that the EU's export licensing mechanism was a temporary measure that should be replaced by a **transparency mechanism**.

Faced with the growing number of COVID-19 variants, Members stressed that the lack of vaccine production and distribution in third countries could lead to an increase in new types of different variants. They called for more international efforts to accelerate the supply of vaccines to the COVAX mechanism, while stressing that vaccines against COVID-19 and its variants should be a global public good and that urgent multilateral efforts should focus on equitable distribution of vaccines worldwide. They also called for a constructive dialogue on a temporary waiver of the WTO Agreement on Trade-Related Aspects of **Intellectual Property Rights (TRIPS)**.

Trade and sustainable development

While welcoming the inclusion of the Paris Agreement as an essential element in all future trade, investment and partnership agreements, the resolution stressed that the post-COVID-19 revival offers a unique opportunity to set the agenda for supporting sustainable growth. It called on the Commission and the Council to include provisions on animal welfare, fair trade and the circular economy in the chapters on trade and sustainable development and agriculture.

The resolution stressed the need for more coherency and transparency in scrutinising EU trade policy. There is also a need for coherent, clear, measurable and objective criteria for the EU's trade policy and the engagement of EU citizens, better dialogue between the Commission and Parliament, more policy coherence and better scrutiny of all aspects of trade policy.

Multilateralism and Europe's geopolitical position in the world

Recalling the geopolitical importance of a strong EU trade policy, Parliament called on the Commission to identify concrete and specific actions and a **roadmap to implement the concept of 'open strategic autonomy'**. It recommended that the EU seek new partnerships and consolidate existing ones with like-minded partners. However, that where cooperation is not possible, the EU should pursue its interests through autonomous measures to protect its values and fight against unfair trading practices in accordance with international law.

Members are convinced that EU-China trade relations require a more balanced and reciprocal approach: the process of ratifying the EU-China Comprehensive Agreement on Investment (CIA) can only start once the EU has made substantial progress in developing effective autonomous measures to be deployed in efforts to counter market-distorting practices and to defend strategic EU interests.

Lastly, Parliament called on the EU institutions to maintain as a priority our trade and development cooperation and the development of greater resilience to pandemics and health emergencies.