

Economic coercion by third countries

2021/0406(COD) - 07/12/2023 - Final act

PURPOSE: to protect the EU from third-country economic coercion.

LEGISLATIVE ACT: Regulation (EU) 2023/2675 of the European Parliament and of the Council on the protection of the Union and its Member States from economic coercion by third countries.

CONTENT: this Regulation applies in the event of **economic coercion by a third country**. Economic coercion is defined as a situation in which a third country tries to put pressure on the EU or a Member State to make a particular choice, by applying or threatening to apply measures to the EU or the Member State which affect trade or investment.

This Regulation establishes a framework for the Union to respond to economic coercion with the objective of **deterring economic coercion** or obtaining the cessation of economic coercion, whilst enabling the Union, as a last resort, to counteract economic coercion through Union response measures. It also establishes a framework for the Union to seek **reparation** for the injury to the Union, where appropriate.

Activation of the mechanism

The Commission should examine whether a third-country measure constitutes economic coercion. The Commission should carry out such an examination on the basis of information received from any reliable source, including natural and legal persons, the European Parliament, a Member State or trade unions.

The Commission will submit a proposal to the Council for an **implementing act** determining that the third-country measure meets the conditions for the existence of economic coercion and whether compensation should be sought for damage caused to the Union.

Following the Commission's examination, where the Commission concludes that the third-country measure constitutes economic coercion, the Commission will submit a proposal to the Council for an implementing act determining that the third-country measure meets the conditions for the existence of economic coercion.

Were appropriate, the Commission will also submit a proposal for a Council implementing act determining that the Union requests the third country to repair the injury to the Union. Furthermore, economic coercion can have an impact on the Union or any Member State and thus create a need to act swiftly under this Regulation and in line with the Union principles of solidarity between Member States and of sincere co-operation. As a consequence, the Council will act expeditiously and make all necessary efforts to adopt a decision within 8 weeks of the submission of the proposal by the Commission.

Dialogue with third countries

To ensure the cessation of economic coercion and, where requested, compensation for the damage caused to the Union, the Union should seek a prompt and effective cessation of the matter.

Accordingly, the Commission will provide opportunities for consultations with the third country concerned and, if that third country is prepared to enter into consultations in good faith, the Commission will promptly establish a dialogue with it. During these consultations, the Commission will seek to explore means such as direct negotiations, submitting the matter to international adjudication or mediation, conciliation or the good offices of a third party.

EU response measures

The Commission will be given implementing powers for decisions on EU response measures, while ensuring greater involvement of Member States in these decisions.

All means at the EU's disposal to react, include:

- the imposition of new or increased customs duties;
- the introduction or increase of **restrictions on the importation or exportation of goods**;
- the exclusion of **goods, services or suppliers of goods or services** of the third country concerned from public procurement or the exclusion from public procurement of tenders the total value of which is made up of more than 50 % of goods or services originating in the third country concerned;
- the imposition of a score adjustment on **tenders of goods or services** of the third country concerned or on tenders of suppliers of goods or services of the third country concerned;
- the imposition of measures affecting **trade in services**;
- the imposition of measures affecting the access of **foreign direct investment** to the Union,;
- the imposition of restrictions on the protection of **intellectual property rights** or their commercial exploitation, in relation to rightholders that are nationals of the third country concerned;
- the imposition of restrictions for **banking, insurance**, access to Union capital markets and other financial service activities, which may amount, as necessary, to the non-performance of applicable international obligations with respect to financial services;
- the introduction or increase of restrictions on the possibility to place on the Union market goods falling under Union legal acts on chemicals.

Union response measures will be **proportionate** and not exceed the level of injury to the Union, taking into account the gravity of the economic coercion, its economic impact on the Union or a Member State and the rights of the Union and its Member States.

The Commission will keep under review the economic coercion, and the effectiveness of the Union response measures and their effects on the Union interest. Where the third country suspends the economic coercion, the Commission will suspend the application of the Union response measures for the duration of the third country's suspension.

The Commission will provide a **single point of contact** within the Commission for the application of this Regulation.

Information to Parliament

The Commission will keep the European Parliament and the Council informed, regularly and in a timely manner, of relevant developments in the application of this Regulation throughout the examination of third-country measures, including the start thereof, the engagement with the third country and the international cooperation, and during the period in which Union response measures are in force. The European Parliament may express its views via any appropriate means.

ENTRY INTO FORCE: 27.12.2023.

