Basic information

2021/0406(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Economic coercion by third countries **Subject** 6.20.02 Export/import control, trade defence, trade barriers 6.40 Relations with third countries **Legislative priorities** Joint Declaration 2022 Joint Declaration 2023-24	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
INTA International Trade	LANGE Bernd (S&D)	09/12/2021
	Shadow rapporteur ASIMAKOPOULOU Anna-Michelle (EPP) VEDRENNE Marie-Pierre (Renew) BÜTIKOFER Reinhard (Greens/EFA) HOOGEVEEN Michiel (ECR) HAIDER Roman (ID) SCHOLZ Helmut (The Left)	

Committee for opinion	Rapporteur for opinion	Appointed
AFET Foreign Affairs	GREGOROVÁ Markéta (Greens/EFA)	25/01/2022
IMCO Internal Market and Consumer Protection	HAHN Svenja (Renew)	25/01/2022

Council of the European Union

European Commission

Commission DG	Commissioner

Trade and Economic Security	DOMBROVSKIS Valdis

Key events

Date	Event	Reference	Summary
08/12/2021	Legislative proposal published	COM(2021)0775	Summary
27/01/2022	Committee referral announced in Parliament, 1st reading		
10/10/2022	Vote in committee, 1st reading		
10/10/2022	Committee decision to open interinstitutional negotiations with report adopted in committee		
13/10/2022	Committee report tabled for plenary, 1st reading	A9-0246/2022	Summary
17/10/2022	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
19/10/2022	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
27/06/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE750.073 GEDA/A/(2023)003909	
02/10/2023	Debate in Parliament		
03/10/2023	Decision by Parliament, 1st reading	T9-0333/2023	Summary
03/10/2023	Results of vote in Parliament		
23/10/2023	Act adopted by Council after Parliament's 1st reading		
22/11/2023	Final act signed		
07/12/2023	Final act published in Official Journal		

Technical information

Procedure reference	2021/0406(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Legal basis	Treaty on the Functioning of the European Union TFEU 207-p2
Other legal basis	Rules of Procedure EP 165
Stage reached in procedure	Procedure completed
Committee dossier	INTA/9/07905

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary

Committee draft report		PE703.008	19/04/2022	
Amendments tabled in committee		PE732.655	31/05/2022	
Committee opinion	IMCO	PE729.869	22/06/2022	
Committee opinion	AFET	PE729.854	28/07/2022	
Committee report tabled for plenary, 1st reading/single reading		A9-0246/2022	13/10/2022	Summary
Text agreed during interinstitutional negotiations		PE750.073	22/06/2023	
Text adopted by Parliament, 1st reading/single reading		T9-0333/2023	03/10/2023	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2023)003909	19/06/2023	
Draft final act	00034/2023/LEX	22/11/2023	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2021)0775	08/12/2021	Summary
Document attached to the procedure	SEC(2021)0418	09/12/2021	
Document attached to the procedure	SWD(2021)0371	09/12/2021	
Document attached to the procedure	SWD(2021)0372	09/12/2021	
Commission response to text adopted in plenary	SP(2023)557	19/12/2023	

Additional information

Source	Document	Date
European Parliament	Briefing	10/03/2022
European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency

Name	Role	Committee	Date	Interest representatives

VEDRENNE Marie-Pierre	Shadow rapporteur	INTA	31/05/2022	Mouvement des Entreprises de France
VEDRENNE Marie-Pierre	Shadow rapporteur	INTA	13/01/2022	AEGIS Europe UNIFE
VEDRENNE Marie-Pierre	Shadow rapporteur	INTA	10/01/2022	Gide
VEDRENNE Marie-Pierre	Shadow rapporteur	INTA	06/12/2021	BUSINESSEUROPE
VEDRENNE Marie-Pierre	Shadow rapporteur	INTA	10/10/2021	Mouvement des Entreprises de France

Final act

Corrigendum to final act 32023R2675R(01)
OJ OJ L 10.07.2024

Regulation 2023/2675
OJ L 000 07.12.2023, p. 0000 Summary

Economic coercion by third countries

2021/0406(COD) - 08/12/2021 - Legislative proposal

PURPOSE: to present a new tool to counteract third countries' economic coercion of the Union or a Member State.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: economic coercion refers to a situation where a third country is seeking to pressure the Union or a Member State into making a particular choice by applying, or threatening to apply, measures affecting trade or investment. Such practices unduly interfere with the legitimate policymaking space of the EU and its Member States and undermine the EU's open strategic autonomy.

Moreover, the modern interconnected world economy creates an increased risk of, and opportunity for, economic coercion, as it provides countries with enhanced, including hybrid, means to deploy such coercion. Currently, the EU does not have a legislative framework for acting against economic coercion. Therefore, it is essential that the Union possess an appropriate instrument to deter and counteract economic coercion by third countries to safeguard its rights and interests and those of its Member States.

CONTENT: with a view to protecting the interests of the EU and its Member States by enabling the Union to respond to economic coercion, the proposal lays down rules and to respond in such situations with the objective to deter, or have the third country desist from such actions, whilst permitting the Union, in the last resort, to counteract such actions.

With this new instrument, the EU will be able to respond to cases of economic coercion in a structured and uniform manner. A dedicated legislative framework ensures predictability and transparency; it underlines the EU's adherence to a rules-based approach, also internationally. The EU will engage directly with the country concerned to stop the economic intimidation. If the economic intimidation does not stop immediately, the new instrument will allow the EU to react swiftly and effectively, providing a tailor-made and proportional response for each situation from imposing tariffs and restricting imports from the country in question, to restrictions on services or investment or steps to limit the country's access to the EU's internal market.

Scope

The proposed Regulation applies where a third country:

- interferes in the legitimate sovereign choices of the Union or a Member State by seeking to prevent or obtain the cessation, modification or adoption of a particular act by the Union or a Member State

- by applying or threatening to apply measures affecting trade or investment.

In determining whether the above conditions are met, the following shall be taken into account:

- the intensity, severity, frequency, duration, breadth and magnitude of the third country's measure and the pressure arising from it;

- whether the third country is engaging in a pattern of interference seeking to obtain from the Union or from Member States or other countries particular acts;

- the extent to which the third-country measure encroaches upon an area of the Union’s or Member States’ sovereignty;

- whether the third country is acting based on a legitimate concern that is internationally recognised;

- whether and in what manner the third country, before the imposition of its measures, has made serious attempts, in good faith, to settle the matter by way of international coordination or adjudication, either bilaterally or within an international forum.

Engagement with the third country concerned

The proposal suggests that the Commission should be open to engage on behalf of the Union with the third country concerned, to explore options with a view to obtaining the cessation of the economic coercion. Such options may include:

- direct negotiations;

- mediation, conciliation or good offices to assist the Union and the third country concerned in these efforts;

- submitting the matter to international adjudication.

The Commission should seek to obtain the cessation of the economic coercion by also raising the matter in any relevant international forum.

Lastly, the Annexes to the proposal include the possible Union response measures and the rules of origins and nationality for goods, services, investments and intellectual property rightholders.

Economic coercion by third countries

2021/0406(COD) - 13/10/2022 - Committee report tabled for plenary, 1st reading/single reading

The Committee on International Trade adopted the report by Bernd LANGE (S&D, DE) on the proposal for a regulation of the European Parliament and of the Council on the protection of the Union and its Member States from economic coercion by third countries.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter

Members proposed that the Regulation should lay down rules and procedures in order to ensure the effective protection of the interests of the Union and its Member States where a third country seeks, through **any form of action, failure to act or threat thereof** affecting trade or investment, to coerce the Union or a Member State into adopting or refraining from adopting a particular act, including a particular policy choice, legal act or a stance with regard to a policy choice. It should also provide a framework for the Union to respond in such situations with the objective of **deterring**, or obtaining the cessation of such actions and, where appropriate, **repairing the injury caused**, thereby permitting the Union to counteract such actions. Any action taken under this Regulation should be consistent with the Union’s obligations under international

law.

Scope

Members proposed that the Regulation should apply only in the event of economic coercion where a third country **applies or threatens to apply** measures affecting trade or investment.

In determining whether the relevant conditions are met, the Commission should take into account the following:

- the intensity, severity, frequency, duration, breadth and magnitude of the third country’s measure or failure to act or threat thereof as well as the pressure arising from it; the Commission should assess whether such measures are part of a broader pattern of behaviour;

- the extent to which the third-country measure or failure to act or threat thereof encroaches upon an area of the Union’s or Member States’ sovereignty;

- whether the third country is acting based on a concern that is recognised as legitimate by international law and conventions.

Examination of third-country measures

Members proposed that the Commission should carry out the examination based on substantiated information collected on its own initiative or received from any reliable source, notably economic operators or trade unions. The European Parliament and a Member State may also provide such substantiated information to the Commission. The Commission should ensure the protection of confidential information which may include concealing the identity of the supplier of the information. The Commission should set up **publicly available secure tools** with a view to facilitating the submission of relevant and substantiated information from external sources.

EU response measures

Where necessary, a **swift and effective EU response** will make this instrument credible: EU countermeasures should be proportionate and swift, when urgent, and should aim not only at the cessation of the coercion but, whenever possible, also at addressing the injury caused by coercion.

Members called for a commitment to a negotiated solution with third countries without unduly delaying the implementation of the instrument.

The Chief Trade Enforcement Officer

The Chief Trade Enforcement Officer (CTEO) should be responsible for the implementation of this Regulation and its coordination with other tools related to anti-coercion such as the Blocking Statute. For the purposes of this Regulation, the CTEO should:

- gather information and provide cost and data analyses with a view to determining the nature of economic coercion measures;

- act, in full compliance with the principle of confidentiality, as the main contact point for EU businesses and private sector stakeholders affected by economic coercion measures, including with regard to assistance to be provided in the context of ongoing economic coercion.

Reporting and Review

The Commission should:

- evaluate any EU response measure six months after its termination, taking into account stakeholder input, and information provided by the European Parliament and the Council, and any other relevant information;

- publish every year an evaluation report in which it examines the effectiveness and operation of the Union response measure, and draw possible conclusions for future measures;

- review, no later than three years after its entry into force of this Regulation and at the latest every four years thereafter, this Regulation and its implementation, in particular, in ensuring complementarity with the review of the Blocking Statute.

Lastly, the **European Parliament**, which exercises democratic scrutiny over this instrument, should be kept informed together with the Council at all relevant stages, from the initial examination to the ongoing monitoring of EU measures.

Economic coercion by third countries

2021/0406(COD) - 03/10/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 578 votes to 24, with 19 abstentions, a legislative resolution on the proposal for a regulation of the European Parliament and of the Council on the protection of the Union and its Member States from economic coercion by third countries.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission proposal as follows:

Subject-matter

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;

- a framework for the Union to seek **reparation** for the injury to the Union, where appropriate.

Economic coercion

For the purposes of this Regulation, economic coercion exists where a third country applies or threatens to apply a third-country measure affecting trade or investment in order to prevent or obtain the cessation, modification or adoption of a particular act by the Union or a Member State, thereby **interfering in the legitimate sovereign choices of the Union or a Member State**.

In determining whether the conditions are met, the Commission and the Council should take into account the following:

(a) the intensity, severity, frequency, duration, breadth and magnitude of the third-country measure, including its impact on trade or investment relations with the Union, and the pressure arising from it on the Union or a Member State;

(b) whether the third country is engaging in a pattern of interference seeking to prevent or obtain particular acts from the Union, a Member State or another third country;

(c) the extent to which the third-country measure encroaches upon an area of the Union’s or a Member State’s sovereignty.

Examination of third-country measures

The Commission may, on its own initiative or at a justified request, examine any third-country measure. In principle, the examination will last no longer than **four months**. The Commission will make available to the public a secure tool to facilitate the transmission of information to the Commission.

If the Commission concludes that the third-country measure fulfils the conditions set out in the Regulation, it will present to the Council a **proposal for an implementing act** determining that the third-country measure constitutes coercion. The proposal must provide for an indicative period allowing the Commission to assess whether the conditions are met. This period must not exceed six months, unless a longer period is justified.

In its proposal for an implementing act or in a subsequent proposal for a Council implementing act, the Commission will propose, where appropriate, that the Council determine that the third country is liable to make good the damage caused to the Union.

Prior to presenting its proposal for an implementing act, the Commission should, without prejudice to any dialogue with the third country concerned, invite the third country concerned to submit its observations within a **reasonable period of time**. It should also inform the European Parliament of the conclusions of its examination.

The Council will have eight to ten weeks to decide -by a qualified majority- whether coercion exists.

Engagement with the third country

Following the adoption of an implementing act, the Commission should provide adequate opportunity for **consultations with the third country** with a view to obtaining the cessation of the economic coercion and reparation of the injury to the Union.

In the course of such consultations, the Commission may explore options with the third country, including the following: (a) direct negotiations; (b) submitting the matter to international adjudication; (c) mediation, conciliation or good offices by a third party to assist the Union and the third country in their efforts.

Union response measures

Members enhanced the deterrent aspect of the instrument by including all means at the EU's disposal to react, including:

- introducing or increasing **restrictions on the import or export of goods**, including, where appropriate, goods subject to export controls;

- the exclusion from **public contracts** of goods, services or suppliers of goods or services from the third country concerned, or the exclusion from public contracts of tenders whose total value represents more than 50% of goods or services originating in the third country concerned;

- introducing measures affecting the **access of foreign direct investment to the Union**, which may amount, where necessary, to the non-fulfilment of applicable international obligations;

- increasing restrictions on the possibility to place on the Union market goods falling under the Union **sanitary and phytosanitary legal acts**.

The EU may seek compensation from the third country responsible for the coercion. The Commission will also be able to apply measures to impose these remedies.

The Commission will evaluate the EU's response measures within **six months** of their cessation.

Single point of contact

The Commission will provide a single point of contact within the Commission for the application of this Regulation and its coordination with any relevant Union legal acts and for gathering information and providing cost and data analyses with a view to determining the nature of the economic coercion.

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.

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.