

# Trade related aspects and implications of COVID-19

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The Committee on International Trade adopted an own-initiative report by Kathleen VAN BREMPT (S&D, BE) 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.

The pandemic has exposed the strategic vulnerabilities of the EU and global supply chains. It has continued to increase inequalities and risks setting back the global fight against climate change.

Members believe 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.

## *Fair, resilient and green value chains*

Although most global value chains remained operational during the pandemic, Members stressed that 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.

The COVID-19 crisis has highlighted the risks to critical supply chains. 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.

Members called on the Commission to promote fair trade initiatives, encourage a global circular economy and present a strategy for digital trade, which improves market access for European companies.

## Trade policy for essential health products

Members 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.

Saying that protectionism in the production and distribution of vaccines could hamper the global pandemic response, Members considered that global supply chains for raw materials and the production and distribution of vaccines must benefit from open trade relations.

The report 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***

Members are 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. They 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 report 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 Commission is invited to use all trade instruments and development cooperation policies at its disposal to increase financial support, technical assistance, technology transfer, capacity building and digitalisation in order to empower developing countries and enable them to achieve sustainable resilience across the supply chain.

### ***Multilateralism and Europe's geopolitical position in the world***

Recalling the geopolitical importance of a strong EU trade policy, Members called on the Commission to identify concrete and specific actions and a **roadmap to implement the concept of 'open strategic autonomy'**. They recommended that the EU seek new partnerships and consolidate existing ones with like-minded partners.

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.