

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 **detering**, 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.