













Procedure file

Basic information	
COD - Ordinary legislative procedure (ex-codecision procedure) Regulation 2021/0406(COD)	Awaiting Parliament's position in 1st reading
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
	 International Trade	 LANGE Bernd	09/12/2021
		Shadow rapporteur  ASIMAKOPOULOU Anna-Michelle  VEDRENNE Marie-Pierre  BÜTIKOFER Reinhard  HAIDER Roman  HOOGEVEEN Michiel  SCHOLZ Helmut	
	Committee for opinion  Foreign Affairs	Rapporteur for opinion  GREGOROVÁ Markéta	25/01/2022
	 Internal Market and Consumer Protection	 HAHN Svenja	25/01/2022

Key events

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 71)		
19/10/2022	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 71)		
26/06/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	PE750.073 GEDA/A/(2023)003909	

Forecasts

02/10/2023	Debate in plenary scheduled
03/10/2023	Vote in plenary scheduled

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 EU TFEU 207-p2
Other legal basis	Rules of Procedure EP 159
Stage reached in procedure	Awaiting Parliament's position in 1st reading
Committee dossier	INTA/9/07905

Documentation gateway

Legislative proposal	COM(2021)0775	08/12/2021	EC	Summary
Document attached to the procedure	SEC(2021)0418	09/12/2021	EC	
Document attached to the procedure	SWD(2021)0371	09/12/2021	EC	
Document attached to the procedure	SWD(2021)0372	09/12/2021	EC	
Committee draft report	PE703.008	19/04/2022	EP	

Amendments tabled in committee		PE732.655	31/05/2022	EP	
Committee opinion	IMCO	PE729.869	22/06/2022	EP	
Committee opinion	AFET	PE729.854	28/07/2022	EP	
Committee report tabled for plenary, 1st reading/single reading		A9-0246/2022	13/10/2022	EP	Summary
Coreper letter confirming interinstitutional agreement		GEDA/A/(2023)003909	19/06/2023	CSL	
Text agreed during interinstitutional negotiations		PE750.073	22/06/2023	EP	

Additional information

Research document	Briefing	10/03/2022
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Economic coercion by third countries

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

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 Unions 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 countrys 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 Unions 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.

Transparency				
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 Loyrette Nouel
VEDRENNE Marie-Pierre	Shadow rapporteur	INTA	06/12/2021	BUSINESSEUROPE
VEDRENNE Marie-Pierre	Shadow rapporteur	INTA	10/10/2021	Mouvement des Entreprises de France