



**Veblen Institute** *for Economic Reforms*

# EU Trade Policy Reform:

## 5 keys avenues of action for the next European cycle

**Mathilde Dupré\*, Stéphanie Kpenou\*\***

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\* Mathilde Dupré is codirector of the Veblen Institute, [dupre@veblen-institute.org](mailto:dupre@veblen-institute.org)

\*\* Stéphanie Kpenou is advocacy officer for trade policy reform at Veblen Institute, [kpenou@veblen-institute.org](mailto:kpenou@veblen-institute.org)

International trade can no longer be seen as an end in itself, with no regard to its adverse impacts on climate, biodiversity and human rights. Europe is the world's largest exporter of manufactured goods and services and the biggest export market for around 80 countries. In 2022, the European Union's members account for 16% of world imports and exports<sup>1</sup>.

With its market of 500 million consumers, the EU has a significant role to play to mitigate the adverse impacts of its own consumption in third countries. Action is urgently needed in the context of the accelerating ecological and climate crisis. Not only do current trade rules contribute to the development of an unsustainable economic model, but they also act as a brake on ecological and social transition by reducing States' room for manoeuvre in many areas.

The next European cycle should prioritize reforming EU trade policy in service of ecological and social transition a priority.

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<sup>1</sup> [EU position in world trade - European Commission \(europa.eu\)](https://ec.europa.eu/economy_finance/eu-position-in-world-trade)

## 1. Acting on production processes and methods that are harmful to health, the environment and human rights by introducing mirror measures on imports

During the 2019-2024 mandate, the EU has adopted or revised several essential texts in the context of the Green Deal to make the goods produced on its territory more sustainable<sup>2</sup>. The EU has also begun to **develop new rules to condition access to its market on compliance with specific essential standards for imported goods** (for example with the Carbon Border Adjustment Mechanism<sup>3</sup>, the Regulation on Deforestation Free Products (EUDR)<sup>4</sup>, the regulation banning traces of two neonicotinoids - clothianidin and thiamethoxam - in imported products<sup>5</sup> or the forced labour regulation, which, in principle should be definitively adopted at the beginning of the next legislature). However, there is still a lack of consideration of the urgent need to act on the remaining significant gaps in production standards between European and imported products.

**The difference in production standards poses several challenges at the EU level:**

- it leads to a form of **unfair competition** affecting European producers
- it weakens the **integrity of European standards** and risks undermining or hindering their necessary strengthening.
- it contributes to the **loss of EU consumer trust**

**Negative externalities generated by the EU due to unsustainable consumption and supply chains are at odds with its international environmental and human rights ambitions and commitments.**

In the agricultural sector, the externalization and export of unsustainable agricultural practices is a risk identified in the "Farm to fork" strategy:

*"The EU is the biggest importer and exporter of agri-food products and the largest seafood market in the world. The production of commodities can have negative environmental and social impacts in the countries where they are produced. Therefore, efforts to tighten sustainability requirements in the EU food system should be accompanied by policies that help raise standards globally, in order to avoid the externalization and export of unsustainable practices<sup>6</sup>".*

For example, the anachronistic draft trade agreement between the EU and the Mercosur countries threatens to relegate the Mercosur states to the role of agro-exporters and suppliers of mining and energy resources, an extractivist model destroying the environment and local populations. In an assessment of the country in 2021, the Special Rapporteur on Toxic Substances and Human Rights already pointed out that:

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<sup>2</sup> Unfortunately, several key pieces of legislation that were due to be adopted during the 2019-2024 term have been rejected (e.g., the SUR - sustainable use of pesticide - regulation) or abandoned (the revision of rules on animal welfare or the directive on sustainable food systems)

<sup>3</sup> [Regulation \(EU\) 2023/956](#) of 10 May 2023

<sup>4</sup> [Regulation \(EU\) 2023/1115](#) of 31 May 2023

<sup>5</sup> [Regulation \(EU\) 2023/334](#) of 2 February 2023

<sup>6</sup> [A Farm to Fork Strategy for a fair, healthy and environmentally-friendly food system](#), COM/2020/381 final, May 2020, page 4

« Brazil appears to be increasingly exploited by global supply chains capitalizing on weaker standards, oversight and enforcement. For example, the startling commitment of Brazil to feeding one third of the world by 2030 stands to dramatically increase agrochemical use in ways that would be unacceptable in many export markets, such as Europe, while also increasing deforestation, climate change and conflict with indigenous and local communities”.<sup>7</sup>

**Introducing mirror measures on imports is part of a solution to these problems.**

**Definition: Mirror measures** are measures integrated in European legislation which condition access to the EU market on compliance with certain essential European standards, particularly in the areas of sustainability, the environment, health and animal welfare.

### Proposals

- **Adoption of a regulation on the mitigation of the imported environmental and health impacts from our food.**
- **Development of a new method for designing and implementing effective mirror measures**
  - Comprehensive Regulatory Assessment: Conducting an in-depth examination of regulatory disparities from an ecological perspective, transcending traditional trade-centric evaluations
  - Development of a work program to address the most problematic divergences.
  - Systematic incorporation of mirror measures in the legislative processes: This involves evaluating the necessity and relevance of incorporating mirror measures for importation across major EU texts to consistently uphold environmental and health standards.
- **Follow up and monitoring of the implementation of existing mirror measures**
  - **Effective implementation and strengthening of the European regulation on imported deforestation.** Ensure that due diligence obligations are adequately applied and extend the list of products and forest areas covered by the EUDR to all high-risk agricultural products (including corn, cotton, or biodiesel).
  - **Adopt robust implementing acts for the mirror measures on growth-promoting antibiotics** which covers all uses of antibiotics, i.e. both veterinary medicines and animal feed additives.
- **Adoption of mirror measures concerning plant production**
  - Lower the maximum residue limits (MRLs) to the detection threshold for all the banned substances

<sup>7</sup> [Report of the Special Rapporteur on the implications for human rights of the environmentally sound management and disposal of hazardous substances and wastes](#), Visit to Brazil, A/HRC/45/12/Add.2, August 2021

- Amend EC regulation 396/2005 on maximum residue limits or adopt a specific new regulation to cover pesticides banned for environmental reasons explicitly.
- Introduce MRLs for all kinds of agricultural imported products (including products for animal feed, energy or ornamental uses).
- Gradually adopt import bans on crops treated with the most damaging banned substances (according to the toxicity level of the substances and the levels used on the main agricultural products imported by the EU).
- **Adoption of mirror measures concerning livestock**
  - Ban animal feed that impacts on deforestation or feedstuffs banned in the EU, such as processed animal proteins (meat-and-bone meal) for ruminants.
  - Guarantee animal welfare (living conditions, transport, etc.) and traceability of supply chains.
- **Revise the customs rules to strengthen and/or create control mechanisms for the implementation of effective health and environmental mirror measures**
  - Increase financial and human resources devoted to health and environmental issues, as well as to border controls
  - Enable customs authorities to impose effective, proportionate and dissuasive financial penalties on importers in the event of non-compliance. Revenues collected could be used to strengthen customs capacities
- **Revise the customs nomenclature to identify goods that have been produced using sustainable processes and methods**
  - Distinguishing specific product categories in the customs nomenclature according to production methods<sup>8</sup>. Today, for example, organic farming products are not identified in the customs nomenclature, nor are products from the circular economy.
- **Include recycling-related activities in the definition of rules of origin** to ensure greater consistency with Europe's circular economy strategy. Rules of origin, which allow products to benefit from lower or zero customs duties under a trade agreement, currently only apply to new products, not to recycled ones.
- **Ensure that the design and implementation of mirror measures do not burden exporting countries and vulnerable producers in international value chains.** The EU should:
  - Assess the costs and requirements of compliance with EU rules for countries with significant volumes of smallholder production destined for the EU market.
  - Analyse the value distribution in these chains and the scope for increasing production standards and remuneration for producers.
  - Ensure smallholders receive adequate technical and financial support to comply with the new European rules.
  - Develop further initiatives to improve smallholders' access to the EU market - for example, through purchase targets or quotas for smallholders, favorable tariff or price regimes, or special market platforms to facilitate purchases from smallholders.
  - Take concrete steps to ensure that these farmers are guaranteed a decent income, for example by including the issue of decent income and purchasing practices in trade agreements, or in the national implementation of the European directive on corporate social responsibility.

<sup>8</sup> Following Commission «Communication code of conduct for the management of the combined nomenclature» (2000/C 150/03), requests to amend the combined nomenclature may be formulated by interested parties (Directorate-General Taxation and Customs Union, Eurostat, Commission services, Member States administrations European Federations).

## 2. Put an end to the exportation of products prohibited within the EU

Efforts to strengthen reciprocity in trade with the requirements for accessing the European market should be extended to EU exports. **Currently, the EU produces goods for export whose use is banned from the European market because of their hazardous nature or environmental impact.** This is the case for certain chemical products including pesticides, single-use plastic products, certain plastics used in packaging, certain types of motor vehicles, and so on. **This double standard violates EU environmental and human rights commitments.**

Regarding pesticides, regulation EC 1107/2009 lays down requirements for the placing of pesticide products on the EU market, but it does not apply to pesticides produced in the EU for export to third countries. This leads to a situation where pesticides banned in the EU because of their hazardousness are still manufactured by European companies and exported in third countries, mainly LMICs. An investigation conducted by Public Eye shows that a total of 81,615 tons of 41 banned pesticides were exported from the EU for agricultural use in 2018<sup>9</sup>.

As a boomerang effect, the EU imports food grown using these substances, leading to the exposure of EU consumers via residues in imported foods. After committing to ban the export of these pesticides in 2020, the EU has been backtracking under pressure from the industry<sup>10</sup>.

### Proposals

- **Adoption of sectoral export bans**
  - In the case of pesticides, for example, the European Commission had committed to legislate by 2020. It could introduce a robust system by revising the PIC regulation, the REACH regulation, or any other relevant instrument, or by adopting an ad hoc regulation.
  - In other sectors, the EU must assess the need and relevance of incorporating mirror measures for exports in all the pertinent legislative processes, to enforce environmental and health standards in a consistent manner.
- **Adoption of horizontal legislation anchoring the principle of prohibition of exports to third countries of products not authorized on the EU market**

<sup>9</sup> Public eye, [Banned in Europe: How the EU exports pesticides too dangerous for use in Europe](#), September 2020.

<sup>10</sup> The industry's main argument is that an export ban would harm the EU economy and create a massive job loss for pesticide producers while having no beneficial impacts on the protection of human health and the environment in importing countries. A [study](#) commissioned by a coalition of civil society organizations gives a completely different picture. In fact, an EU pesticides export ban would have a negligible economic cost for the EU. The total number of jobs potentially at risk as a result of a hypothetical EU export ban would be as low as 173 jobs in 2022. Based on the experience with the partial French export ban, the authors conclude that the total potential loss of employment would have accounted for 25 jobs in 2022 for the entire EU. In the end, no jobs might be lost at all as staff may be relocated or given different tasks. The ban would have a positive impact on importing countries. To this day, the EU remains the world's leading exporter of pesticides. Consequently, stricter rules on pesticide exports will have positive effects on chemical pollution globally. Halting exports of pesticides banned by the EU would reduce exposure and all associated risks for the health of agricultural workers, local populations, and the environment. See CCFD Terre-Solidaire, CEO, DKA Austria, EEB, Eko, Humundi, Institut Veblen, Pan Germany, Pan Europe, Public Eye, Wemove Europe, [EU pesticides export ban: what could be the consequences? An investigation into the arguments and rationales for the export of selected highly toxic pesticides](#), April 2024

### 3. End investment protection through investment arbitration

**Current International Investment Agreements (IIA) and the Investor-to-State Dispute Settlement (ISDS) mechanism represent a major obstacle to climate mitigation and adaptation and to the adoption of ambitious social and environmental policies.**

At the international level, there is a growing recognition of the incompatibility of the investment protection regime with international environmental and climate commitments. In its 2022 report on climate change mitigation, the IPCC's third working group IPCC recognizes that international investment treaties, in particular the Energy Charter Treaty (ECT), constrain the ability of states to adopt ambitious policies to combat climate change<sup>11</sup>. The UN Special Rapporteur on Human Rights and the Environment has called on States to unilaterally or jointly terminate international investment treaties that contain an ISDS, in his report warning of *"the explosion of ISDS cases filed by fossil fuel investors"* using investment treaties, in particular the ECT<sup>12</sup>. The OECD has launched a dialogue aimed at revising its investment protection policy in the light of the Paris Agreement, and in particular its article 2.1. c) requiring financial flows to be aligned with climate objectives<sup>13</sup>.

In its resolution of 23 June 2022 on the future of the EU international investment policy, the European Parliament *"urges the Commission and the Member States to ensure consistency between IIAs and the European Green Deal, environmental policies, labour rights and human rights, by excluding from treaty protection investments in fossil fuels or any other activities that pose significant harm to the environment and human rights"*<sup>14</sup>.

**However, for now, there is a complete lack of alignment between these recommendations and the content of the existing agreements or even the new agreements under ratification or negotiation<sup>15</sup>.**

At the national level, the French High Council on Climate Change also issued an opinion in October 2022 calling for an exit from the ECT<sup>16</sup>. France was the first member state to withdraw from the ECT at the end of the modernisation process, bringing an exit from the EU<sup>17</sup>. The UK Council on Climate Change, in June 2023, also stressed that participation *"in obsolete treaties like the TCE risks delaying the low-carbon transition"*<sup>18</sup>.

**Moreover, investment arbitration has seen a major shift in recent years, with a wave of ISDS exits or BIT terminations.** After exceptional proliferation in the number of BITs from 1980 to 2015, for the first time in 2017 and regularly **since 2019, the stock of agreements is decreasing.** For example, several Latin American countries have denounced the ICSID

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<sup>11</sup> [IPCC Sixth Assessment Report Working Group III: Mitigation of Climate Change](#), 2022.

<sup>12</sup> Special Rapporteur on the issue of human rights obligations relating to the enjoyment of a safe, clean, healthy and sustainable environment, [Paying polluters: the catastrophic consequences of investor-State dispute settlement for climate and environment action and human rights](#), A/78/168, 13 July 2023.

<sup>13</sup> [9th Investment Treaty Conference - OECD](#)

<sup>14</sup> European Parliament, [resolution](#) of 23 June 2022 on the future of EU international investment policy.

<sup>15</sup> This is even the case with the agreements recently renegotiated with Chile and Mexico, which contain new provisions on investment that would offer protection for fossil fuel investments (See Veblen Institute, [Making trade agreements conditional on climate and environmental commitments](#), 2023).

<sup>16</sup> Haut Conseil pour le Climat, [Avis sur la modernisation du Traité sur la charte de l'énergie](#), October 2022

<sup>17</sup> Italy had already withdrawn from the ECT in 2017.

<sup>18</sup> Climate Change Committee, [2023 Progress Report to Parliament](#)

Convention<sup>19</sup> and adopted legislation limiting investors' rights<sup>20</sup>. Among the world's wealthiest countries, the United States and Canada, the first developed countries to set up a mechanism for settling disputes between investors and governments, under NAFTA in 1994, have decided to end it in 2018.

## Proposals

### Develop a new EU approach to investment arbitration

In the wake of EU and EU Member States' exit from the ECT, the EU could decide to no longer include investment protection provisions in its international trade and investment negotiations and encourage Member States to terminate their existing bilateral BITs.

**If there is no consensus on this ambitious approach, the EU should at least align its new approach with the EP's recommendations adopted in June 2022<sup>21</sup>.**

- In accordance with the objective of article 2.1 (c) of the Paris Agreement<sup>22</sup>, exclude from treaty protection investments in fossil fuels or any other activities that pose significant harm to the environment and human rights. For example, by using positive list to grant those rights only to very specific investments, such as New Zealand's new approach
- Narrow, or even remove, the substantial clauses of protection such as indirect expropriation, discrimination and fair and equitable treatment
- Define new rules in the estimation of compensation and cap them at the level of sunk costs,
- Improve the definition of protected investments to make sure that IIAs protect only investments that make a substantial commitment of capital or other resources for a minimum number of years
- Expand investor obligations and their enforcement.
- Neutralise sunset clauses in current agreements and significantly shorten sunset clauses in new investment agreements.

**The EU should also actively promote the adoption of a multilateral instrument to update the existing stock of IIAs as it has been done in international tax treaties for the automatic exchange of information and other BEPS provisions.** This proposal should be pushed in all the international fora which deal with investment, trade and climate (Coalition of Trade Ministers for climate, G20, UNFCCC, UNCITRAL and OECD)

- Sectoral exclusion (for fossil fuels or even energy and extractive industries) and a climate carve out are under discussion at OECD, for instance.

<sup>19</sup> Bolivia (2007), Ecuador (2009), Venezuela (2012).

<sup>20</sup> R. Lazo, [Is There a Life in Latin America After ICSID Denunciation?](#), Transnational Dispute Management, Vol. 11, Issue 1, 2014

<sup>21</sup> European Parliament, [resolution](#) of 23 June 2022 on the future of EU international investment policy

<sup>22</sup> Article 2.1(c) of the Paris Agreement calls on governments to « make financial flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development ».



## 4. Evolve towards ecologically and socially sustainable forms of partnership with third countries

The EU claims to have put its trade policy at the service of sustainable development by including "trade and sustainable development" chapters in its bilateral agreements. These commitments and their implementation are largely inadequate, and of minimal scope and effectiveness.

The EC has introduced changes in 2021 and 2022 with its new strategy for the sustainability of trade agreements. But these few improvements still need to be more bold. The EU-New Zealand agreement, which incorporates these innovations - by elevating, for example, the Paris Agreement to the status of an essential element of the trade agreement - remains a climatic and environmental aberration. This is for the very simple reason that the trade agreement increases trade in goods and services in all sectors (regardless of their impact on the environment and human rights) and between two regions more than 20,000 km apart.

Current principles of international trade contribute to an unsustainable economic model by facilitating the production and trade of polluting products. At the same time, trade concessions made by governments limit their ability to act efficiently in the face of the climate and environmental emergency.

### Proposals

- **Trade policy must be conducted in a more transparent and democratic way:** publication of negotiation documents, search for a balance between consulted stakeholders, deadline for negotiation mandates, limited duration of agreements, compliance with planned ratification procedures, etc.
- **The EU must engage in more sustainability-focused partnerships, with targeted market access for only those goods and services that are sustainable and useful for ecological and social transition and not already easily available locally.** Such agreements should include commitments to phase out the trade of harmful products, such as plastics, highly hazardous chemicals, and other emissions-intensive products.
- **For environmentally, climatically, and human rights sensitive products, tariff preferences should at the very least be made conditional on compliance with sustainability standards and social criteria.** This "mirror clause" approach was already suggested in the 2009 Sustainability Impact Assessment of the EU-Mercosur agreement<sup>23</sup>, and it should be generalized to all EU trade agreements.
- **Regulatory cooperation activities should not be included in the trade parts of the agreements but should stand on their own and aim to strengthen the protection of consumers, workers, the environment and fundamental rights.** Trade facilitation should only be an indirect consequence of efforts to achieve rule convergence towards better standards.
- **Clauses that restrict states' ability to take action to achieve a social and ecological transformation of their economies should be prohibited** (rules on market access and performance requirements, rules on public procurement, overly restrictive

<sup>23</sup> Final overview trade SIA EU-Mercosur Final Report, March 2009.

definition of public services), and recognition of the precautionary principle as defined in European law should be guaranteed.

- **Partnership agreements should no longer include investment protection chapters.**
- **Establish a framework for sustainable sourcing of critical raw materials:** ensure long-term sustainable resource management ; implement initiatives to foster value creation in the trading partner country that place people and the environment at the heart of their objectives; provide aid for green industrialization efforts of resource-rich countries ; share technological developments with third countries (investments in R&D, technology transfers, capacity building and knowledge sharing) ; prioritize processing and recycling strategic projects above extractive ones ; implement partnerships respecting the highest level of environmental and social standards.
- **Review the stock of existing bilateral investment treaties (BITs) and free trade agreements (FTAs) at EU and member state levels, as well as the agreements under negotiation, according to these criteria.**

### Buy European and sustainable act

Public procurement expenditures in the EU are equivalent to 15% of GDP<sup>24</sup>. The corresponding activities are responsible for 10% of the total carbon footprint of the EU<sup>25</sup>. Despite commitments under the Paris Agreement to significantly reduce their GHG emissions, 55% of public procurement expenditure is awarded to the lowest-priced bidder<sup>26</sup>. Enrico Letta's report presented in March 2024 largely insists that public procurement is "instrumental in enhancing the productivity, resilience, and sustainability of the EU economy"<sup>27</sup>. A recent study published by Carbone 4 shows that "if aligned with climate objectives, public procurement could play a significant role in creating markets for innovative low-carbon solutions and accelerating the shift of the European economy to climate neutrality"<sup>28</sup>.

The study assesses the impact of a Buy European and Sustainable Act that would prescribe a minimum threshold of EU content and a maximum threshold of greenhouse gas (GHG) emissions of products purchased through public procurement. If this measure had been implemented in 2019, the benefits obtained in 2021 would have been as follow:

#### Climate gains:

- 34 MtCO<sub>2</sub>e average annual decrease of the EU's carbon footprint (i.e., +64% of total EU carbon footprint reduction between 2015 and 2019) and 9 MtCO<sub>2</sub>e average annual decrease of EU territorial emissions
- 30% reduction on the EU public procurement carbon footprint in the most polluting sectors and 9% reduction on the total EU public procurement carbon footprint

#### Economic and social impact

- 6 bn € annual sales increase for EU companies and improvement in the EU's trade balance
- 86 bn€ mobilized annually for the rise of green activities through EU public procurement
- 380 000 additional jobs in green activities in the EU

<sup>24</sup> OECD (2021). Government at a glance 2021 : Size of public procurement

<sup>25</sup> Carbone 4 analysis based on Eurostat

<sup>26</sup> European Commission (2022): Single Market Scoreboard: Access to public procurement

<sup>27</sup> Enrico Letta, [Much more than a market. Speed, security, solidarity. Empowering the Single Market to deliver a sustainable future and prosperity for all EU Citizens](#), April 2024

<sup>28</sup> Carbone 4, [Buy European and Sustainable Act : accelerating the low-carbon transition in the European Union](#), May 2024

In addition, a new legal study<sup>29</sup> assesses that a Buy European and Sustainable Act for public procurement – if carefully crafted – would be feasible under both World Trade Organization law and EU law. It also proposes revising the EU directives on public procurement.

## 5. Put the reform of WTO rules back at the heart of the debate

**The multilateral trading system's rules appear ill-adapted and obsolete in view of the need to limit trade in goods and services that have a significant climate and/or environmental impact.** A study suggests that in most countries, tariffs and non-tariff barriers to trade are significantly lower for polluting industries than for clean industries<sup>30</sup>. As a result, trade rules would generate a form of implicit global subsidy to the CO<sub>2</sub> emissions of goods traded internationally, to reach several hundred million dollars a year, more than the annual subsidies allocated to fossil fuels<sup>31</sup>.

To truly place trade policy at the service of ecological and social transition, this environmental bias should be reversed, and multilateral rules should allow for reintroducing tariffs on polluting products. The EU should also push much more actively for international negotiations for the adoption of high standards of environmental, worker and consumer protection. For example, the Codex Alimentarius mandate on global food standards should include environmental issues.

In parallel with these efforts to strengthen international standards, the EU must promote greater room for manoeuvre for countries within the framework of multilateral rules. Measures that discriminate between goods based on the sustainability of their production process are a tool that the EU is starting to use to combat climate change, environmental degradation and the loss of biodiversity. WTO member States have widely criticized these measures in the relevant WTO committees. Under WTO law, measures based on PPMs are not prohibited per se. They are authorized if they comply with non-discrimination requirements. However, according to the current interpretation of WTO law, even measures that are neutral as to the origin of the products can be considered to affect, de facto, competition conditions between like imported and domestic products and/or between imported products of different origin<sup>32</sup>.

In addition, WTO rules are an obstacle to moving towards fairer and more sustainable agricultural and food systems<sup>33</sup>. Global competition in agricultural systems has led to a race to the bottom regarding farmers' incomes and environmental and health standards.

<sup>29</sup> C. Baldon, [The case for a Buy European and Sustainable Act compatible with EU and WTO Law](#), 15 May 2024, Europe Jacques Delors.

<sup>30</sup> Joseph Shapiro, "[The environmental bias of trade policy](#)", Energy Institute WP 305, May 2020.

<sup>31</sup> *Ibid*

<sup>32</sup> See Veblen Institute, [The treatment of measures discriminating between products based on the sustainability of their production processes or methods \(PPMs\)](#), Policy paper, September 2022; See also, [Intervention of the Veblen Institute in palm oil disputes at the WTO](#), April 2022.

<sup>33</sup> Veblen Institute, [Faire évoluer les règles de l'OMC pour la protection du climat, de la biodiversité et une agriculture juste et durable](#), February 2024.

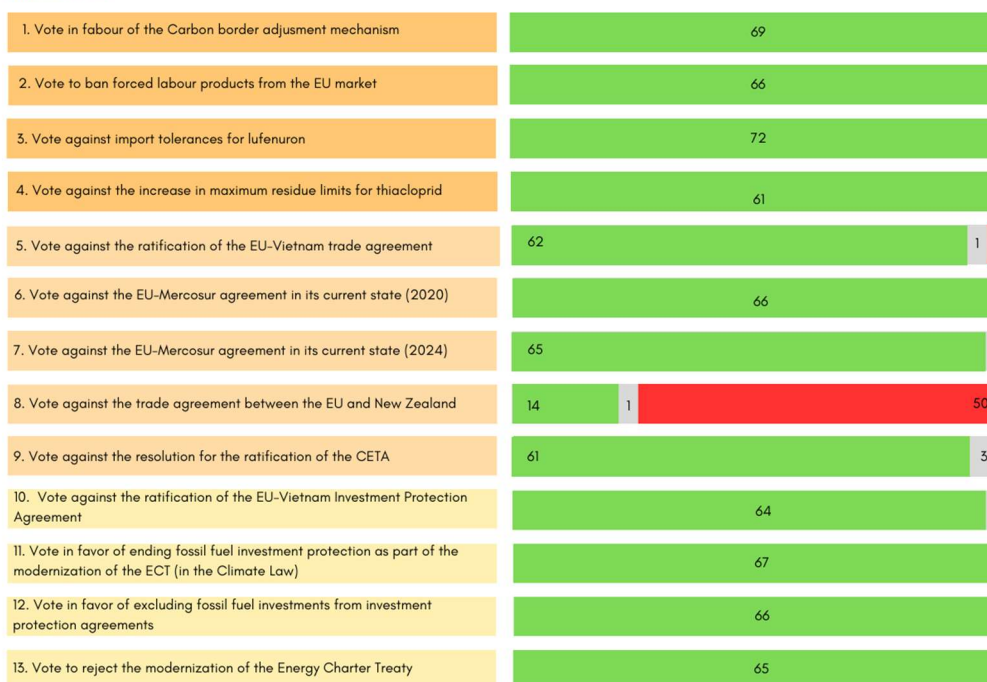
### **Proposals**

- Reinterpret or even revise WTO rules to authorize members to take measures discouraging trade in goods fabricated using harmful processes and production methods (PPMs).
- Put at the heart of the WTO agenda the question of the status of agriculture in international trade / or an agricultural exception like the existing exception for the cultural sector (within the framework of the 2005 UNESCO Convention on the Protection and Promotion of the Diversity of Cultural Expressions, which recognizes the specificity of cultural goods and services).

## Overview of votes during the last mandate



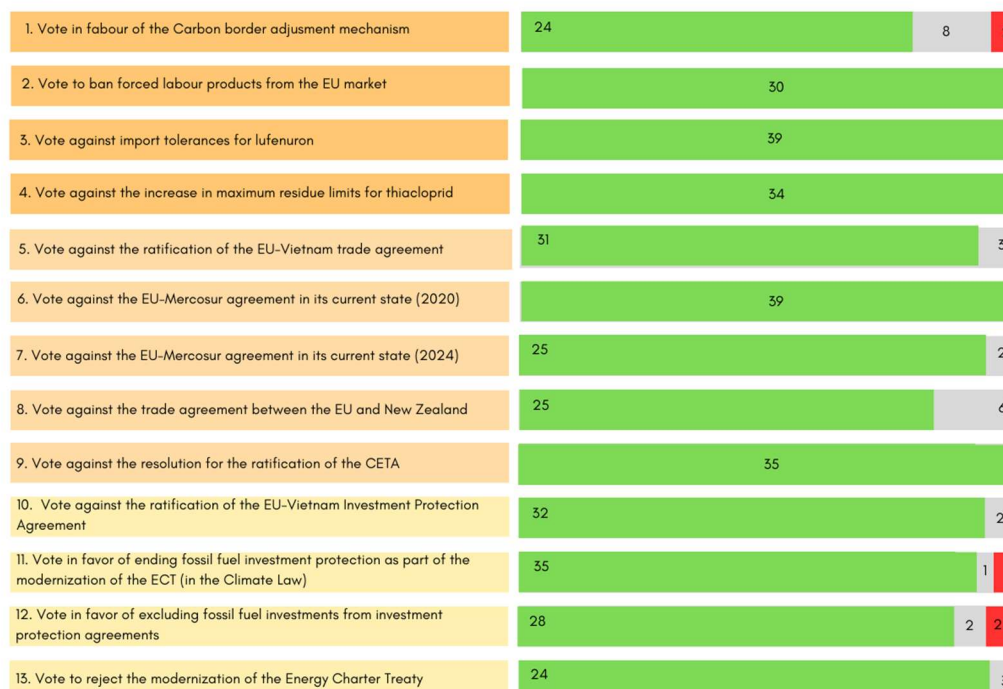
### The Greens - ALE votes



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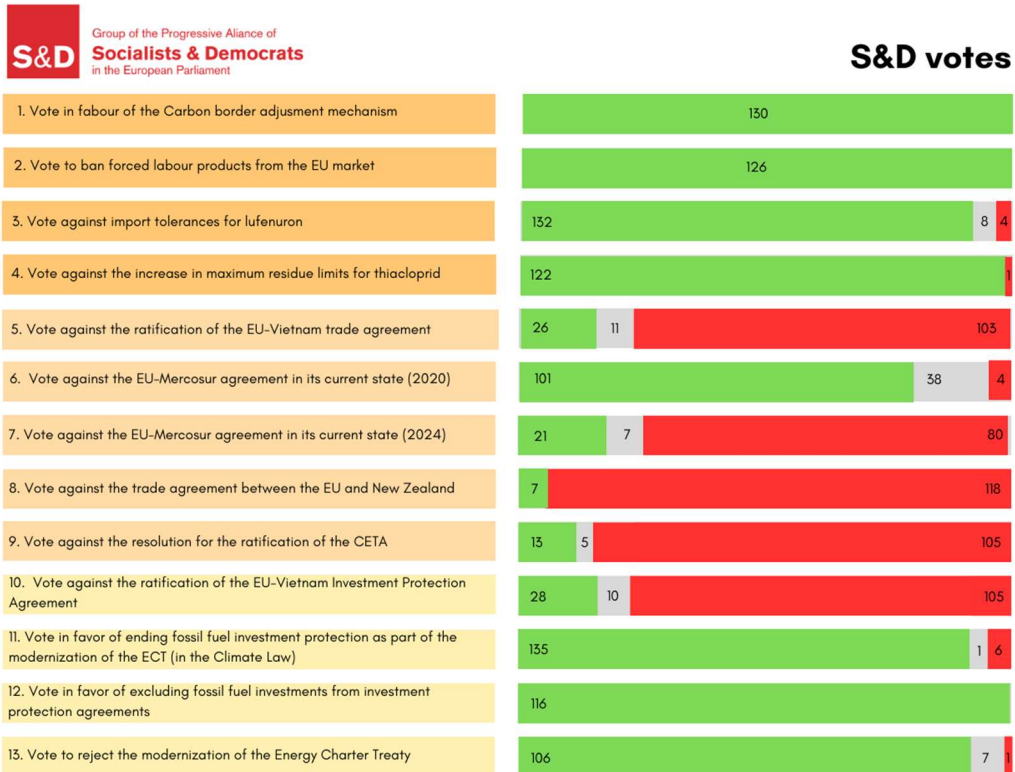


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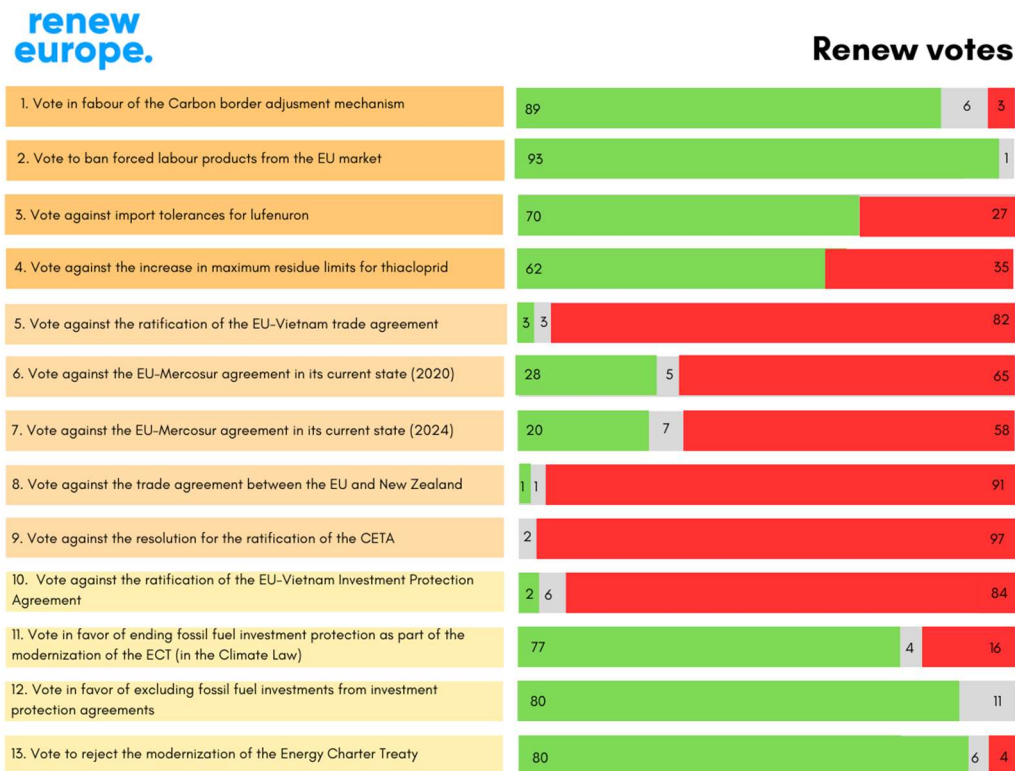


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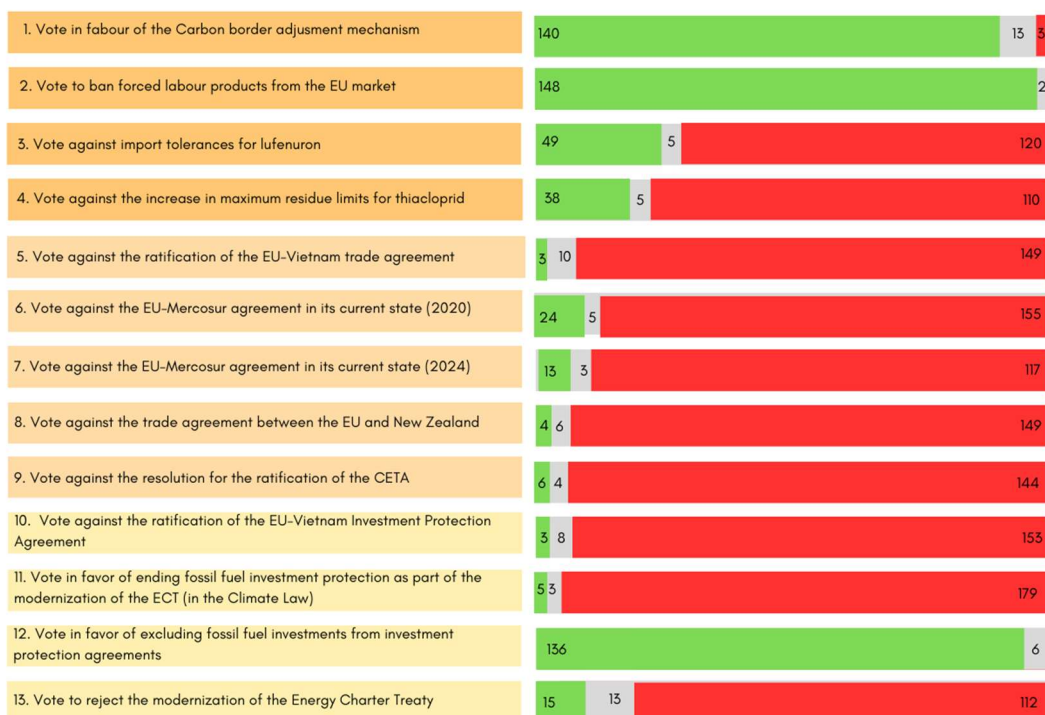


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## EU Trade Policy Reform: 5 keys avenues of action for the next European cycle



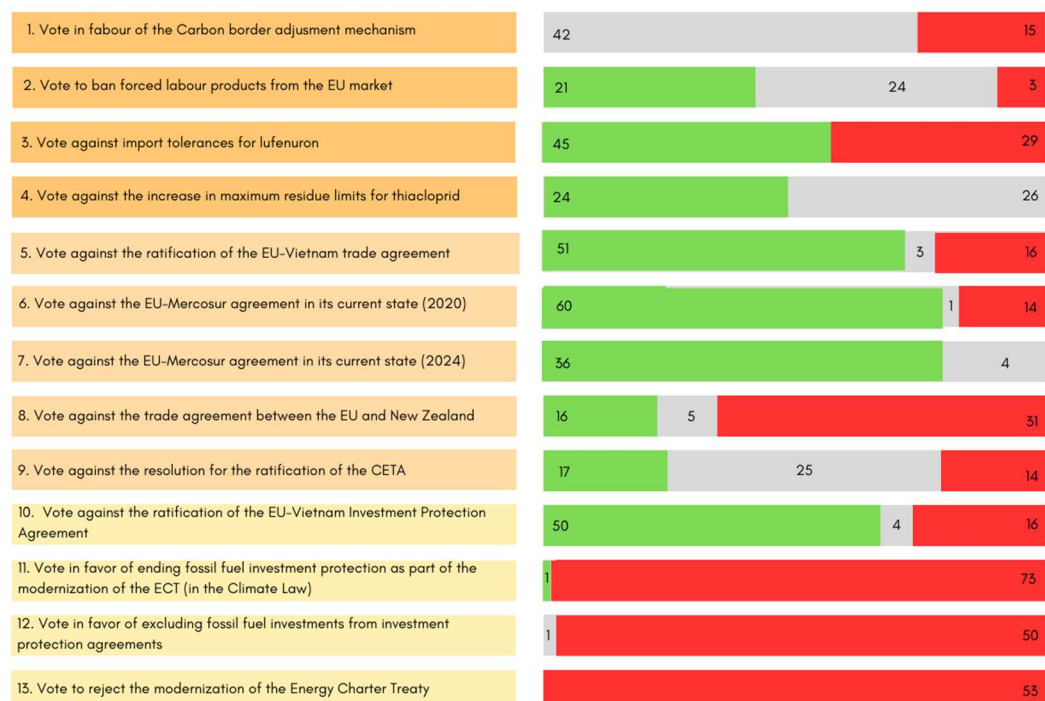
### EPP votes



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### ID votes



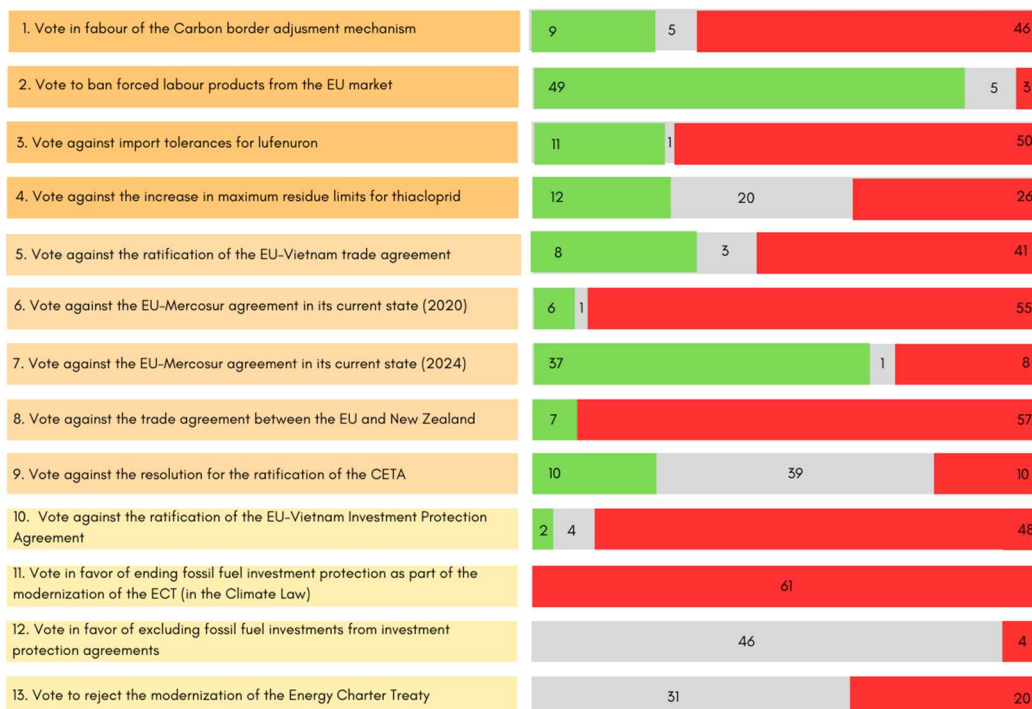
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## EU Trade Policy Reform: 5 keys avenues of action for the next European cycle



EUROPEAN  
CONSERVATIVES  
AND REFORMISTS

### ECR votes



Source : [www.europarl.europa.eu](http://www.europarl.europa.eu)

## Appendix: vote analysis methodology

The Veblen Institute analyzed 13 emblematic votes relating to mirror measures, trade agreements and investment protection agreements.

### Mirror measures

- **On April 18, 2024, the European Parliament voted to adopt the Carbon Border Adjustment Mechanism (CBAM)** (487 votes in favour, 81 votes against and 75 abstentions). From 2026, this new mechanism will oblige EU importers to purchase certificates equivalent to the weekly EU carbon price in specific emission-intensive sectors that present a high risk of carbon leakage (cement, iron and steel, aluminum, fertilizers, electricity and hydrogen).
- **European Parliament voted in favour of the regulation enabling the EU to ban the sale, import and export of goods produced using forced labour on April 23, 2024** (555 votes in favour, 6 against and 45 abstentions). This text has yet to receive final approval.
- **On April 27, 2021, the European Parliament voted against the European Commission's draft regulation raising MRLs for a pesticide, lufenuron** (whose authorization in the EU expired at the end of 2019), in or on certain products. The Commission aimed to accept Brazil's request for import tolerances on grapefruit and sugar cane. According to a study by the German Environment Agency, lufenuron



meets the criteria for persistent, bio accumulative and toxic substances. Parliament's rejection resolution was adopted by 441 votes to 242, with 15 abstentions.

- **January 17, 2024, vote against the draft Council regulation to raise MRLs for traces of thiacloprid** (a neonicotinoid insecticide whose authorization expired in the EU in February 2020) in or on products. Thiacloprid is an active ingredient in insecticides used mainly on cotton, pome fruit and vegetables, including potatoes. According to EFSA, this substance poses several significant concerns for groundwater contamination and presumed effects on fertility and the unborn child. Thiacloprid is also suspected of causing cancer, being highly toxic to aquatic life and very toxic to aquatic life with a long-lasting effect. The European Parliament's rejection resolution was adopted by 386 votes to 186, with 52 abstentions.

### Free Trade Agreements (FTAs)

The European Commission has a busy schedule of FTA negotiations with third countries. The European Parliament examined several new agreements (notably the agreements with Vietnam and New Zealand). The Parliament has also adopted positions on the implementation of past agreements, such as the CETA, or those still under discussion, such as the EU-Mercosur agreement.

- **Vote on the ratification of the EU-Vietnam trade agreement, February 11, 2020**

The agreement promotes trade in all sectors regardless of environmental or human rights impacts, and the provisions on sustainable development are non-binding. Ratification by the European Parliament took place against a backdrop of multiple human rights violations denounced by international NGOs such as Human Rights Watch (severely restricted freedom of expression and media, ban on independent trade unions, use of torture by police forces, biased criminal justice, etc.).

- **Vote on the amendment against ratification of the EU-Mercosur agreement in the report on trade policy, October 2020**

This agreement, discussed for 25 years, is unprecedented in terms of the size of the economies and populations involved. It raises social, environmental, and economic issues. Sometimes summed up as a "meat for cars" agreement, it aims to strengthen Mercosur countries' agricultural and raw materials exports and European exports in the automotive, chemical, pharmaceutical, clothing, and agri-food sectors.

This draft agreement promotes trade flows that are incompatible with the objectives of reducing global emissions, curbing deforestation, and protecting biodiversity. It locks Mercosur countries into an extractivist model that is destructive for local populations. And it encourages EU exports in all sectors, irrespective of their environmental and social impact (for example, reduced customs duties on automobiles, regardless of engine type, vehicle size or energy efficiency, as well as on plastic products and pesticides banned from the EU market for health or environmental reasons).

The amendment was adopted with 245 votes in favour, 295 against and 56 abstentions.

- **Vote on the amendment against ratification of the EU-Mercosur agreement in its current state, in the report on EU trade policy, February 2024**

In 2024, an equivalent amendment was rejected with 230 votes in favor, 275 against and 31 abstentions.

- **Vote on the ratification of the agreement with New Zealand, November 22, 2023**

In June 2022, the EU concluded negotiations for a trade agreement with New Zealand. It was presented as ambitious in terms of sustainable development because it contains improvements announced in the 2021 EU Trade Policy Review and the 2022 New European Strategy for Trade Agreements. The agreement incorporates the Paris Agreement as an essential clause. And it provides for sanctions as a last resort in the event of serious and substantial violations of the Paris Agreement and ILO core clauses.

The agreement also contains a gimmicky mirror clause that bans New Zealand beef exports from feedlots to the EU. But this clause is useless in the absence of such feedlots in New Zealand. On the other hand, the agreement contains no mirror clause on exports of certain agricultural products treated with substances whose use is banned in the EU, such as atrazine.

Above all, the agreement is not selective regarding the goods and services for which trade is promoted. In particular, it aims to encourage trade in dairy and meat products over a distance of more than 20,000km, contrary to recommendations to modify diets.

- **Vote on the implementation of CETA, the free trade agreement between the EU and Canada, from January 2024**

The INTA Committee has drawn up a brief report on the impact of CETA, provisionally applied since 2017 and is still awaiting final ratification by 10 member states on January 1, 2024. The resolution proposed by S&D Group rapporteur Javier Moreno Sanchez was intended to put pressure on these last countries that have not yet ratified the text to authorize full and final implementation of the agreement. Ratification of the text by the 27 EU member states would have the practical effect of triggering the application of investment protection provisions.

## Investment protection

Since 2009, the European Union has also been negotiating bilateral investment protection agreements or investment chapters within trade agreements, providing the possibility of recourse to investment arbitration.

- **Ratification of the EU-Vietnam investment protection agreement, February 12, 2020**

Like the CETA and the TCE, this treaty protects fossil fuels and contains a survival clause enabling investors to continue to sue states 15 years after the eventual termination of the agreement.

- **Vote to end fossil fuel investment protection as part of TCE modernization (in Climate Law), October 7, 2020**

Parliament has adopted an amendment to the Climate Act calling for an end to the protection of fossil fuel investments as part of the TCE modernization process. This amendment forced the European Commission to reconsider its position and formulate a proposal to end investment protection, which was rejected by the other parties to the treaty in the negotiations.  
in the negotiations.

- **Vote to exclude fossil fuels from investment protection agreements**

On June 23, 2022, the European Parliament voted on a resolution on the future of EU policy on international investment. The text calls for an end to the protection of "fossil fuel investments or any other activity that seriously undermines the environment and human rights".

- **Vote to reject the modernization of the Energy Charter Treaty in a resolution of November 24, 2022**

The Energy Charter Treaty (ECT) is an international agreement signed at the end of the Cold War in 1994 to promote and secure investment in the energy sector. The process of modernizing the ECT began with Russia's withdrawal in 2009. However, due to the failure of initiatives aimed at aligning the ECT with the Paris Agreement, a wave of withdrawal from the agreement is underway, and the agreement in principle announced for June 2022 on modernizing the treaty has not been adopted. The European Parliament has come out clearly in favour of rejecting this modernization, forcing the Commission to formulate a proposal for EU withdrawal from the TEC that is about to be adopted.

**The Veblen Institute for Economic Reform is a non-profit think tank that promotes public policy and civil society initiatives for a fair ecological transition. We believe that the current economic model is profoundly unsustainable and must be transformed in a spirit of social justice and respect for planetary limits.**

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