

AN OPEN, SUSTAINABLE AND ASSERTIVE TRADE POLICY

TRADE AND SUSTAINABILITY



The EU is a leading player in promoting the respect of international environmental standards and core labour standards, including through EU trade policy. Trade rules should ensure that trade is sustainable and fair. We already do this in our bilateral trade agreements and will integrate this into our discussions and negotiations in the WTO.

Our trade agreements contain a Trade and Sustainable Development (TSD) Chapter with explicit commitments to ratify and implement Multilateral Environmental Agreements on, amongst others:

- Climate
- Biodiversity
- Chemicals/waste

Our TSD Chapters also address:

- Sustainable management and conservation of forests
- Sustainable fishing
- Respect of labour rights
- Responsible business conduct.

Our agreements contain a binding commitment not to lower environmental standards to attract trade and investment.

Starting with our agreement with Japan, our trade agreements include a binding commitment to ratify and effectively implement the Paris Agreement.

The Commission has worked to ensure that partners' implement and enforce their commitments on trade and sustainable development. The Chief Trade Enforcement Officer and the [Single Entry Point](#) will further strengthen these efforts. The Single Entry Point makes it easier for business and civil society to launch complaints about our partners' compliance with commitments on trade and sustainable development.



GHG EMISSIONS

90% of international trade is **conducted by sea**, and this accounts for a relatively low 2% to 3% of global greenhouse gas (GHG) emissions.

For example, in the area of food, transport emissions are only 6% of GHG emissions.



TSD AND CLIMATE ACTIONS

- ✓ Take forward initiatives and actions that promote climate and sustainability in the WTO
- ✓ The EU will ensure that there is an ambitious sustainability chapter in all EU bilateral trade and investment agreements
- ✓ The Chief Trade Enforcement Officer and Single Entry Point will strengthen enforcement and implementation of TSD commitments
- ✓ The EU will bring forward in 2021 its review of the 15-point TSD Action plan. The outcome of the review will feed into ongoing and future negotiations
- ✓ The EU will promote sustainable and responsible value chains through a proposal on mandatory due diligence covering human rights and environmental protection, which will include effective action and enforcement mechanisms to ensure that forced labour does not find a place in the value chains of EU companies. Until binding provisions are in place, the Commission will provide guidance to EU firms to help them already take appropriate measures.
- ✓ The EU cannot tackle climate change alone. It will seek commitments on climate neutrality with G20 partners with which it is negotiating trade and/or investment agreements.
- ✓ In line with the European Green Deal, the EU will propose to make the Paris Climate Agreement an essential element of all future agreements
- ✓ The Commission will use its broad network of trade agreements to strengthen cooperation with its partners on cooperation on biodiversity, pollution, the circular economy and sustainable food systems
- ✓ The Commission will undertake an ex-post evaluation of the impact of the EU's agreements on key aspects of the environment, including climate



EU GREEN EXPORTS ON THE RISE:



EU exports of wind related products grew by **30%** to **Chile** and **Japan 27%** during the period 2014-2019



EU exports of hydro related products grew by **23%** to **Japan** and **Korea** during the period 2014-2019

GREENER RESULTS – EU KOREA FTA

The [evaluation](#) of the EU-Korea FTA concluded that the agreement lead overall to a net reduction of global CO2 emissions by 4.1 million tons CO2. This is explained by trade diversion in favour of EU and Korea firms from more polluting producers in China (-2.8 million tons CO2) and the US (-1.3 million tons CO2).



TRADE AND SUSTAINABILITY – 2021 AND BEYOND

- ✓ **Carbon Border Adjustment mechanism.** – an environmental measure – aims to avoid risk of carbon leakage as EU increases its climate ambition and where partners do not. This is to be put in place for selected sectors. Trade policy focus will be on (i) ensuring WTO (and FTA) compatibility and (ii) manage the external dimension/ avoid unnecessary trade frictions
- ✓ **Deforestation;** the European Commission in 2021 will adopt legislative & non-legislative measures in 2021 on deforestation related commodities. Aim is to avoid or minimise the placing of products associated with deforestation or forest degradation on the EU market, as well as promote forest-friendly imports
- ✓ **Due Diligence.** A new initiative in 2021 on sustainable corporate governance introducing mandatory due diligence requirements which will contribute to more sustainable supply chains