

Trade: EU reaches political agreement on updated enforcement regulation

The Council presidency has reached an agreement with the European Parliament on a revised enforcement regulation. The aim of this regulation is to better protect the EU's trade interests and rights in the context of the current blockage of the World Trade Organization's (WTO) dispute settlement system. The regulation also ensures that the EU can enforce its trade rights if one of its partners blocks the normal dispute settlement mechanism under bilateral treaties. Member states still have to approve the agreement by qualified majority.

The revised EU enforcement regulation amends the existing one, which has been in place since 2014 and provides a common legislative framework for the enforcement of the EU's rights under international trade agreements. Thanks to these rules, the Commission is able to impose countermeasures at the end of dispute settlement procedures, once it receives authorisation from the WTO.

Given the current paralysis of the WTO Appellate Body, the existing rules needed to be updated to allow the Commission to take action in situations where dispute settlement procedures are blocked. The main focus of the proposed amendment was to cater for situations where the EU succeeds in obtaining a favourable ruling from a WTO dispute settlement panel but the process is then blocked because the other party appeals a WTO panel report 'into the void' and does not agree to interim appeal arbitration under Article 25 of the WTO Dispute Settlement Understanding.



"It is important that the EU be able to protect interests and rights in the area of trade during the crisis at the World Trade Organization. The amendment of the enforcement regulation improves that ability in particular in cases where the WTO is unable to deliver binding dispute settlement decisions on appeals.

Peter Altmaier, Federal Minister for Economic Affairs and Energy of Germany and President of the Trade Council

The Commission will also have the right to take countermeasures when a trade partner under a bilateral or regional trade agreement imposes illegal trade measures and subsequently blocks the dispute settlement process under that agreement.

Furthermore, the agreement between the European Parliament and the Council extends the scope of possible countermeasures – currently provided for in the areas of customs duties, quantitative restrictions on imports or exports of

goods, and measures in the area of public procurement – to services and harmonised areas of intellectual property rights. This extension is accompanied by the necessary safeguards to ensure that the most efficient and proportionate countermeasures are used and that national authorities and stakeholders are involved in the consultation process.

Next steps

The German presidency has negotiated this political agreement with the European Parliament on behalf of the Council. Now the member states will have to confirm their support by qualified majority.