



Council of the
European Union

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COMPET 799
DEVGEN 188
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OUTCOME OF PROCEEDINGS

From: General Secretariat of the Council

To: Delegations

Subject: Conclusions on the Trade and Sustainability Review

Delegations will find in Annex the Council Conclusions on the Trade and Sustainability Review, as adopted by the Council on 17 October 2022.

Council Conclusions
on the Trade and Sustainability Review

1. The Council welcomes the Communication from the Commission of 22 June 2022 on “The power of trade partnerships: together for green and just economic growth”, as the outcome of an early review of the 15-Point Action Plan.
2. The Council considers that new policy orientations for sustainable trade agreements, coupled with the new drive for engagement with partners, against the backdrop of a new geopolitical situation caused by Russia's war of aggression against Ukraine, are necessary to build broad support for the advancement of the proactive and balanced EU's trade agenda based on sustainability, fairness and open markets.
3. The Council reaffirms the importance of trade agreements for the economic growth, high value-added jobs, diversification and resilience of supply chains, including those for raw materials essential for the green transition, and for the promotion of international human rights, including labour rights, as well as for environmental standards and gender equality in accordance with EU values. To this end, the Council welcomes the strengthened implementation, monitoring and enforcement of these commitments in trade agreements and calls upon the Commission to take forward quickly actions in this respect. The Council looks forward to the new approach ensuring the EU's capability to negotiate, conclude and implement new trade agreements swiftly.

4. Sustainability is one of the main priorities for the EU, as underlined in the European Green Deal and Decent Work Worldwide initiatives, and together with openness and assertiveness constitutes three pillars of the broader strategic approach towards the EU's trade policy. The EU must be at the forefront of the sustainability efforts. Cooperation and engagement with partners bilaterally as well as at plurilateral and multilateral levels are crucial in order to bring about the real change. The EU must continue to promote a cooperative approach and provide incentives and support including, where needed, technical or financial assistance to trading partners, especially to developing and Least Developed Countries, in their endeavour to comply with sustainability commitments. Effective coordination of the Commission and Member States on support measures is essential in this context.
5. In this respect, the Council reiterates the crucial role of multilateral institutions such as the World Trade Organization, the International Labour Organization and Multilateral Environmental Agreements, including the UNFCCC, the Paris Agreement on Climate Change and the Convention on Biological Diversity, as platforms for strengthening multilateralism and a rules-based order. It is important to continue closely cooperating with multilateral organisations and bodies in order to pursue sustainability objectives anchored in international standards. Building on the necessary development of a future robust Global Biodiversity Framework, it welcomes the Commission's commitment to evaluate the possibility of proposing to include the Convention on Biological Diversity in the new approach reflected in this review.

6. The Council acknowledges that EU trade agreements are not standalone tools and that the EU autonomous approach in the field of environmental, economic and social sustainability, such as manifested in the revision of the EU's Regulation on the Generalised Scheme of Preferences, is complementary to bilateral, plurilateral and multilateral cooperation. Legislative proposals on the Carbon Border Adjustment Mechanisms, the Regulation on deforestation-free products, the Directive on Corporate Sustainability Due Diligence and the Regulation on prohibiting products made with forced labour on the Union market are other examples of autonomous measures that support sustainable development in compliance with WTO rules. It is important to make the best choice of each tool with regard to specific sustainability objectives and to apply all tools coherently. Furthermore, the Council appreciates the central role of the Chief Trade Enforcement Officer and supports the Commission in facilitating the use of the Single Entry Point for breaches in the area of trade and sustainable development.
7. The Council welcomes the intention of the Commission to step up the country-specific approach in a more tailored and targeted fashion with a view to identifying country-specific sustainability priorities and roadmaps for implementation. Mainstreaming trade and sustainable development (TSD) objectives throughout trade agreements, including by prioritising market access for environmental goods and services is important. The Council also stresses the importance of reinforcing the role of civil society, ensuring an inclusive consultation process through all stages of the lifecycle of trade agreements, further strengthening the role of Domestic Advisory Groups (DAGs) and closer cooperation with Member States and ensuring the monitoring by the Council of the implementation of TSD commitments. The Council also attaches great importance to the timely finalisation of sustainable impact assessments of trade agreements that will feed the debate on the respective negotiations.

8. The Council supports the Commission's commitment to strengthen further the implementation and enforcement of TSD provisions in all future negotiations of trade agreements and to reflect it in the ongoing negotiations as appropriate, including by proposing to apply the compliance stage of the general state-to-state dispute settlement to the TSD chapter of such agreements. The Council invites the Commission to use review clauses and, where relevant, joint committees to align existing trade agreements with the new TSD approach, as appropriate. Moreover, the involvement of DAGs in monitoring the compliance stage must also be strengthened in line with the Communication. Furthermore, trade sanctions, which may take the form of suspension of trade concessions, could be applied, as a matter of last resort, after exhausting possibilities for an amicable settlement. They can be applied for serious violations of agreed commitments concerning ILO fundamental principles and rights at work as well as cases of failure to comply with obligations that materially defeat the object and purpose of the Paris Agreement on Climate Change. Any such trade sanctions should be temporary, targeted and proportionate. In addition, the respect of the Paris Agreement on Climate Change will be proposed by the EU to be an essential element in future trade agreements.
