



M. Frans Timmermans

Executive Vice-President of the European Commission

European Commission
Rue de la Loi 170
1000 Brussels

Regarding: Green deal and trade policy

Brussels, 9 July 2021

Dear Executive Vice-President of the European Commission,

Dear Commissioner Timmermans,

I am writing to you following our recent exchange on the mainstreaming of the Green Deal in trade policy during the discussion with the Greens/EFA Group. I have sensed your keen interest in the issue and would like to elaborate further on the existing knots in trade policies and share my thoughts with you.

I welcome very much your statement that trade policy should not be left immune to the Green Deal and your position - diverging from the one taken by Commissioner Dombrovskis and DG Trade - that there is no reason for not adapting the existing FTAs accordingly.

I was rapporteur for the International Trade committee on the biodiversity strategy. When preparing the Opinion, my priority was to issue a strong recommendation¹ upgrading the methodology currently used by consultants conducting Sustainability Impact Assessments. So far, they have shallowly addressed the various dimensions of the Green Deal and when they come with concerns or recommendations, their findings risk not being taken into account by the Commission negotiators. This may be due to the fact that impact assessments are released far too late in the negotiating process, sometimes even after the conclusion of the deals such as in the EU-Mercosur

¹ See paragraphs 170-171 of the EP resolution of 9 June 2021, https://www.europarl.europa.eu/doceo/document/TA-9-2021-0277_EN.html

FTA which led the EU ombudswoman to conclude to a case of maladministration². It may also be due to the so to speak primacy of the geopolitical importance of the agreements.

However, reports showing the adverse impacts of ill-designed trade and investment agreements for the climate, the ecosystems of the people and fuelling populism are piling up. According to the recent ITF Transport Outlook 2021, freight emits more than 40% of all transport CO₂ and freight CO₂ emissions will grow by 22% by 2050. According to a literature review by Thomas Wiedmann and Manfred Lenzen, two prominent researchers,³ 17-30 % of global biodiversity loss, 20-33% of global CO₂ emissions, 21-37 % of global land use, 24-68 % of global raw material extractions are embodied in international trade.

Bearing this in mind, they warn that “the relocation of production across countries counteracts national mitigation policies and may negate ostensible achievements in decoupling impacts from economic growth”.

Pursuant to Art.21.3 of the Treaty on the European Union stating that “the Union shall ensure consistency between the different areas of its external action and between these and its other policies”, the Green Deal that is the backbone of the EU’s economic, social and environmental strategy should be given an equal importance in trade policy. Otherwise, the domestic reforms and efforts carried out by European citizens and companies will be undermined by the externalities of our consumption and production patterns, the EU importation from less ambitious countries and new standards designed by actors not sharing our goals. We have to honestly reckon that even an ambitious carbon border adjustment mechanism (CBAM) would not solve all the issue because it addresses the important but specific issue of CO₂ emissions, leaving the other environmental concerns untouched.

It is of paramount importance that the Green Deal be factoring in at the earliest stage as possible, that is in the scoping exercise phase on future free trade and investment agreements, and should in any case inform the Council’s negotiating mandate. This phase would be capital in already identifying areas before entering the negotiation.

Then, the call for tenders for conducting the sustainability impact assessment must foresee that the Green Deal is implemented and more broadly, the Sustainable Development Goals (SDG) that it reflects. With this respect, the new methodology for assessing the impacts of trade liberalisation on biodiversity and ecosystems is more than welcome⁴ and must become a strong tool for decision making. On top of that, the interconnectivity of the EU, its trade partners and third countries could be factored in by means of footprint indicators (like the material footprint which is already explicitly listed as an SDG indicator) and consumption-based.

The modelling exercise must recognize the precautionary principle in the sense that even the most sophisticated models cannot depict the complexity of economic dynamics, the sometimes conflicting interactions of SDGs and that the database on which they rely on are far from complete or up-to-date, also in the EU where the data related to the transport modes. Therefore, it is crucial that besides the Council and the European Parliament, **experts in the field of the Green Deal and**

² <https://www.ombudsman.europa.eu/en/decision/en/139418>

³ <https://www.nature.com/articles/s41561-018-0113-9>

⁴ https://ec.europa.eu/environment/news/trade-and-biodiversity-new-methodology-better-assess-impacts-2021-05-19_en

CSOs be able to comment in due time the findings of the SIAs as recommended by the ombudswoman.

So far, DG Trade considers that the Trade and Sustainable Development chapters are the hook allowing the Green Deal to be part of the FTAs. We think this is short-sighted, not only because of the contentious enforcement of these provisions (the loose wording and the weak dispute settlement mechanism) but mostly because **the Green Deal should literally be mainstreamed all across the board**, from the chapter related to Access to Market to the one on sanitary and phytosanitary measures via those on Trade Defence and on Subsidies and Competition.

From the EU-South Korea Panel of Experts⁵, we have to draw the lesson that trade and sustainable development **(TSD) chapters should include a roadmap with concrete and verifiable commitments upon which progress in other chapters will be made**, as recommended in the EP motion on the Biodiversity Strategy (para 171).

Referring in the trade and investment deals to the Paris Agreement as an “essential element” is interesting but cannot be seen either as a silver bullet and should be duly substantiated.

The EU-Mercosur agreement is a case in point: DG Trade regularly emphasize the mentioning of the Paris Agreement as a safeguard, yet the Brazilian National Determined Contribution updated in 2020 was severely criticized because it allows significantly more emissions in 2025 and 2030 than previously.⁶ Therefore, a provision should explicitly compel the trade partners to lift up their ambitions from one NDC to the other and envision sanction in case a diverging trajectory is witnessed. Let me also draw your attention on **the call of the EP to make the Convention on Biological Diversity an essential element of FTAs** in line with the sense of urgency conveyed in the strong communiqué of the G7 Climate and Environment Ministers of May 2021⁷ and the climate and environmental emergency declared by the EP in November 2019⁸.

As to existing agreements, the Commission could follow up on the conclusion of the European Council that took place in December 2020: “the EU will ensure that its trade policy and its trade agreements are consistent with its climate ambition.” (§21) It could do so by proposing a negotiating mandate to the Council or, after a discussion with the European Parliament (in the spirit of Article 218.10 TFEU), utilising the built-in flexibilities of the agreements to amend them.

I would be happy to pursue the discussion further with you at your best convenience.

Sincerely yours,

Saskia Bricmont



⁵ See para 278, https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159358.pdf

⁶ https://wwf.panda.org/wwf_news/?1173241/WWF-Brazil-NDC

⁷ <https://www.g7uk.org/g7-climate-and-environment-ministers-communiqué/>

⁸ https://www.europarl.europa.eu/doceo/document/TA-9-2019-0078_EN.html