



## TSD Platform – Joint Statement on the review of Trade and Sustainable Development (TSD) chapters.

Brussels, 05-07-2022

We welcome the Communication: The power of trade partnerships: together for green and just economic growth, presented by the European Commission on 22 June 2022 and its intention to mainstream sustainability throughout the entire trade agreement.

The increased focus on monitoring and enforcement of sustainability provisions in European Union (EU) Free Trade Agreements (FTAs), notably through the inclusion of sanctions, is a long-standing demand of non-governmental organisations (NGOs). We welcome this aspect of the Communication. Additionally, we also welcome the proposed technical and financial support for trading partners, as well as targeted impact assessments.

The revision of the Operating Guidelines for the Single-Entry Point (SEP) and the introduction of detailed and time-bound roadmaps with benchmarks could become key tools to increase

adherence to the TSD chapter commitments and the role of civil society organisations and trade unions will be vital in both.

However, many of these positive steps need to be further clarified and operationalised to ensure that they align with the goals set out by EU treaties and social and green policies. Hence, we call upon the Commission to include the following points when implementing the TSD Communication:

### 1. **No enforceability without clear commitments**

The Communication does not touch upon the need to **improve the language included in TSD chapters**. This is, however, a prerequisite if we are to make commitments concrete and actionable and hence enforceable. Currently, **the language in TSD chapters is too vague and non-committal, making it impossible to enforce**.

We need detailed **binding provisions** concerning the implementation of ratified International Labour Organisation (ILO) and other Human Rights conventions, as well as multilateral environmental goals including climate agreements.

Furthermore, the States' obligations to protect Human Rights and respect the environment should be better reflected, notably when it comes to the negative impact companies and investors may have on the enjoyment of Human Rights and the environment.

### 2. **Staged implementation of tariffs**

The Communication does not discuss the possibility of **linking tariff reductions** to the respect of TSD chapter related commitments. Such mechanisms could ensure implementation of TSD chapter commitments by trading partners. This approach has also been raised by the Netherlands and France, as well as by the European Parliament.

### 3. **Mainstreaming sustainability beyond TSD chapters**

The Communication refers to mainstreaming of sustainability across the entire agreement, but only in reference to liberalisation of environmental goods in the context of market access. It **remains blind to unsustainable production methods** that may be encouraged as a

consequence of trade agreements. For example, the EU could condition market access to strong TSD commitments including tackling unsustainable production methods.

#### 4. Scope of sanctions

Sanctions are limited to serious breaches of core TSD commitments, namely the ILO fundamental principles and rights at work as well as the Paris Agreement. However, it remains unclear **what can constitute a serious violation and how sanctions will be defined.**

#### 5. Applying new TSD approach to existing trade agreements

Evidently, new FTAs negotiated by the EU will include this new TSD approach, but this should not be limited to new agreements. The Commission should ensure that, once adopted, the actions in this Communication will also apply to FTAs that are currently under negotiation or revision. This is particularly relevant for the agreements with Mercosur, Chile and Mexico.

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