

On the EU in the changing global trade landscape

The Congress of the Alliance of Liberals and Democrats for Europe (ALDE) Party convening in Dublin, Ireland, on 2-4 June 2022:

Notes that:

- the contest between liberal democracy and authoritarianism is one of the defining issue of our times, having a profound impact on the world, including global trade;
- the lack of dynamics regarding multilateral trade negotiations within the World Trade Organization (WTO), and the risk of the WTO losing further importance as a defender of free trade;
- the landscape in which we conduct global trade has changed significantly due to supply chain disruptions caused by the pandemic and, most recently, the new geopolitical reality of the Russian invasion and war of aggression against Ukraine;
- that recent crises have exposed and exacerbated the vulnerability of international supply chains and shown the increased complexities and exposure of modern societies to disruption;
- the global rules-based trade order for a longer time has been under pressure by authoritarian countries playing by their own rules, notably China particularly in the field of human rights;
- trade policy over the past years has often been used as a substitute for foreign policy and diplomacy, which led to high expectations towards trade in the absence of other effective EU foreign policy tools;
- the balance of power in global trade policy is increasingly shifting towards Asia;
- trade has become a highly controversial topic in the EU and many European countries, notably having helped sink the failed Transatlantic Trade and Investment Partnership (TTIP) agreement.

Believes that:

- free, fair, sustainable and open trade is vital for the EU and European countries and has been the basis of prosperity and peace for decades;
- trade interdependent relationships should however not hamper EU strategic autonomy in key sectors, such as in the IT, energy, security and food sectors;
- it is of fundamental importance today, more than ever, that democracies work together in all areas, including especially in the trade arena cooperation with every country willing to accept free, fair and sustainable trade should be developed;

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- economic nationalism and protectionism are the wrong medicines for the COVID-19 crisis and other disruptions of world trade; further believes that national hoarding, self-sufficiency and reshoring of industrial production will not solve the complex crises we are experiencing globally;
- disruptions in international supply chains, which have reached unprecedented levels, will require companies to reorganise, adjust their supply chains, and re-shore highly strategic relevant production at least to neighbouring likeminded countries;
- it is important to foster partnerships with democracies, especially in uncertain times, and therefore the EU and European countries should pursue a positive trade agenda to strengthen its partnerships;
- diversifying trade relations in order to strengthen the supply chains has become increasingly important to safeguard the open strategic autonomy of the EU, in order to increase the resilience and decrease dependencies on specific states or regions;
- the EU is a trade superpower that can use its trade policy to promote our values and push for positive change worldwide. Trade should remain available as part of our foreign policy toolbox but used with care along with other means of persuasion, noting that Chinese economic interventions in third countries under EU sanctions are undermining its effectiveness as a tool to support human rights;
- trade is a tool to increase our and our partners' prosperity and, by creating new opportunities globally, has the potential to lift people out of poverty. Trade can bring likeminded partners together; it can and should support democracy, promote human rights and fight climate change;
- trade and sustainable development chapters are important parts of the EU's free trade agreements, and should increasingly be used in other trade agreements, where appropriate;
- the EU needs to ratify already concluded agreements – excluding the EU-China Comprehensive Agreement on Investment (CAI) –, conclude ongoing negotiations, focus on opening new negotiations, especially with democratic countries like Taiwan, and strongly uphold values and rules based trade in trade cooperation with non-democratic countries;
- the EU should strengthen enforcement of agreements when agreed conditions are not met;
- the outcome of the EU-US Trade and Technology Council (TTC) should be a revised approach to a transatlantic trade partnership to strengthen the relationship between the two partners;
- the EU should stay clear of US-China trade disputes except where it has to defend its own interests.

Calls for:

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- continued support for the WTO as the foundation of the rule-based international trade order;
- continuing exploration of possibilities to restart multilateral trade negotiations with interested countries because a multilateral rule-based approach to trade liberalisation is the best option from a liberal perspective;
- the swift ratification of already concluded trade agreements, such as CETA, the EU-Singapore IPA, the EU-Vietnam IPA, the EU-Mexico Trade Agreement, and the modernised Association Agreement with Chile which is a great improvement for e.g. women's rights;
- a speedy conclusion of ongoing negotiations on free trade agreements with New Zealand and Australia, to prove that democracies can work together and to strengthen our partnerships;
- progress in the EU-Indonesia free trade agreement negotiations and restart of EU-Malaysia negotiations, once the partners find a common understanding regarding sustainability, wildlife preservation and the environment;
- efforts to be made to restart the negotiations with Thailand and the Philippines once the situation regarding fundamental rights has improved in the countries;
- the bilateral trade agreements with ASEAN countries to be used as stepping stones towards a future bloc-to-bloc agreement between EU and ASEAN, as a natural next step in their strategic partnership, keeping in mind the different situations especially on human rights in individual ASEAN countries;
- the Mercosur countries to provide satisfactory pre-ratification commitments especially in the area of environmental protection, to allow for the ratification of the EU-Mercosur Agreement;
- renewed focus on the negotiations for Economic Partnership Agreements with African partners, with the long-term goal being a continent-to-continent free trade zone, benefitting both continents; especially underlines the importance of the Global Gateway Strategy in this context;
- a comprehensive review and implementation of the GSP framework and especially to start early on a process with those countries not meeting the agreed conditions;
- the TTC to be a stepping-stone for resuming negotiations on a comprehensive free trade agreement between the EU and US, based on openness and mutual benefit while taking past errors into account and the need to engender public support. Special focus needs to be given to digital trade, flow of data and trade in service where the EU and the US as economic and democratic superpowers, can set standards on the world stage. The negotiations on a Democratic Alliance for a Comprehensive Trade and Investment Agreement

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(DACTIA) need to start within this mandate of the European Commission and the Biden Administration;

- following agreement at the May 2021 EU-India summit, all efforts to be made to find common ground to move forward with the negotiations with India for a trade agreement, a stand-alone investment agreement and an agreement on geographical indicators, while encouraging improvements in India's human rights record and reduction in the use of coal for its energy production;
- for the EU's Indo-Pacific strategy to take better account of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP);
- all discussions regarding the EU-China Comprehensive Agreement on Investment (CAI) to remain at a standstill until China lifts the sanctions against EU organisations, associations, MPs, MEPs and European Parliament committees and ceases abusing human rights, such as in East Turkestan also known as the Xinjiang province.

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