



Fecc
EUROPEAN ASSOCIATION OF
CHEMICAL DISTRIBUTORS

EU Consultation: Trade disputes - mechanism to deter & counteract coercive action by non-EU countries

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Fecc acknowledges the roadmap proposed on '[Trade disputes – mechanism to deter & counteract coercive action by non-EU countries](#)' and the measures proposed to allow the EU to address practices by non-EU countries that seek to pressure on Member States. In this context we would like to raise the following points on behalf of the European chemical distribution sector, above all on behalf of the many SMEs we represent:

1. The source of coercive actions against the EU must be thoroughly evaluated: We agree that the EU has been experiencing coercive actions from third countries when it comes to trade. In certain cases, these actions are unjustified and politically motivated. However, the Commission must also assess whether some of the external coercive actions are de facto countermeasures from these third countries when the EU itself facilitates the technical barriers to trade, whether intentional or not. In the last World Trade Organisation (WTO) meeting on trade barriers, the European Union was flagged 15 times due to a lack of standard harmonisation with WTO members. The cases presented are, but are not limited to:

- Certain EU Member States not recognising electrical equipment test certificates issued by the Central Power Research Institute, which is a widely recognized certification body ([link](#), Annex 11)
- The EU ban on Deoxyarbutin in cosmetic products without a sufficient transition period to readjust the supply chains to allow alternatives ([link](#), Annex 16)
- The precautionary decision to lower the maximum residue levels in imazalil (fungicides), despite the dissenting literature presented by organizations recognized under the WTO Sanitary and Phytosanitary Measures (SPS) Agreement ([link](#), Annex 22).

We request the Commission to investigate the root causes for certain developments to avoid potential repetitions in the future. This not only provides a system of checks and balances in place, but it also minimizes political friction between the EU and third countries when it comes to trade disputes.

2. The WTO should be notified when a countermeasure is proposed, and the organisation should be further supported in its reform transition: In the inevitable case that such countermeasures are necessary, the Commission must notify the WTO appellate body and the proper WTO committees, depending on the product in question. As the global international organisation dealing with the rules of trade between WTO members, raising the concerns at a WTO level would provide transparency in the process, and shows that the EU collectively searches for avenues to minimise any economic implications.

Additionally, addressing such concerns through the WTO is also in line with the recently published EU Trade Policy. One of the policy objectives is to facilitate WTO reforms whose appellate body has been paralyzed since 2019 due to the blockage of adjudicator appointments. The new WTO Director-General Dr Ngozi Okonjo-Iweala has noted that the WTO reform in trade disputes would be a top priority in her agenda. When the reform process has been streamlined, the WTO appellate body would be able to pragmatically examine dispute settlements among WTO members, and can give recommendations whether countermeasures proposed by the EU are reasonable.

3. Enforcement on existing EU rules must be strengthened: As mentioned on the Fecc feedback on the Commission note on 'A renewed trade policy for a stronger Europe' ([link](#)), an even level playing field is paramount for improving the EU's resilience and for building a model of open strategic autonomy. Countermeasures against third countries are in some cases necessary. It should however only be considered when other avenues to solve such trade disputes has been exhausted. We call on the Commission to focus primarily on how existing EU measures could be strengthened and enforced to ensure that third countries comply with the safety and sustainability standards before their products reach EU borders. Strengthening the enforcement gives a signal to EU companies, particularly the SMEs, that standard compliance applies to both local manufacturers and third countries that conduct trade with the EU.

Fecc acknowledges that this consultation note signals a regulatory paradigm shift for the European chemical industry and companies engaged in trade with third countries. We look forward to further working with the Commission to establish a coherent regulatory framework and ensure that the objective of the new EU trade policy stays true to its objective of promoting openness, sustainability, and resilience.

To access the Fecc's response on the EU Commission's website, please [click here](#).