



# OPINION

European Economic and Social Committee

## **Next Generation Trade and Sustainable Development – Reviewing the 15-point action plan**

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Next Generation Trade and Sustainable Development – Reviewing the 15-point action plan  
(own-initiative opinion)

**REX/535**

Rapporteur: **Tanja BUZEK**

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**EN**

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## 1. **Conclusions and recommendations**

- 1.1 Trade needs the right policy framework to drive growth, decent job creation, sustainable development and support a sustainable economic recovery from the COVID-19 crisis, allowing companies to rebuild and re-organise their disrupted supply and value chains. 2021 is a turning point to re-think EU trade governance and the EESC supports its open, sustainable and assertive new path.
- 1.2 Trade and sustainable development (TSD) chapters express the EU's commitment to a "values-based trade agenda" fostering economic, social and environmental development simultaneously. Tackling non-compliance and improved implementation of TSD commitments are crucial to achieving high labour and sustainability standards through trade tools. Both at the bilateral and the global level, the EU should set ambitious TSD benchmarks with like-minded trade partners ready to lead.
- 1.3 The EESC welcomes the early review of the *15-point action plan*, and expects it to overcome its limited and "siloed" framework set up in 2018. TSD chapters not living up fully to their legally binding commitments leads the EESC to propose an ambitious review, featuring a revamped sanctionable enforcement approach with stronger civil society monitoring, using innovative instruments and enhancing the leverage for TSD. This "next generation TSD" must be an integral part of the EU trade strategy, applying to current and future negotiating mandates alike.
- 1.4 A fresh take starts with breaking down the silos. Successful TSD implementation and enforcement require a vivid, structured and more collaborative interaction of players. Exchange between institutions, international bodies, and most importantly, of them all with the Domestic Advisory Groups (DAGs) and among the DAGs. As the recognised body at international level, the International Labour Organization (ILO) should take part in monitoring the implementation of ILO Conventions in free trade agreements (FTAs).
- 1.5 Major problems often stem from the very beginning. The EESC stresses the importance of securing pre-ratification commitments of international core conventions or binding and enforceable roadmaps within the TSD chapter itself, with clear timelines on their ratification. The first ever TSD enforcement case under the current model has confirmed that vague terminology was insufficient.
- 1.6 All three dimensions of TSD are intertwined and must not be tackled in silos. The EESC welcomes the active role of business in pursuing efforts to ensure sustainable trade and sees a positive role for them in promoting climate action opportunities, for instance for the clean tech industry with special attention on SMEs. TSD chapters must develop deeper links with the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), promoting the ratification of its Conventions, and with the Organisation for Economic and Co-operation Development (OECD) Guidelines for Multinational Enterprises, especially down the supply chain.
- 1.7 Effective change on the ground requires going beyond classic TSD chapters and considering the great leverage of additional policy instruments. The EESC calls for conditional public

procurement allocation to companies from countries that comply with ILO core standards and the Paris Agreement. It also calls for ambitious EU legislation on mandatory due diligence as another key flanking measure. Foreign investors should have to comply with due diligence before benefitting from an international investment agreement. Measures should be complemented with action against money laundering, tax crimes and avoidance, and the fight against corruption to achieve sustainable trade.

- 1.8 Sustainable development must reflect evolutions and drive them, keeping labour and environmental standards equally high on its agenda. The Green Deal, circular economy initiatives and the Carbon Border Adjustment Mechanism (CBAM) complement relevant TSD topics, as biodiversity already has. To set concrete obligations, environmental commitments need to operationalise into international standards.
- 1.9 There is no "silver bullet" to enforcement but it starts with stepping up effective enforceability. The EESC has long called for a revamped Panel of Experts mechanism with the possibility of financial penalties or sanctions and an active role for DAGs in its activation. In putting level playing field and sustainability on the frontline, to the benefit of businesses and workers alike, the EU-UK Trade and Cooperation Agreement (TCA) could be a template.
- 1.10 EU trade partners show fresh "out of the box" thinking on new trade instruments. Taking an innovative approach to labour dispute settlement, the EU should look at the suspension of preferential tariffs for companies that breach agreed international standards. For a progressive economic link, the EESC supports a staged tariff reduction for partner countries' implementation of TSD commitments, with the possibility of withdrawal in the event of breaches.
- 1.11 There is no sustainability without civil society. Creating the DAGs was not an end in itself. To be taken seriously, they need information, resources, and access to advise the parties on implementation and enforcement as well as a stronger institutionalised framework. Beyond the DAGs, the EESC calls for the reinstatement of the expert group on FTAs.
- 1.12 The EESC is one of the DAGs' strongest advocates and will continue to support their work. Debates over strengthening the DAGs have recently intensified and the EESC encourages the Commission (EC) and other stakeholders<sup>1</sup> to work with the DAGs on improving their composition, the organisation of their work, their scope and role in enforcement mechanisms, and their institutional channels as laid out in detail in chapter five of this opinion.

## 2. Introduction

- 2.1 An active trade policy needs to effectively drive sustainable development and is to the benefit of businesses, workers, consumers and people in general, provided that it creates new market opportunities and decent jobs and levels the playing field. It also bears inherent risks that only

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<sup>1</sup> In 2020, a [Friedrich-Ebert-Foundation \(FES\) study](#) analysed DAG shortcomings, and a group of DAG member organisations, coordinated by CNV Internationaal, is currently compiling a [non-paper](#) with recommendations on how to strengthen them.

an inclusive trade policy, where civil society, stakeholders and the wider public may raise concerns, can mitigate effectively.

2.2 The EESC has long called for sustainability to be one of the drivers for trade policy, given the crucial role trade must play in achieving the UN Sustainable Development Goals (SDGs). This year's new EU trade strategy sets the framework for the years to come. The EESC provided recommendations on the trade aspects in a separate opinion<sup>2</sup>, while welcoming its sustainability focus and calling for an ambitious strengthening of TSD chapters and their effective enforceability.

2.3 Building on previous EESC work, this opinion provides a civil society assessment of the current approach to inform the ongoing TSD Review. It draws from an innovative mindset for trade to deliver on EU sustainable development values: TSD chapters for future generations.

### 3. **Trade and sustainable development: A values-based EU trade agenda**

3.1 By systematically integrating TSD chapters into its FTAs, the EU highlights its commitment to a "values-based trade agenda", which fosters economic, social and environmental development simultaneously. Tackling non-compliance and improved implementation of TSD commitments are crucial to achieving high labour and sustainability standards through trade tools.

3.2 Starting from an embryonic form in the 2011 EU-South Korea FTA, TSD chapters have consistently evolved in all ensuing EU FTAs. They have a mere consultation-based dispute settlement mechanism and DAGs for institutionalised civil society monitoring. They contain commitments to respect multilateral labour and environmental agreements and to prevent parties from relaxing or lowering labour and environmental protection levels to attract trade and investment. As bilateral fora for dialogue and cooperation they can also serve as platforms to advance the multilateral agenda for sustainable trade.

3.3 While the EU has taken steps to bring sustainability to the core of its trade ambitions, current negotiations are not living up to this. Injecting life and giving teeth through "out of the box" thinking, the TSD review must step out of its old "non-paper status" and, as integral part of the EU trade strategy, also apply to currently negotiated agreements and be included in revised negotiating mandates.

### 4. **15-Point Action Plan – an evaluation**

4.1 The EP, the EESC and a large group of stakeholders engaged in a growing public debate around the EU TSD approach's effectiveness, only to be cut short in early 2018 with the EC launch of a *15-point action plan*. Grouped under four main headings, it set the limited and "siloes" framework for TSD evolution in the past years, evaluated below against the backdrop of its delivery and shortcomings.

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<sup>2</sup> [OJ C 374, 16.09.2021, p. 73](#)

## **Working Together**

- 4.2 *Partnering with Member States and the EP:* The EC Expert Group on TSD strengthened the link with Member States, however its very structure leads to loss of important expertise and information in the process. Its work deserves better communication of findings and recommendations and requires stronger and regular connections with the DAGs and the EESC. DG Trade's engagement needs to expand to TSD leading departments in Member States, possibly by involving other relevant Directorates-General (DG) like EMPL and CLIMA for their own networks, and work with international organisations as part of this information and feedback flow. Updating the EP on TSD relevant issues should include DAGs on an equal footing and must not happen *in-camera*. The EP must play a role in TSD monitoring and implementation and be fully informed of activities and involved in decisions of the TSD Sub-Committee and other relevant joint governance bodies. This is of particular importance in the context of the level playing field mechanism of the EU-UK TCA.
- 4.3 *Working with international organisations:* Advocating a more proactive and systemic approach, the EESC calls for the involvement of international bodies like the ILO even during the negotiation and throughout the implementation of FTAs, including at all stages of roadmaps. As the ratification case of Vietnam underpins, the ILO could play an essential role in the pre- and early implementation phase. Requiring stronger collaboration between the EC, the ILO and the EESC is instrumental for shaping ILO technical assistance and capacity-building projects in partner countries. Action needs to go hand in hand with a stronger integration of the ILO with the DAGs' monitoring role and annual DG EMPL High-level meetings could be opened to the EESC and possibly DAG presidencies. The approach on Multilateral Environmental Agreements (MEAs) seems underexplored and could be extended to other relevant international organisations like the OECD, and, with the growing importance of SDG financing, the World Bank and the International Monetary Fund.

## **Enabling civil society including the Social Partners to play their role in implementation**

- 4.4 *Facilitate the monitoring role of civil society including the Social Partners:* The EESC welcomes the EU Partnership Instrument project financing some of the EU DAG members' participation in meetings, and preserving the DAGs' political independence. It calls on the EC to renew the funding and to collaborate with the DAGs on its design. It recommends greater flexibility in the future logistical and technical support. The use of video-conferencing could complement, but not replace, physical meetings. Future funding should provide for annual meetings bringing all DAG members together to discuss cross-cutting TSD issues. Beyond providing financial resources, addressing structural and organisational challenges is required to fully empower DAGs as laid out in chapter five.
- 4.5 *Extend the scope for civil society, including the Social Partners, to the whole FTA:* The EESC has long and strongly recommended that DAGs should advise on all aspects of EU trade agreements, while keeping a special focus on TSD implementation and the impact of trade on sustainable development more widely. This new scope will be tested first in the EU-UK TCA. The EESC suggests extending current DAGs' scope in all existing FTAs, by means of revised agreement texts or via harmonised practices under the DAG rules of procedure.

- 4.6 *Take action regarding responsible business conduct:* The EESC welcomes the active role of business in pursuing efforts to ensure sustainable trade and the EC's commitment to promoting responsible business behaviour. It however regrets that neither the EESC nor relevant DAGs have been involved in the oversight of the projects with the OECD and the ILO. The EC should develop indicators to assess tangible project outcomes beyond awareness-raising and include a more targeted and in-depth review down the supply chains.

### **Delivering**

- 4.7 *Country priorities:* The EESC agrees with a strategic and more focussed approach, however partner countries differ considerably, even within a regional agreement such as EU-Central America. Priority setting and evaluation must proactively, and at different junctures in the process, seek civil society consultations, notably involving the DAGs. Geographical units in DG Trade and EU Delegations should interact more with the DAGs to obtain input and to provide systematic feedback. It requires a regular assessment of the EC's progress or regression towards these priorities.
- 4.8 *Assertive enforcement:* The Korean labour dispute case teaches important lessons. First, for the EC to be more proactive and swift in activating TSD dispute settlement procedures, giving DAGs an active role. Second, the importance of having international labour law experts in the panels, consulting with the ILO on its jurisprudence and binding interpretation. Third, the Panel report confirms the need for binding and sanctionable roadmaps with clear timelines on ratifying ILO conventions. The vague terminology "continued and sustained efforts" grants Parties too much margin for manoeuvre. While Korea did ratify three out of four missing ILO Conventions (not C105 on abolition of forced labour), questions do remain on whether the Korean legislation amendments fully implement the provisions of C29, C87 and C98. The case thus remains open and the EESC reinforces its call for follow-up action. However, compliance problems not only exist in partner countries. The EESC notes with concern, that there seems to be a lack of instruments for robust enforcement in the EU and its Member States.
- 4.9 *Encourage early ratification of core international agreements:* The EESC supports the ratification of international core conventions before concluding and signing an FTA, to benefit from the maximum negotiation and diplomatic leverage. The latest case of Vietnam showcased these positive effects as the country ratified ILO C98 and C105. However, there is no progress on the ratification of C87. Thus, the EESC stresses the importance of securing pre-ratification commitments of core international agreements or binding and enforceable roadmaps within the TSD chapter itself, with clear deadlines for their ratification.
- 4.10 *Reviewing the TSD implementation effectiveness:* The EESC concurs on the need for regular reviews and assessments of TSD implementation. It however regrets the small visibility of DAGs' work and the disregard for their recommendations in these processes, notably in the annual implementation reports. Future reports should reflect better DAGs' work programmes and joint declarations with partner DAGs. In particular, the EESC regrets the lack of progress to date in making current TSD chapters effectively enforceable. In the case of the Comprehensive Economic and Trade Agreement with Canada (CETA), the EESC, the EU DAG and the

Canadian DAGs had repeatedly called for firm progress on the early review, which the Parties had committed to in the Joint Interpretative Instrument (JII) intended to bring more effective enforceability of labour and environmental provisions. This review process should closely involve both parties' DAGs.

- 4.11 *Handbook for implementation*: The EESC welcomes developing tool books on implementation, to help FTA partners better understand TSD commitments and guide their implementation. With regard to labour issues, social partners need to be seen as key partners on the ground. Formal comparative databases must go well beyond progress on agreement wording and focus on the actual level of implementation of TSD provisions.
- 4.12 *Step up resources*: The EU should target some of its Aid for Trade resources to support non-EU DAGs and civil society organisations' participation and capacity-building, regarding sustainable trade and investment endeavours.
- 4.13 *Climate Action*: If trade is not the driver of climate policy, it should play its part in enabling the global climate agenda, with a positive role for business in promoting opportunities for the clean tech industry with special attention on SMEs. Making the Paris Agreement an "essential element" for all future comprehensive trade agreements, meaning to suspend them in case of non-compliance, is a positive step that should be extended to cover ILO fundamental and up-to-date Conventions.
- 4.14 *Trade and Labour*: The EESC welcomes the widened scope of labour issues included in TSD chapters and encourages further updates of commitments. TSD Chapters must have deeper links with the ILO MNE Declaration and with the OECD Guidelines for MNEs. The EC should promote the ratification of the ILO Conventions included in the MNE Declaration. Advanced EU legislation, notably sustainable corporate governance and mandatory due diligence, should provide continued context for the further development of TSD chapters. However, to make a difference on the ground, these commitments require more proactive enforcement and improved enforceability.

### **Transparency and Communication**

- 4.15 *More transparency and better communication*: The EESC joins all institutions and stakeholders stressing the importance of transparency and communication. The publication of comprehensive minutes provides a useful entry point for civil society engagement. EC Civil Society Dialogue meetings are an important channel, however, they must improve towards a more structured follow-up. To this end, the EESC recommends breaking silos and ensuring communication channels mutually reinforce each other – with the EP, Member States and civil society.
- 4.16 *Time-bound response to TSD submissions*: The EESC welcomes the 2020 launch of a complaint system by creating the Single Entry Point, and in particular, the dedicated Unit under the Chief Trade Enforcement Officer (CTEO) dealing exclusively with TSD complaints. It is too early to assess the effectiveness but the EESC expects the continuous shaping of this mechanism to involve and follow civil society recommendations.



## 5. A Next Generation TSD

- 5.1 Since the 2018 action plan, the trade world has moved on and so had the TSD debate. The Green Deal is an overarching policy goal also for the EU trade agenda. Institutional players like the EP and Member States call increasingly for ambitious TSD reform. The COVID-19 pandemic has disrupted trade flows in an unprecedented manner unveiling major problems in global supply and value chains, often linked to non-compliance with TSD commitments. The first ever TSD-related dispute settlement case put the current system to its institutional litmus test. The new CTEO created high expectations for greater focus, resources and new legislative tools to better implement and enforce TSD commitments. Meanwhile EU trade partners like Canada and the U.S. have adopted strong enforcement instruments in their own FTAs or, like New Zealand, have tabled ambitious proposals in EU trade talks, ensuring trade works for all.
- 5.2 TSD is not just a debate over values, it is a matter of survival both at the EU and global level. Advocating a holistic approach, the EESC supports EU efforts to push the sustainability agenda at the multilateral level and calls for strategic alliances with key trading partners on priority issues such as carbon leakage or due diligence. It reiterates the need for EU leadership on an ambitious reform of the World Trade Organization (WTO) and breaking down taboos i.e. on social aspects of trade. As positive re-thinking, the EESC welcomed the U.S. proposal to address the global problem of forced labour on fishing vessels in ongoing WTO fisheries subsidies negotiations<sup>3</sup>.
- 5.3 The EESC has constantly asked for the integration of more powerful TSD chapters, feeling the *15-point action plan* was not delivering. In the same vein, the 2021 Trade Policy Review considers further actions on the effective implementation and enforcement of TSD chapters, including among others "the possibility of sanctions for non-compliance".
- 5.4 There is now sufficient experience gained and lessons learned to re-think the current approach and the EESC suggests introducing a fresh mindset of initiatives on enabling TSD chapters to live up fully to their legally binding commitments. This debate needs to keep environmental and labour standards equally high on the implementation and enforcement agenda.

### **Policy instruments providing additional leverage to the TSD implementation**

- 5.5 In May 2020, France and the Netherlands released a Non-paper, asking the EU to improve its analysis of "socio-economic aspects of trade effects, and to increase its ambition regarding the nexus between trade and sustainable development in all its dimensions"<sup>4</sup>, in light of the European Green Deal. The EESC welcomes taking a more analytical approach towards trade effects and strongly supports the recommendation to incentivise effective implementation of TSD commitments with a staged tariff reduction, including the possibility of withdrawing specific tariff lines in the event of a subsequent breach, and the clarification of conditions countries must meet for these reductions.

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<sup>3</sup> [OJ C 374, 16.09.2021, p. 73](#)

<sup>4</sup> [Non-paper on trade, social economic effects and sustainable development](#), 2020.

- 5.6 The EESC further encourages to look outside the classic trade toolbox for flanking measures which would secure effective change on the ground. The EU should adopt an ambitious EU Directive on mandatory due diligence that acknowledges responsibility based on current standards and offers a clear and secure legal framework for European businesses and non-EU businesses operating within the EU. The EESC has strongly advocated for due diligence obligations in trade agreements with regard to global supply and value chains in order to guide management decisions that aim at sustainable companies, economically, ecologically and socially<sup>5</sup>.
- 5.7 To advance its sustainable development agenda, the EC also needs to look into chapters and areas other than the traditional TSD chapters like investment, establishing links and synergies. Foreign investors should have to comply with due diligence before they can benefit from the coverage of an international investment agreement. Similarly, Parties to an FTA should guarantee that companies resident on their territories comply with due diligence requirements<sup>6</sup>.
- 5.8 In order to have sustainable trade, the EU must imperatively introduce provisions on cooperation between the parties in the fight against money laundering, tax crimes and tax avoidance. Corruption equally undercuts sustainable development efforts and requires including comparable high standards on its elimination.
- 5.9 The allocation of public procurement should be conditional, with contracts awarded to companies from countries that comply with the ILO's core standards and the Paris Agreement. EU FTAs must also promote best practices on how to include environmental and social criteria in public procurement<sup>7</sup>.
- 5.10 While the environmental angle in TSD chapters has advanced the most over the past decade, two challenges remain. First, climate obligations under the Paris Agreement come down to nationally determined implementation, making it difficult to pin down breaches. Second, the lack of international environmental standards, i.e. for clean air or water, makes it hard to set obligations. It is important to work towards operationalising environmental commitments to come up with standards, also linked to due diligence. In light of the COVID-19 pandemic, biodiversity has emerged with more urgency than ever. The Green Deal, EU circular economy legislative initiatives or the CBAM<sup>8</sup> become relevant topics in the context of TSD.
- 5.11 Taking a more comprehensive view unveils serious sustainability issues with FTAs that cannot be solved within TSD chapters. Agriculture, one of the EU's main negotiating chips, has clear sustainability impacts, for instance. The EESC puts particular focus on bringing EU food security and sustainability to the heart of the analysis<sup>9</sup>. Aiming at a more efficient and fairer

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5 [OJ C 429, 11.12.2020, p. 136](#) and [OJ C 429, 11.12.2020, p. 197](#)

6 Ebd.

7 [OJ C 374, 16.09.2021, p. 73](#)

8 Upcoming opinion NAT/834 on the CBAM.

9 Upcoming opinion NAT/822 on *Strategic autonomy and food security and sustainability*.

food supply chain, the EESC calls for a smooth implementation of the Directive on unfair trading practices in the agricultural and food supply chain.

### **Stepping up effective enforceability**

- 5.12 The EESC has long called for a revamped Panel of Experts to be able to trigger a treaty State-to-State dispute settlement mechanism, with possibilities for financial penalties or sanctions, and remedies for the aggrieved party<sup>10</sup>. DAGs should have an active role in the dispute settlement framework. The CTEO team should investigate cases brought forward by a DAG, and inform and follow-up on any enforcement action and Panel of Experts reports.
- 5.13 The EESC welcomes the new TCA approach putting the level playing field and sustainability in the frontline, and applying a dispute settlement mechanism with access to remedies for any breach. This "hybrid" model combines the Panel of Experts approach with an enforceable leg for persisting lack of compliance with non-regression or domestic enforcement on labour, social, environment or climate provisions. This includes temporary compensation agreed between the Parties, or unilateral suspension of obligations by the complaining Party in any area (e.g. trade tariffs, air traffic rights, access to fisheries waters) under certain conditions.
- 5.14 An independent labour secretariat to address transnational labour issues under an FTA, including labour market impacts, and to monitor and investigate compliance of its labour chapter, and a collective complaint mechanism should complement enforcement of TSD chapters<sup>11</sup>. As the recognised body at international level, the ILO should be involved in monitoring the implementation of ILO Conventions in FTAs. Its role should also be strengthened and institutionalised when it comes to the correct interpretation of ILO instruments in case of a dispute involving international labour standards. The ILO should be systematically involved to give guidance to the Panel of Experts on these matters.
- 5.15 The EESC suggests looking into innovative approaches to labour dispute settlements that would allow ad hoc international panels to impose remedies on a company breaching agreed international labour standards. The EU and Canadian CETA DAGs<sup>12</sup> flagged up the example of the USMCA<sup>13</sup> Rapid Response Mechanism under which penalties include suspension of preferential tariffs based on an escalating scale of severity and repeat offence. The aim remains to encourage, wherever possible, remediation through bilateral collaboration and dialogue between parties. However, putting consequences in place deters firms from falling out of compliance.
- 5.16 Assessing enforcement based on successfully litigated cases only provides a partial picture, especially as litigation is always a last resort. The possibility of sanctions also stands as a "robust encouragement" for compliance, whether used or not. Eventually, the "non-cases" and

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<sup>10</sup> [OJ C 364, 28.10.2020, p. 53](#)

<sup>11</sup> [OJ C 227, 28.6.2018, p.27](#)

<sup>12</sup> [EU and Canada DAG joint declaration, September 2020.](#)

<sup>13</sup> United States-Mexico-Canada Agreement

their evolution tell compelling stories that the EC should consider for conducting its comparative study on countries' different approaches. Mere comparison of the agreements' wording and how they progress on language would bring little meaningful insight on its own. It also requires a qualitative assessment of implementation results, for instance, by drawing from civil society experiences in advising the negotiation and monitoring the implementation of such provisions.

### **Empowering framework for civil society involvement in DAGs**

- 5.17 DAGs are a key achievement of new-generation FTAs, but they need a stronger institutionalised framework to fulfil monitoring tasks successfully, be it on TSD or on whole EU FTAs.
- 5.18 Major concerns are linked to some DAG bodies in partner countries not being active, representative or even lacking independence from governmental influence. The problem often originates from set-up processes being left undefined in the agreement, the parties' liberty to choose existing bodies and the lack of consequences when commitments are not implemented. The EESC particularly fears that the deletion of "balanced" in the TCA with regard to DAG composition could severely impact its operation.
- 5.19 In the framework of regional trade agreements such as those for EU-Central America and EU-Colombia/Peru/Ecuador, or any future EU-Mercosur FTA, concerns remain over the setting up of individual DAGs in each partner country. This strict "domestic" approach constitutes a severe obstacle for any meaningful engagement between the domestic partner DAGs as well as with their counterpart EU DAG.
- 5.20 Hence, TSD chapters need to create specifically tasked DAG bodies with clearly defined independence, representativeness and a balanced composition. Parties must be accountable for their set-up and functioning. Regional agreements should establish joint regional bodies with adequate secretariat support. EU Delegations and the EESC should support the set-up and running process, including guidelines and best practices. Equally, the EESC suggests looking into better matching representative organisations across EU and non-EU DAGs, notably for environment and business stakeholders.
- 5.21 To strengthen the EU DAG collaboration with their civil society counterpart in partner countries, annual joint DAG-to-DAG meetings are imperative and should be included in the FTAs themselves. The EESC sees added value in creating joint civil society bodies and contributes greatly, in particular in supporting civil society in partner countries. Its special role is to be maintained in the Joint Consultative Committees (JCCs) as an essential space for dialogue for civil society on both sides of Association Agreements such as EU-Chile<sup>14</sup>.
- 5.22 The role of the EESC in shaping and ensuring DAGs are effectively operational is key and should be reinforced. In July 2021, the EESC set the way forward by organising the first ever *#AllDAGs* meeting that brought together all members of the current 11 DAGs to discuss

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<sup>14</sup> An upcoming opinion REX/536 will explore the framework for civil society involvement throughout the entire life cycle of trade and political agreements, due to be adopted in spring 2022.

concrete improvement steps. Present in all DAGs, the EESC forms one vital part of DAG presidencies, composed of a chair and two vice-chairs, selected from among the three groups and all members of a DAG. The collaboration within the joint DAG presidencies benefits from both EESC and non-EESC expertise to lead the work of the DAG and this practice should continue. In particular, for the DAGs on Ukraine, Moldova and Georgia, EESC membership coming from neighbouring EU countries has proven extremely valuable. Beyond the role of its members, the EESC also helps the DAGs by providing DAGs with valuable secretariat support.

- 5.23 Enhanced visibility and structured institutional channels are crucial to deliver. DAG presidencies should have a standing invitation to the Parties' TSD Sub-Committee meetings and the EP monitoring groups of the respective agreements. The expert group with Member States on TSD, and the CTEO, should be closely linked to the work of DAGs, via reporting and exchange structures. This should be complemented by an exchange of information with the ILO on labour-related TSD implementation, and with MEA secretariats on environment and climate. The EU External Action Service (EEAS) and EU Delegations in partner countries should hold regular briefings with DAGs and in targeted countries be supported by dedicated labour and environment attachés.
- 5.24 The EESC stresses the need to boost cooperation with civil society, from shaping to monitoring trade tools and agreements. It calls for the reinstatement of the expert group on FTAs which provided an unequalled, necessary and regular engagement on trade issues. DAGs are also an untapped wealth of know-how on cross-cutting TSD issues that should be used to its full potential.
- 5.25 The growing challenges for DAGs require systemic solutions with adequate resources in place, both human and financial. DAGs themselves should be more involved in related decisions.
- 5.26 Rationalising DAGs is no goal in itself. Any potential new approach, such as focusing structures more on individual topics, has to guarantee their effective functioning to address challenges in the specific agreement's implementation and involve DAGs themselves in shaping it. Recurrent meetings of all EU DAG members would help find common solutions to cross-cutting issues and provides a platform to discuss pragmatic and practical ways before the next renewal of DAG membership in spring 2023.

Brussels, 20 October 2021

Christa SCHWENG

The president of the European Economic and Social Committee

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## APPENDIX

The EESC held two dedicated meetings on Trade and sustainable development (TSD) in preparation of this opinion:

1. Hearing on Next Generation Trade and Sustainable Development – Reviewing the 15-point action plan, 18 June 2021

### **Panel: Institutional stakeholders' views – Assessing developments in the EU's approach to Trade and Sustainable Development**

- **Pierre-Alexandre MIQUEL**, Head of the Trade Policy Department, Permanent Representation of France to the EU
- **Colin BROWN**, Head of Unit, Legal Aspects of Trade and Sustainable Development and Investment, DG TRADE, European Commission
- **Karen CURTIS**, Deputy Director, International Labour Standards Department, Freedom of Association Branch, International Labour Organization (ILO)

### **Panel: Civil society's views – What does it take for the TSD review to deliver?**

- **Eleonora CASTELLA**, Deputy Director, BusinessEurope
  - **Angelo DI CARO**, Director of Research at Unifor and Member of the Canada Labour Domestic Advisory Group
    - **Diana POTJOMKINA**, PhD researcher at Ghent University and study co-author The Role of Domestic Advisory Groups in EU Trade Agreements
    - **Amandine VAN DEN BERGHE**, Lawyer, Trade and Environment, ClientEarth
2. EESC International Trade Follow-up Committee on the TSD Review, 12 July 2021
    - **Ulrich Weigl**, Head of Unit, Bilateral relations in Trade and Sustainable Development, Generalised Scheme of Preferences, DG Trade, European Commission
    - **Bernd Lange**, Chair of the INTA Committee, European Parliament
    - **Stephanie Ghislain**, Eurogroup for Animals, Chair of the EU-Canada Domestic Advisory Group
    - **Benedict Widenhofer**, BusinessEurope, Chair of the EU-Colombia/Peru/Ecuador Domestic Advisory Group
    - **Alba Ridao-Bouloumié**, FruitVegetablesEUROPE (EUCOFEL), Chair of the EU-Central America Domestic Advisory Group
    - **Josep Puxeu Rocamora**, Chair of the Latin America Follow-up Committee, EESC
    - **Andres Barcelo Delgado**, rapporteur NAT/834 - Carbon Border Adjustment Mechanism (CBAM), EESC
    - **Klaas Johan Osinga**, rapporteur NAT/822 - Strategic autonomy and food security and sustainability (own-initiative opinion), EESC

The rapporteur, Ms Tanja BUZEK, consulted bilaterally with a number of stakeholders in preparation of this opinion:

- **Denis Redonnet**, Deputy Director-General and Chief Trade Enforcement Officer, DG Trade, European Commission
- **Ulrich Weigl**, Head of Unit, Bilateral relations in Trade and Sustainable Development, Generalised Scheme of Preferences, DG Trade, European Commission
- **Elina Bardram**, Director, International Relations, DG CLIMA, European Commission
- **Lluís Prats**, Head of Unit, International Affairs, DG EMPL, European Commission
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- **Dirk Klaasen**, Deputy Head of Section, Trade Policy Committee (TPC), Permanent Representation of the Netherlands to the European Union
- **Greg Andrews**, Divisional Manager, Trade Policy Engagement and Implementation Division, New Zealand Ministry of Foreign Affairs and Trade
- **Stéphane Lambert**, Head of Trade, and **Reuben East**, Counsellor, Economic and Science & Technology Policy, Mission of Canada to the European Union
- **Karen Curtis**, Deputy Director, International Labour Standards Department, Freedom of Association Branch, International Labour Organization (ILO)
- **Alan Herve**, Professor in International Public Law and Chair Jean Monnet, Institute of Political Studies
- **Luisa Santos**, Deputy Director General, and **Eleonora Castella**, Deputy Director, BusinessEurope
- **Per Hilmersson**, Deputy General Secretary, European Trade Union Confederation
- **Timo Vuori**, Rapporteur on the Trade Policy Review, EESC

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