

France and Netherlands call for tougher EU trade conditions Bloc urged to enforce environmental and labour standards through tariffs

Jim Brunnsden in Brussels and Victor Mallet in Paris

France and the Netherlands have issued a joint call for tougher enforcement of environmental and labour standards in EU trade deals, saying the bloc needs to police the activities of countries granted preferential access to its market.

Paris and The Hague have drawn up proposals urging the EU to be prepared to impose higher tariffs against countries that flout sustainable development commitments. The two countries are also encouraging the European Commission to press ahead with plans for a “Carbon Border Adjustment Mechanism” — a levy on imports from non-EU countries based on their carbon footprint.

“The EU should strive for more ambitious [Trade and Sustainable Development] chapters and ensure effective implementation,” a document prepared by the French and Dutch trade ministries says. “Trade policy instruments can provide additional leverage to the implementation of international environmental and labour standards.”

The call marks an unusual alliance between the Netherlands, one of the EU member states traditionally most favourable towards free trade, and France, which has longstanding reservations about the competitive pressure that trade liberalisation can place on its farmers and industrial base.

The Dutch government is facing a backlash against trade deals at home: an agreement between the EU and Canada only narrowly survived a vote in the lower house of parliament earlier this year. The Dutch senate will have a hearing on the agreement next week.

The Franco-Dutch note is expected to feed into wider debates about how the EU should rethink its economic and commercial policy in the wake of the Covid-19 pandemic.

French President Emmanuel Macron has said that broken supply chains and medical shortages have reinforced his argument for a “sovereign” Europe that invests in high-tech industries and blocks access to its market for those unwilling to follow its rules.

Phil Hogan, EU trade commissioner, has said a balance will need to be struck to ensure that the European economy can continue to reap the benefits of trade, while tackling “unfair competition” that could undermine EU companies.

A trade deal that the Commission successfully negotiated last year with the South American Mercosur bloc has faced a political and popular backlash in a number of EU countries, driven by anger at rising deforestation rates in the Amazon and concerns about beef imports that compete with local producers.

Dutch trade minister Sigrid Kaag and her French counterpart Jean-Baptiste Lemoyne told other EU capitals last month that they were working on the joint plan. European diplomats said the text, known in EU jargon as a “non-paper”, was finalised last week and will be circulated to capitals in the coming days.

The document suggests that EU trade deals be configured in a way that would raise or lower tariffs in line with countries’ performance in meeting sustainability obligations baked into the agreements, such as respect for climate change commitments and International Labour Organisation conventions.

The Franco-Dutch proposal would involve gradually lowering tariffs on goods in line with countries' progress in implementing the sustainable development chapters of their trade agreements with the EU. Brussels would be able to raise tariffs back up "in the event of a breach of those provisions".

Given the lack of progress in compliance with TSD commitments in some partner countries multiple years after trade agreements were concluded, the EU should raise the ambition and improve the implementation," the document says.

The plans reflect frustration at the difficulty of enforcing labour and environmental rules in the bloc's existing trade pacts. Brussels has an continuing dispute with South Korea over what the EU argues is that country's failure to respect ILO conventions.

The paper calls for respect for the 2016 Paris climate deal to be a core condition of any trade agreement, saying it should be elevated to the same status as "respect for human rights and the fight against the proliferation of weapons of mass destruction".

"In case an existing EU trade agreement is modernised and renegotiated, the Paris Agreement and its legally binding obligations should become a part of the essential elements," the document says.