

**To:**

Art. 4.1 (b)

SYNOWIEC Ewa (TRADE);

(TRADE)

Subject:

Report: Meeting with Business Europe – 27 January 2021

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Business Europe was interested in Trade Policy Review (TPR) and how it will interact with the review of 15 point action plan and related topics; trade related Green deal aspects and CBAM; horizontal due diligence legislation and upcoming sectoral ones; deforestation and EU legislation; WTO work on environment.

TRADE briefly updated BE on the TPR and green aspects and climate; and of the upcoming review of the 15 point action plan, as a vehicle to review the effectiveness of the implementation of the Trade and Sustainable Development Chapters.

On due diligence, BE raised challenges for companies sometimes faced to implement due diligence in third-country markets. Relevant aspects are: how large is the scope (HR, environment, labour etc.) and how far in the supply chain the due diligence would need to be implemented (first, second-tier etc.). BE made a strong plea for coherence: it expressed concerns over mushrooming of the legislation in due diligence field: various pieces of EU legislation at horizontal and sectoral level, and MS legislation at horizontal and sectoral level. BE also underlined the need for international/common standards.

TRADE acknowledged the importance of coherence and coordination; and relevance of using international standards as a basis. It gave an update of the state of play of the various legislative and non-legislative initiatives with a due diligence component. We also asked for ideas about how best can business help to convince partner countries to implement due diligence requirements.

TRADE updated BE on CBAM. Public consultation closed in October with over 600 responses. CBAM is part of fit for 55 package, where initiatives will go to RSB in March. IA assessment is still ongoing and underlying study almost complete. We also have a lot of requests from Trading partners. BE stressed the importance of the WTO compatibility, and the need to stress its environmental aspects. They understand WTO difficulty of export rebates; they also made a plea for continuation of free allowances at least initially. BE also emphasised the importance of outreach to trading partners and avoiding conflicts on CBAM with trading partners.

TRADE updated BE on the work in the WTO, both on the process of the structured discussions on environmental sustainability and the trade and climate initiative.

