

Dombrovskis and trade: strategic enabler?

Blog post by Associate Alessandro Gangarossa, 15 October 2020

The European Commission's executive vice president, Valdis Dombrovskis, has now formally taken on his new responsibilities as trade commissioner. His appointment raises the trade portfolio to the same level as the executive vice presidencies leading on the green and digital transitions. EU trade policy will be seen as strategically instrumental to deliver on the objectives of the EU's climate agenda and the new assertive industrial policy. As such, in his trade role Dombrovskis is expected to be an enabler, rather than a shaper of the EU's strategic agenda. What might that mean in practice?

Greening EU trade will be a core area of focus for Dombrovskis. After having championed sustainable finance as FS commissioner, he will now turn his attention to 'sustainable' trade. This responds to a growing willingness among EU policymakers to make sustainability a guiding principle for EU trade policy, even among traditionally liberal, pro-free trade EU constituencies in northern Europe. In practice, Dombrovskis will be looking at ways to make sustainability provisions in FTAs enforceable - including exploring a [Franco-Dutch proposal](#) to link the implementation of such provisions to tariff commitments-, to develop a WTO-compliant Carbon Border Adjustment Mechanism and to embed the Paris Agreement in all future FTAs.

The second main thrust in Dombrovskis' agenda will be to answer calls for the EU to be more assertive in trade and industrial matters, under the still under-defined "open strategic autonomy" approach. This will be done, as Dombrovskis himself has said, "by protecting EU companies, securing EU strategic interests and strengthening reciprocity and levelling the playing field". In practice, this means a set of initiatives to strengthen the EU's policy toolkit, such as the instrument on foreign subsidies, the trade enforcement regulation and an anti-coercion mechanism. For many in EU industry this is long overdue, but there are risks for Brussels in indulging calls for greater protection.

This is also reflected by a trade liberalisation agenda which, instead of putting forward new initiatives, will largely focus on the legacy from past commissions and on a renewed commitment to the rules-based multilateral system. Dombrovskis will work on concluding existing negotiations - i.e. Australia, New Zealand - and on pushing finalised deals over the line. This will be far from an easy job and, as showcased by the intention to put the ratification of the EU-Mercosur deal on hold over environmental concerns, the FTAs agenda will be subsidiary to the overarching EU priorities.

In late August, we [asked](#) whether and to what extent the departure of the Irish commissioner Phil Hogan would impact the direction of the EU trade policy and strategy in the longer term. Hogan's instincts were to try and hold a liberal line in an agenda titling towards industrial policy. Signs so far suggest that Dombrovskis, on the contrary, sees himself as the enabler to tilt the trade agenda into those wider strategic aims.