



Council of the European Union
General Secretariat

Brussels, 13 January 2022

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ACCESSIBLE TO THE PUBLIC
(22.07.2025)**

WK 433/2022 INIT

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WORKING DOCUMENT

From: European Commission
To: Working Party on Trade Questions

Subject: Anti-Coercion Instrument - Impact Assessment - Presentation by the Commission at the Working Party on Trade Questions on Wednesday 12 January 2022



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Anti-Coercion Instrument



protecting EU interests

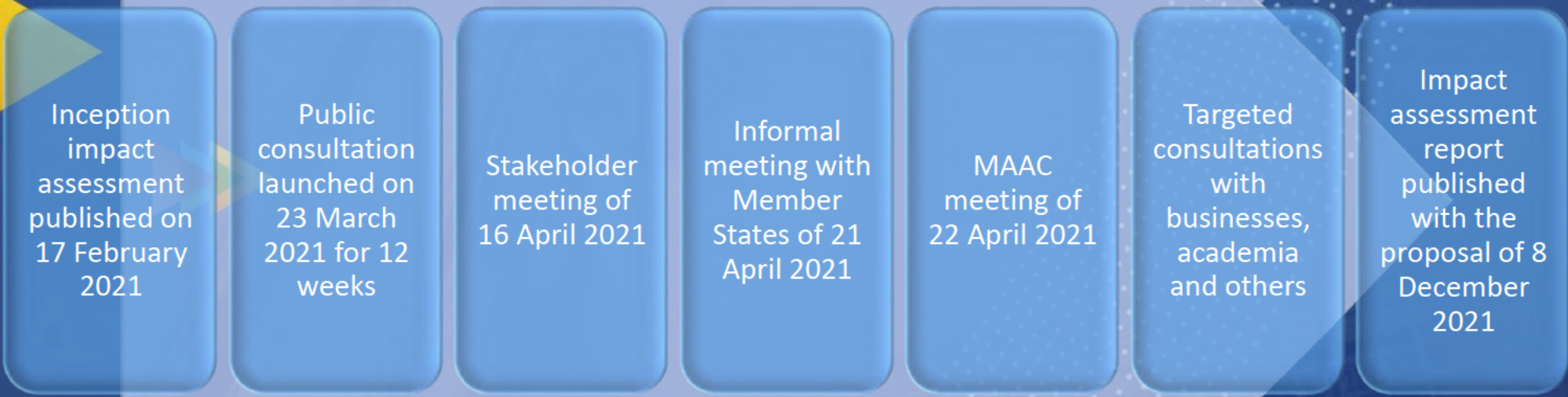
Impact Assessment

accompanying the
Proposal for a Regulation of the European
Parliament and of the Council on the protection of
the Union and its Member States from economic
coercion by third countries(8 December 2021
COM(2021) 775 final/ 2021/0406 (COD))



Impact Assessment – the process

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Impact Assessment Report – structure

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- **Problem definition**
 - **Intervention objectives**
 - **Policy options**
 - Impact
 - Preferred option
 - Annexes
 - Procedural information
 - Synopsys report of the stakeholder consultation
 - Impacts
 - Analytical methods
 - **Overview of EU instruments**

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Economic coercion – problem definition

➤ Starting point:

- ✓ *Joint Declaration of the Commission, the Council and the European Parliament expressly referred to “practices of certain third countries to seek to coerce the Union and/or its Member States to take or withdraw particular policy measures”*
- ✓ Inception impact assessment & Public consultation questionnaire



➤ Impact assessment report’s working definition:

- ✓ *“pressure which foreign countries exercise towards the EU and/or its Member States through most often a trade or investment restriction with the objective of attaining a specific outcome falling within the legitimate policymaking space of the EU or a Member State”*

Economic coercion – elements

- ✓ **Coercive intention**
- ✓ **Target:** the EU or MS
- ✓ **Author:** a third country's government
- ✓ **Manifestation:**
 - Predominantly trade and investment measures
- ✓ **Type of coercive measure:**
 - *Explicit*
 - *Disguised*
 - *Silent, boycotts*
 - *Variations*



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What remains outside the problem definition?

➤ **Coercion against private actors**

- E.g. attempts to pressure a foreign company into surrendering its assets, to transfer technology or to support certain domestic or international policies of that government, abusive anti-trust or anti-corruption investigations, etc.



➤ **Government's actions without a coercive intent towards the EU or MS**

- E.g. purely protectionist trade restrictions or any restrictive measures without a coercive intent

➤ **Private actions not attributable to a government**

- E.g. private boycotts

Why is it a problem? (1)

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- Capable of restricting the freedom of action for the EU and/or its Member States to regulate within their own jurisdictions, in the interests of their people
 - Capable of undermining the international rights and interests of the EU and/or its Member States; a form of undue interference in the affairs of another state
 - Capable of undermining the EU's open strategic autonomy


Why is it a problem? (2)

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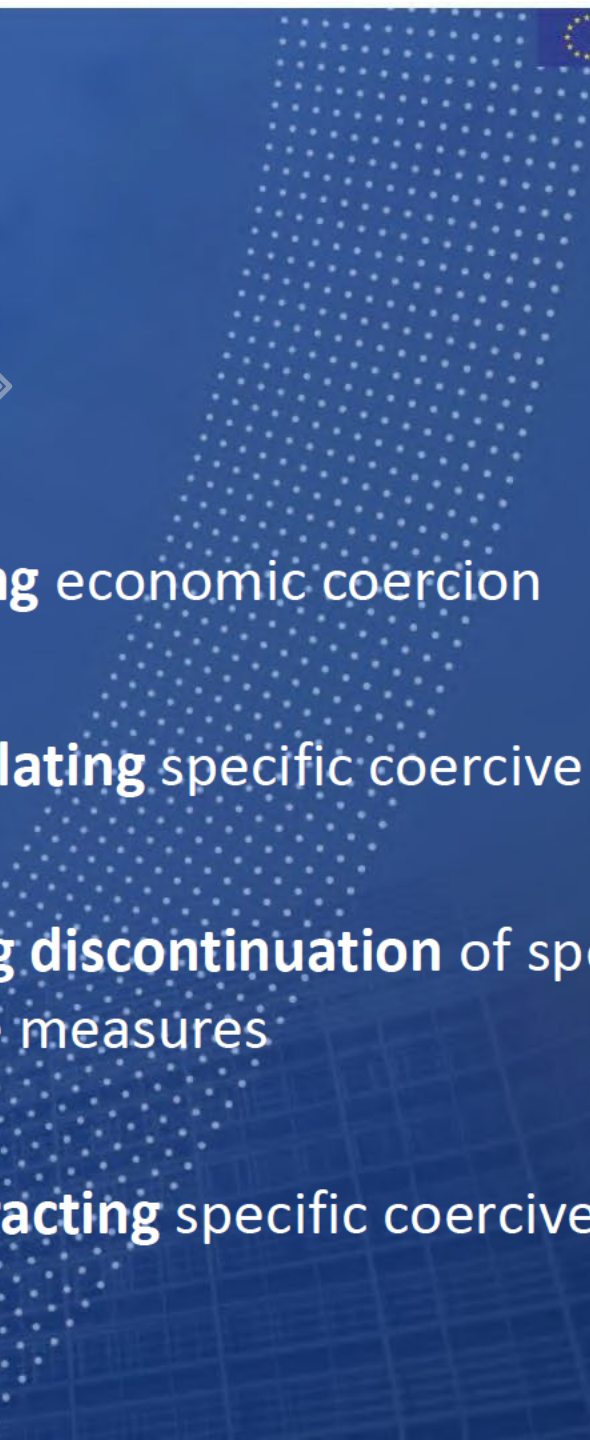
- Producing significant economic and social impact
 - Any area or sector; costly
- Growing and evolving
- Recognised as a problem by others
 - E.g. G7 Foreign and Development Ministers' Meeting Statement of May '21; Australia-Japan Leaders' Meeting Joint Statement of January '22; the US



Intervention objectives

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- Contribute to preserving the legitimate policymaking space of the EU and MS
 - Protect the international rights and interests of the EU and its MS
 - Protect the economic interests of EU economic operators by preventing or limiting economic losses as a result of coercive actions

Through:

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- **Deterring** economic coercion
 - **De-escalating** specific coercive measures
 - **Inducing discontinuation** of specific coercive measures
 - **Counteracting** specific coercive measures

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New legal instrument of the EU

- Rules-based approach, predictability, uniformity
- No such instrument in existence
- Clear signal to international partners that economic coercion is unacceptable
- Highlights the EU's assertiveness





Further information

Website of the Anti-Coercion Instrument initiative

[Towards an EU anti-coercion instrument - Trade - European Commission \(europa.eu\)](#)

and

[Trade – mechanism to deter & counteract coercive action by non-EU countries \(europa.eu\)](#)

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Other references

[Australia-Japan Leaders' Meeting Joint Statement](#)