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## **Instrument to deter and counteract coercive actions by third countries**

### **Inception Impact Assessment:**

**Außenhandelsvereinigung des deutschen Einzelhandels e.V. (AVE)**

**Transparency Register Identification number: 663095315894-59**

Given the recent trade policy and economic related developments, AVE and its members support the intent associated to this initiative and the reason behind the efforts to check for its feasibility. While the Commission is clearly well aware that all further instruments and tools to be elaborated (based on Regulation 654/2014 and its amendment 2021/167) are to be in compliance with international law and WTO-Principles, we would like to take this opportunity to highlight and shift the focus towards collateral damages such measures might have. For instance, the very case of the Airbus-Boeing-Dispute has well proven that the importing retail business in Europe and especially Germany, e.g. dealing with FMCG resp. apparel, was and is highly affected by the countermeasures of the Commission. This led and will ultimately lead to harming the European Consumer, whilst this sector was initially off this case. The dealing with such collateral therefore needs to be systematically considered when/before taking actions.

In due course of this initiative, it is also essential to define what a generic commensurability might look like once or even before such measures are applied in an individual case ('standard mechanism'). This is to avoid the perception that the Commission pursues a non-equal-treatment and opportunity-driven practice with respect to some third countries applying coercive measures. Regardless of what such deterring and counteracting instruments might look like: it further remains key in this context to address the US' (and with the recent progress China's) perception and implementation of their imposed sanctions and export control regimes to be extraterritorial. This is also highly affecting EU-Companies on various levels in their respective supply chains, leaving them with no practical means to object. It would also be reasonable that this initiative reflects the general attitude of the Commission to explicitly waive sanctions in their free trade and cooperative agreement negotiations, considering the empirical evidence retaliation measures had and have in the area of international trade.

We will gladly remain at European Commission's disposal for any further inquiries, as well as to deliver further input to this initiative.

AVE (Foreign Trade Association of German Retailers) is the voice of retail importers in Germany. Since its foundation in 1952, it has represented the external economic interests of the German retail trade which needs friction-free import of all nature of consumer goods in the framework of its global purchasing policy. In addition, AVE is committed to strict observance of social and environmental standards in supplier countries. Taken together, AVE members have a total annual turnover of around 200 billion Euros.

Berlin, March 16<sup>th</sup>, 2021