



Brussels, 11.10.2022
COM(2022) 730 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

on Implementation and Enforcement of EU Trade Agreements

{SWD(2022) 730 final}

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I. Introduction

I.1 The Report

This is the Commission's second consolidated annual report¹ on trade implementation and enforcement actions. It provides an overview of the main activities to ensure effective implementation and enforcement of EU trade agreements and arrangements, steered by the Commission's Chief Trade Enforcement Officer (CTEO)² in 2021 and the first quarter of 2022.

The Report covers action in **four priority areas**:

1. Ensuring the opportunities provided by EU trade agreements are fully used (section II);
2. Helping Small and Medium-sized Enterprises find their place in global trade (section III);
3. Tackling trade barriers and resolving problems outside formal disputes (section IV) and
4. Using bilateral or multilateral dispute mechanisms to enforce EU rights (section V).

The **accompanying Staff Working Document**³ contains additional information completing section II.2 of the Report on 38 major EU trade agreements, including for the first time a country sheet on the EU-UK Trade and Cooperation Agreement (EU-UK TCA). The Staff Working Document also provides information completing section IV.1 of the Report, notably a list of new barriers registered and those fully or partially resolved in 2021.

The **Commission's website**⁴ has complementary information to this report on the evolution of EU trade with preferential partners in 2021, the use of tariff preferences by EU exports and imports as per preferential trading partner, both for the EU and Member States and on the fill rates of tariff rate quotas.

While this report focuses on implementation and enforcement through our action under trade agreements, it should also be seen in a broader context of enforcement activities on which the **Commission reports separately**:

¹ The first report was published on 27 October 2021 and is available here :

[https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2021\)654&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2021)654&lang=en)

² Information about the role of the CTEO can be accessed here : https://policy.trade.ec.europa.eu/enforcement-and-protection/chief-trade-enforcement-officer_en

³ <https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/d41271f9-a025-42b2-b5dd-e318430d510d/details?download=true>

⁴ Commission/DG TRADE; implementation and enforcement page:

https://policy.trade.ec.europa.eu/enforcement-and-protection/implementing-and-enforcing-eu-trade-agreements_en

- The use of **trade defence instruments** (anti-dumping, anti-subsidies and safeguards) to defend EU interests against unfair practices are covered by the Commission's annual Trade Defence Reports⁵;
- Activities to tackle counterfeit goods or other infringements of **intellectual property rights** (IPR) of EU companies are covered by the Commission's alternating biennial publications of the Counterfeit and Piracy Watchlist⁶ and IPR report⁷;
- The **screening of foreign direct investments** and the **control of dual use exports**, which constitute the EU's strategic trade and investment controls for security (STICS), are covered by the Commission's annual reports on FDI screening⁸ and on export control regulation⁹;
- The application of the **EU General Scheme of Preferences** (GSP) regime¹⁰ to provide developing countries eligible a special incentive to pursue sustainable development and good governance is covered by the Commission's GSP report.

I.2 Implementation and enforcement of international trade commitments under multilateral and bilateral agreements – main developments

This second report confirms the Commission's determination to ensure that businesses, workers and stakeholders across the EU can draw the full benefits of international trade, but also that EU trading partners around the world live up to the commitments they have taken either multilaterally or bilaterally.

The **successful outcome in June 2022 at the World Trade Organisation's (WTO) Ministerial Conference** in Geneva, notably the commitment to reform the organisation, including its dispute settlement mechanism, shows the relevance of the WTO. It forms the backdrop to EU trade partnerships around the world and is a cornerstone of the EU's enforcement agenda with some of the EU's largest trading partners and a backstop for others with whom the EU has bilateral trade agreements in place.

The EU in 2021 had 42¹¹ preferential trade agreements in place with 74 partners. This network of agreements continued to play an important role over the reporting period (i.e. 2021

⁵ https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=comnat:COM_2022_0470_FIN

⁶ The last Piracy Watchlist was published on 14 December 2020 and is available here: https://trade.ec.europa.eu/doclib/docs/2020/december/tradoc_159183.pdf

⁷ The latest IPR report is available here: https://trade.ec.europa.eu/doclib/docs/2021/april/tradoc_159553.pdf

⁸ [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2022\)433&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2022)433&lang=en)

⁹ [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2022\)434&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2022)434&lang=en)

¹⁰ The last report on the application of the GSP regulation was published on 10 February 2020:

https://trade.ec.europa.eu/doclib/docs/2020/february/tradoc_158619.pdf

¹¹ These trade agreements are the 38 agreements contained in the 2022 Staff Working Document and the trade agreements with Andorra, Faroe Islands, Iceland, Liechtenstein and San Marino. A map of all trade agreements

and the first quarter of 2022), as businesses in the EU and around the world emerged from the aftermath of the COVID pandemic. However, that impact depends on those agreements – alongside international trade rules – being **properly implemented and enforced**. The disruptions created by COVID have also impacted trade flows, had knock on impacts on the cost of living and made it harder for businesses of all sizes to navigate foreign markets. As this report shows there has been a continuing trend among certain partners to look inwards, imposing discriminatory trade restrictions designed to favour local production and domestic industry. The EU has been ready to act where such barriers appear.

Events during the first months of 2022 have brought this into even sharper relief as a result of Russia’s war of aggression against Ukraine. The resulting disruption of markets and supply chains as nations take measures in response only highlights the importance of open trade, shared values and finding alternative opportunities to keep trade flowing into and out of the EU. With energy prices on the rise and shortages in raw materials including agricultural products, the EU’s network of trade agreements is a major asset to keep markets open and help companies diversify their supply chains.

Two other important developments over the reporting period can also be signalled:

- First, following the **end of the transition period** foreseen by the Withdrawal Agreement between the EU and the United Kingdom and the provisional application of the EU-UK TCA on 1 January 2021, the United Kingdom (covered by the report) has become the EU’s first preferential¹² trading partner, which meant that the share of EU trade with preferential partners jumped from 32% to 44% compared to 2020. This also had an impact on the EU’s surplus with preferential partners in goods, which has grown from €124 billion in 2020 – albeit on a much reduced level of trade because of COVID - to €208 billion in 2021. The EU-UK TCA is a ‘sui generis’ agreement, which raises challenges of a very particular nature as the United Kingdom’s status has moved from a Member State with full access to the internal market to a third country partner. The Commission issued a separate report on the implementation and application of the EU-UK TCA in 2021 on 24 March 2022.¹³ Implementation in 2021 focussed on accompanying companies in this transition, including by clarifying some aspects of United Kingdom rules and systems, while replying to trade barriers that risk to harm EU stakeholders.

concluded by the EU is available here: <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/0e05d6f3-64f5-4661-ae0c-ae6b68094d19/details>

¹² This report only covers ‘preferential’ trade agreements applied in 2021. For the purposes of this report, “preferential” refers to agreements that establish a free trade area or liberalise trade in services and are therefore exempted from GATT and GATS MFN.

¹³ https://ec.europa.eu/info/publications/annual-report-implementation-and-application-trade-and-cooperation-agreement-between-european-union-and-united-kingdom-great-britain-and-northern-ireland_en

- Second, 2021 saw a major improvement in the transatlantic relationship with the **United States**, with solutions to several important and long-standing disputes, and a new dynamic created in cooperation around the Trade and Technology Council.¹⁴

Over the reporting period, the EU continued to push forward with its implementation and enforcement related agenda on **four main fronts** and its actions have borne fruit as the below examples illustrate:

First, the Commission further intensified efforts to **facilitate the uptake of concrete benefits** offered by trade agreements, in particular by small and medium-sized enterprises (SMEs), while **addressing market access and sustainability issues**:

- Over three million users (72% from the EU) have visited the Commission's **Access2Markets**¹⁵ platform (that covers 135 export markets, as well as all EU countries); new content has been added on parts of EU services trade and procurement; the Rules of Origin Self-Assessment Tool (ROSA) has been improved;
- In 2021, 39 existing trade barriers were fully or partially resolved (six more than in 2020), mostly through the EU's cooperative engagement with the 24 trading partners concerned; furthermore, in 2021 EU exports to third countries were €7.2 billion higher thanks to 5 years of work on removing barriers between 2015 and 2020; the **Single Entry Point**¹⁶ was taken up by stakeholders and, in 2021 and the first four months of 2022 it has been contacted more than 60 times by EU stakeholders and 46 complaints were introduced on market access issues¹⁷;
- The two cases flagged in the 2021 Report under the EU **Trade Barriers Regulation**¹⁸ were successfully resolved by Mexico on tequila exports (Commission closed its investigation on 4 February 2022) and are close to be resolved by Saudi Arabia on ceramic tiles.

Second, the Commission continued to pursue or initiate **legal enforcement** cases at the WTO and through its bilateral agreements:

- **WTO litigation:** Up to 30 April 2022, the EU had brought 110 of the 612 WTO disputes launched since 1995. The Commission continued to pursue and defend on-going cases, while in the early 2022 it launched four new cases, of which 2 against

¹⁴ The TTC was launched in June 2021: https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2990

¹⁵ <https://trade.ec.europa.eu/access-to-markets/en/home>

¹⁶ <https://trade.ec.europa.eu/access-to-markets/en/content/single-entry-point-0>

¹⁷ The first complaint on TSD was brought in May 2022 and is not covered by this report.

¹⁸ Regulation (EU) 2015/1843 of the European Parliament and of the Council of 6 October 2015 laying down Union procedures in the field of the common commercial policy in order to ensure the exercise of the Union's rights under international trade rules, in particular those established under the auspices of the World Trade Organization (codification); *OJ L* 272, 16.10.2015, p. 1–13; <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32015R1843>

China, 1 against Egypt and 1 against the United Kingdom. The latter case concerned the sector of wind energy: as early as on 1 July, less than four months after the EU asked for WTO consultations, the parties agreed on a way forward to address the EU's concerns about discrimination in the United Kingdom's Contracts for Difference (CfD) scheme, which is the United Kingdom's main mechanism for supporting low-carbon electricity generation.

- Up to 30 April 2022, around **half the disputes** launched in the WTO since the Multi-Party Interim Appeal Arbitration Arrangement (MPIA) has been in place have been **between MPIA participants**, while with Turkey the EU agreed a separate arbitration agreement to handle potential appeals in two cases (see more information in section V).
- The EU pursued its use of **bilateral dispute settlement mechanisms** to resolve issues with South Korea, the Southern African Customs Union, and Algeria, while enforcement of the ruling against Ukraine is on hold in view of political developments.

Third to complete its toolbox and address current global challenges in a number of areas, notably to **support green and sustainable transitions**, the Commission

- Concluded the accelerated review of its 15 point action plan on trade and sustainable development¹⁹ (the “TSD Review”), including on the aspects relating to implementation and enforcement, by issuing on 22 June 2022 its **Communication “The power of trade partnerships: together for green and just economic growth”**²⁰;
- Has been progressing its proposal to renew the **general scheme of preferences: A new GSP regulation**²¹ based on a Commission proposal of 22 September 2021 is discussed with the European Parliament and with the Council, with a view to have a final text adopted by the European Parliament and the Council in the last quarter of 2022.

Fourth, the Commission has also advanced work on other important new EU **instruments** currently before the European Parliament and the Council, or just adopted, to **ensure a level playing field** and defend the EU and its Member States **against economic coercion**:

¹⁹ Refer to the Non-paper of the Commission services: “*Feedback and way forward on improving the implementation and enforcement of TSD Chapters in EU Free Trade Agreements of 26 February 2018*”

http://trade.ec.europa.eu/doclib/docs/2018/february/tradoc_156618.pdf

For more information about the TSD review: https://policy.trade.ec.europa.eu/development-and-sustainability/sustainable-development/sustainable-development-eu-trade-agreements_en#tsd-review-2021

²⁰ <https://circabc.europa.eu/ui/group/8a31feb6-d901-421f-a607-ebbdd7d59ca0/library/8c5821b3-2b18-43a1-b791-2df56b673900/details>

²¹ https://trade.ec.europa.eu/doclib/docs/2021/september/tradoc_159803.pdf

- Council and European Parliament on 14 March 2022 have found political agreement on all outstanding issues related to a Commission **proposal for an International Procurement Instrument**.²² With this regulation, the EU will, ultimately, be able to restrict access to the EU's procurement markets of suppliers from countries where similar access to their procurement does not exist. These restrictions could mean adjusting the way bids from the country concerned are assessed, or result in the exclusion of certain bidders from the country concerned. The regulation was published on 30 June and entered into force on 29 August 2022.
- Council and European Parliament on 30 June reached a political agreement on the Commission proposal of 5 May 2021 for a Regulation on **distortions generated by foreign subsidies**²³ in the internal market, which closes a regulatory gap in the EU's competition, public procurement and trade rules: with this instrument, the Commission will have the power to investigate financial contributions granted by public authorities of a non-EU country, which benefit companies engaging in an economic activity (such as procurement or mergers) in the EU and redress their distortive effects. The regulation will enter into force once it is formally adopted by the Council and the Parliament and published in the Official Journal. The Regulation will become directly applicable across the EU 6 months after entry into force. The notification obligations will start to apply 9 months after entry into force.
- The Commission on 8 December 2021 put forward a proposal for an **anti-coercion instrument**²⁴ to ensure the protection of the interests of the EU and Member States in case of economic coercion – namely when a third country pressures the EU or a Member State into a particular choice, in any areas of their competence, through measures affecting trade or investment. The primary objective of the proposed instrument is to deter third countries from using economic coercion towards the EU or a Member State. If a third country resorts to coercion nevertheless, the proposal provides for a process of engagement with the third country in order to make the coercion stop, and in the last resort it provides tools for counteraction. The proposal also contains a provision dedicated to international cooperation with regard to economic coercion. The Council and the European Parliament are in the process of preparing their respective positions for entering into the inter-institutional negotiations, which are expected to start in the autumn of 2022.

²² Text of the Regulation is available here: <https://eur-lex.europa.eu/legal-content/NL/TXT/?uri=CELEX:32022R1031>

²³ Proposal for a Regulation on foreign subsidies distorting the internal market of 5 May 2021; COM(2021) 223 final; see https://ec.europa.eu/competition/international/overview/proposal_for_regulation.pdf

²⁴ https://trade.ec.europa.eu/doclib/docs/2021/december/tradoc_159958.pdf

In taking its implementation and enforcement work forward, the Commission is moving forward in a close partnership with other EU institutions and Member States, in particular. In the first quarter of 2022, the Commission, supported by the French Presidency, has launched a broader discussion²⁵ on how to strengthen cooperation on implementation and enforcement with **Member States and stakeholders** (businesses, trade promotion organisations, social partners, civil society groups, non-governmental organisations), both working through Brussels, but also on the ground in Member States and in third countries, where there are more than 200 DG TRADE staff working on trade issues in 58 EU Delegations year round. The Commission has also regularly reported to the EP/INTA committee to update MEPs on the most salient issues related to implementation and enforcement and received their feedback. Finally, it has also engaged with the Economic and Social Committee, particularly given the latter's role in supporting the EU Domestic Advisory Groups (DAGs) established under 11 EU trade agreements.

²⁵ <https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/7103f3c9-2dc5-4bc5-be52-210c133802ca/details?download=true>

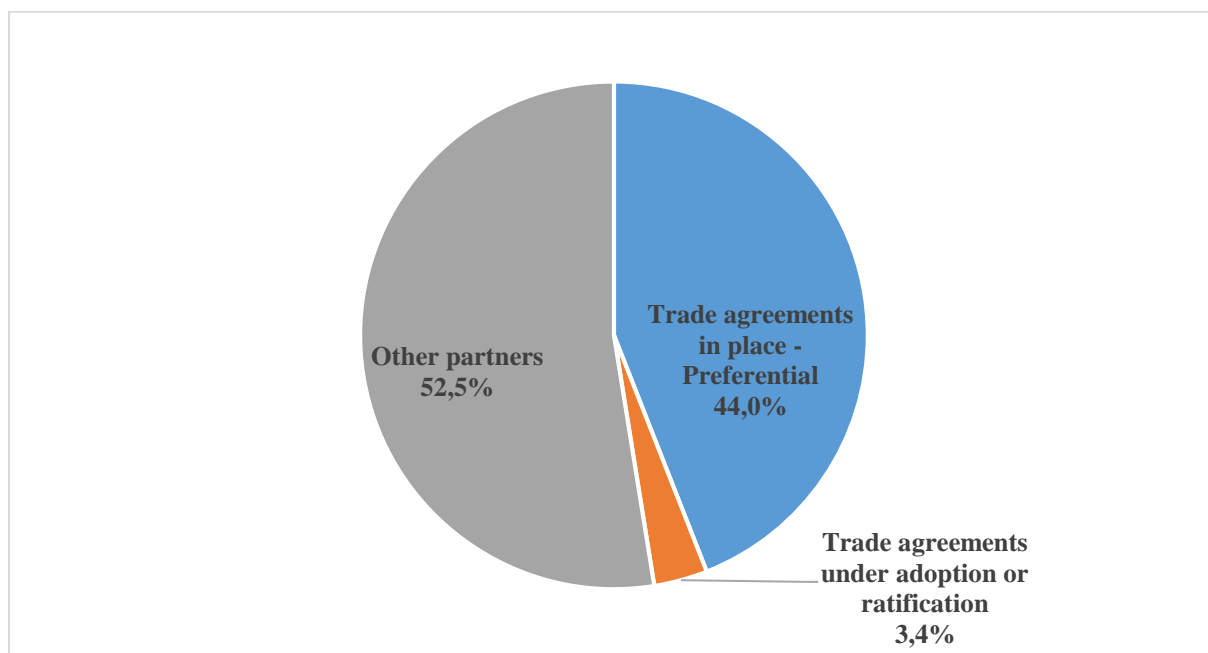
II. Making full use of the opportunities provided by EU trade agreements

II.1 Trade with preferential partners - main developments in 2021

In 2021, 44% of EU trade took place under preferential trade agreements...

EU trade with its 74²⁶ preferential partners amounted to €1,891 billion in 2021, covering 44% of its external trade (that is, excluding trade between Member States)²⁷. In 2021, EU exports to preferential partners reached €1,049 billion and EU imports from the same set of countries amounted to €841 billion. Adding trade with the partners with whom the EU has concluded negotiations on agreements, which are in the process of being adopted or ratified (3.4%),²⁸ the share of EU preferential trade in its total external trade would rise to 47.4%.

Figure 1: EU external trade (2021)



Source: Eurostat, Comext (extraction made in March 2022).

As shown by figure 2 below, the **United Kingdom is now the EU's largest preferential partner**, accounting for 22.8% of EU trade with the 74 preferential partners, followed by Switzerland (14.8%), Turkey (8.3%), Norway (6.9%) and Japan (6.6%). Together, these five

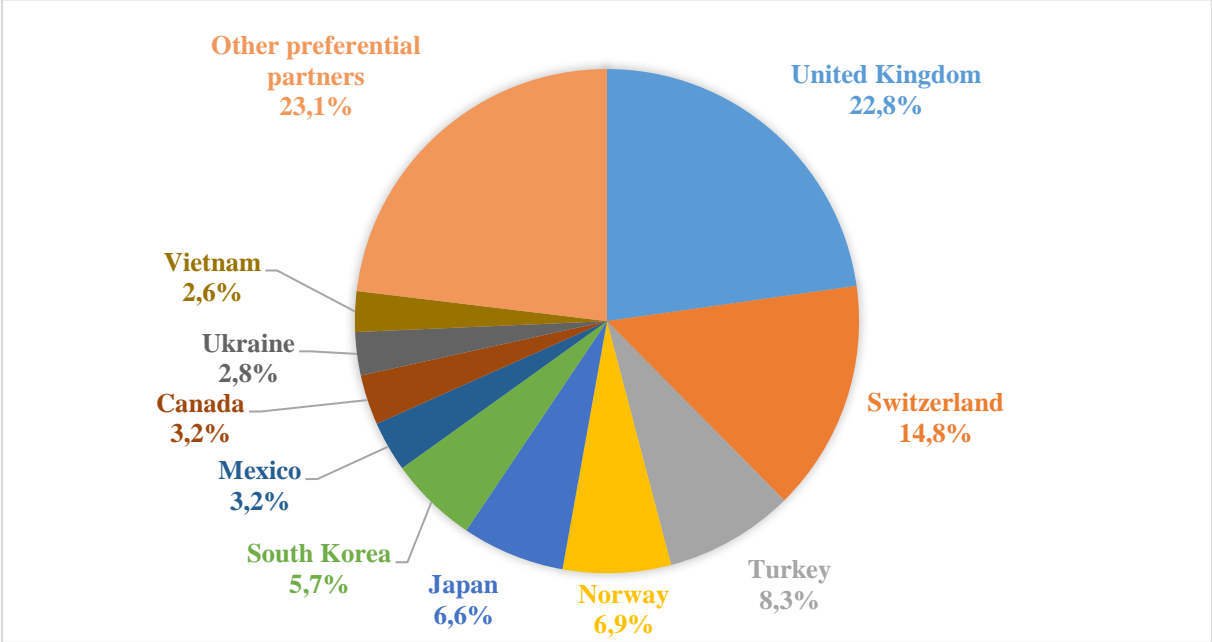
²⁶ These partners are the 67 mentioned in the 2021 Annual Report plus the United Kingdom, Vietnam, Andorra, Faroe Islands, Iceland, Liechtenstein and San Marino.

²⁷ The 44% (blue slice in the graphic) also includes Mexico and Chile, with whom the EU applies the existing trade agreements, pending the ratification of the modernised agreements.

²⁸ In addition to New Zealand and the Mercosur partners (Argentina, Brazil, Paraguay and Uruguay) these are: Benin, Burkina Faso, Burundi, Cabo Verde, Gambia, Guinea, Guinea Bissau, Haiti, Kenya, Liberia, Mali, Mauritania, Niger, Nigeria, Ruanda, Senegal, Sierra Leone, Tanzania, Togo and Uganda (state of play July 2022); see also: https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/negotiations-and-agreements_en

partners accounted for almost 60% of EU preferential trade in 2021. The United Kingdom is the EU’s third largest trading partner overall, behind China and the U.S., while Switzerland comes fourth. Turkey, Norway, Japan and South Korea are in sixth to ninth place behind Russia and ahead of India.

Figure 2: EU trade in goods by preferential partner (2021)



Source: Eurostat, Comext (extraction made in March 2022).

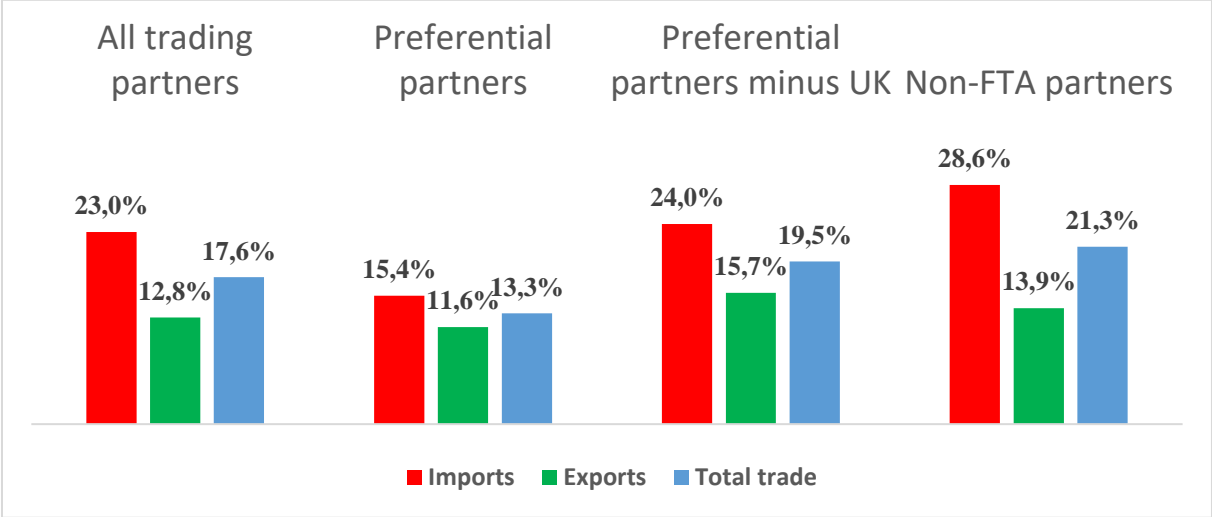
EU goods trade with preferential partners (not including the United Kingdom) grew again more strongly than EU international trade overall.....

As was the case for the period between 2019 and 2020, trade between the EU and preferential partners grew more strongly (i.e. by 19.5%) between 2020 and 2021 than overall trade between the EU and all trading partners (17.6%) over the same time period.

...while growth was lower including the United Kingdom

As seen in figure 3, trade between the EU and its preferential partners plus the United Kingdom increased by 13.3%, i.e. at a lower rate than trade between the EU and all third countries (which had grown by 17.6%) and trade between the EU and non-FTA partners (which had grown by 21.3%) over the same period.

Figure 3: Annual trade growth by partner (2020-2021)- goods



Source: Eurostat, Comext (extraction made in March 2022).

Similarly than was the case for all goods, EU **agri-food trade** with the 74 preferential partners grew by 4.7% in 2021, thus more modestly than agri-food trade between the EU and all trading partners (which grew by 7.2%), although EU exports rose slightly more strongly (i.e. by 8.2%) than exports of EU agricultural food products to all trading partners, which rose by 7.3%. This trend was driven mainly by EU imports from the United Kingdom, which suffered a sharp decrease in 2021 (by 24.5%), and were more affected than imports in non-agricultural products, which decreased by 12% over the same period. Among the possible reasons were the introduction of sanitary and phytosanitary (SPS) checks applied by the EU, but also difficulties experienced by United Kingdom operators to switch from the single market regime to a third country trade regime for large parts of their exports.

At the same time, the EU surplus with preferential partners increased in 2021

On the other hand, the inclusion of the United Kingdom among the EU’s preferential partners also led to an increase in the EU’s surplus with preferential partners in goods, which grew from €124 billion in 2020 to €208 billion in 2021, albeit on a much reduced level of trade because of COVID. Around 20% of the EU’s surplus with preferential partners can be attributed to agri-food.

The Commission in 2021, as required by the respective regulations, has again monitored imports into the EU of certain industrial products and agri-food products....

Specific Monitoring Obligations on goods trade with Korea, Latin American Partners

*The Commission, as required by Regulation (EU) No 511/2011²⁹, monitored **South Korea's imports of key car parts and electronics** from the most important suppliers outside the EU. In 2021, Korea's imports of combustion (gasoline and diesel) engines and parts increased compared to 2020 (+8%), as did imports of core car parts (+11%). Based on these trade statistics, it is not possible to establish a link between the allowance of duty drawback and the increase in EU imports of cars from South Korea.*

*Imports into the EU of **fresh bananas from Colombia, Ecuador and Peru as well as from Central America** were also monitored by the Commission, as required by EU Regulation No 19/2013³⁰ and No 20/2013³¹. The evolution of imports in 2021 remained within the past annual average trends observed. The Commission will continue to carry out its regular analysis of the state of the market and the Union banana producers and, if need be, examine the situation together with Member States and stakeholders.*

Trade in services declined, nevertheless the EU maintained a surplus in services

The latest figures available for trade in services are those of 2020³², extracted from Eurostat's balance of payments statistics. Trade in services with the 73³³ preferential partners decreased by 16.7% in 2020 compared to 2019, somewhat more than the decline in total extra-EU trade in services (14.6%).

²⁹ Regulation (EU) No 511/2011 (OJ L 145, 31.5.2011, p. 19); <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:32011R0511>

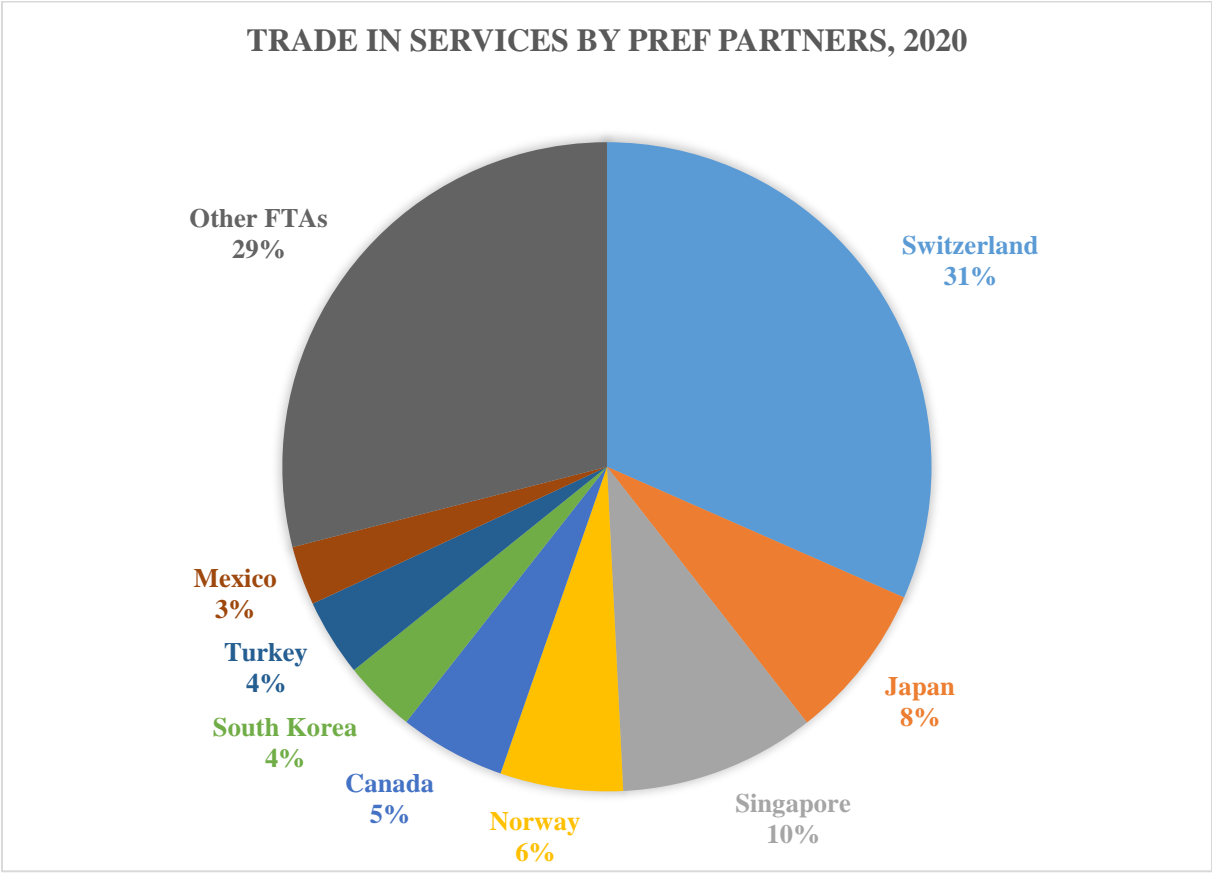
³⁰ Regulation (EU) No 19/2013 (OJ L 17, 19.1.2013, p. 1); <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0019>

³¹ Regulation (EU) No 20/2013 (OJ L 17, 19.1.2013, p. 13); <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0020>

³² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=International_trade_in_services

³³ Not including the United Kingdom, which was not a preferential third country trading partner in 2020.

Figure 4: EU trade in services by preferential partner (2020)



EU trade in services with preferential partners saw a **trade surplus** of €91 billion in 2020 down from €106 billion in 2019 but still almost three times as much as the EU surplus with all trading partners (i.e. €33 billion in 2020, down from €50 billion in 2019).

Plurilateral agreement on Services Domestic Regulation

The EU has been at the forefront of the negotiations on a landmark deal to cut red tape in services. In December 2021, a group of 67 WTO members, including the EU, successfully concluded the negotiations of the **Joint Initiative on Services Domestic Regulation**³⁴. The negotiated outcome will simplify unnecessarily complicated regulations and ease procedural hurdles faced by service suppliers. According to the OECD, implementation of this outcome will help reduce the costs of global services trade by more than USD 150 billion every year.

It is foreseen that the participating Members will start the process to incorporate the negotiated outcome into their schedules by the end of 2022. Once the revised schedules will enter into force, the domestic regulation commitments will apply *erga omnes*.

³⁴https://www.wto.org/english/tratop_e/serv_e/jsdomreg_e.htm#:~:text=On%2020December%202021%2C%2067,do%20business%20in%20foreign%20markets.

II.2 Advancing implementation of EU trade agreements in Asia, The Americas, the Neighbourhood and the African Caribbean and Pacific countries

Sub-section II.2 provides an overview of three main clusters of implementation work the Commission is pursuing to ensure EU trade agreements deliver, illustrated by examples from the four geographical regions (see points A-C), an overview of activities to improve the implementation of trade and sustainable development provisions in EU trade agreements (point D) as well as information on the Commission's ex post evaluation of the EU FTA with Colombia, Ecuador and Peru (point D).

A. Communicating on trade agreements, helping business to use them

Helping businesses navigate new markets is important when they consider internationalising and may want to use EU FTAs

Before the entry into force but also during the first one or two years following the entry into force of a new trade agreement, stakeholders need to become familiar with the new trade regime.³⁵ In 2021 this meant challenges in particular for EU companies trading with the United Kingdom, who had to get accustomed to the new trading relations under the EU-UK TCA. Well targeted and timely communication proved to be of the essence:

- To ease application of the **EU-UK TCA** as of 1 January 2021, the Commission made every effort to assist Member States and EU businesses to navigate the new environment by:
 - publishing on its website³⁶ timely and detailed information on the applicable provisions on import formalities to bring EU goods into the United Kingdom;
 - providing **extensive guidance** on preferential treatment, rules of origin and customs procedures;
 - working with the United Kingdom to provide clarifications to operators, where needed.

More generally, the Commission -including through EU funded projects- is helping businesses to grasp the opportunities and secure a first mover advantage in the early days of each agreement:

³⁵ See also the study 'Time to Preference' by L. Nilsson (DG TRADE/ Chief Economist Team) that sheds light on the impact of time on the utilisation of preferences, using the example of CETA and the EU FTA with South Korea, suggesting the importance of the first 21 months for companies to become aware and use the benefits; <https://circabc.europa.eu/ui/group/50a0487d-086a-4a75-a1ff-92bdd2ec2c4b/library/56ade566-d915-493a-acd2-b31b9dc397cc/details>

³⁶ https://ec.europa.eu/taxation_customs/customs-4/international-affairs/third-countries/united-kingdom/new-import-formalities-bring-goods-eu-uk-1-january-2022_en

- For example, 2021 saw the launch of an **EU project to improve the ability of EU businesses (notably SMEs) to increase their trade and investment** in Vietnam by providing practical information on how to make the most of the EU-Vietnam FTA. The online guide³⁷ to EU SMEs on Vietnam trade and investment was launched in March 2022.

But even in agreements, which have been in place for a while, there still remains untapped **potential** in areas other than goods trade. EU funded projects aim at helping business to unlock these:

- For example, in 2021 the Commission implemented a Partnership Instrument **project on Data Collection on Public Procurement in Chile** to obtain a better understanding of the public procurement market in Chile, e.g. by measuring its size, describing its features and its entry barriers. The study shows inter alia that only 11 out of 27 Member States participate in the Chilean public procurement market so far, mostly at central level, while there is very low penetration of EU companies in the municipal sector. In particular infrastructure spending appears to be a market with further potential for EU firms. Lessons learnt through the project will contribute to focus efforts in improving the participation of European companies in this market.
- With the help of a Partnership Instrument **project on Preference Utilisation Rates (PUR)** concluded in August 2021, the Commission assessed the uptake of preferences of EU exports under the trade agreement with Central America, identifying potential areas for improvement and strengthening the implementation and enforcement of trade agreements.

Furthermore, the EU engages in technical cooperation projects to help improve conditions for trade and investment under the respective trade agreements

- For example, in 2021, the EU and Mexico used the **IP Key Latin America**³⁸ project as a tool to ensure effective protection of intellectual property rights, featuring a number of activities in the area of intellectual property (e.g. symposium for judges, patent examination training, etc.). In 2021, IP Key Latin America and the Instituto Mexicano de la Propiedad Industrial (IMPI) presented a Study on the Economic Contribution of Intellectual Property in Mexico.³⁹
- A €10 million EU funded **Support Programme** operating since November 2021 supports **implementation of the EU-SADC Economic Partnership Agreement** in South Africa, to enhance South Africa's trade and business opportunities by promoting the full implementation of the EU-SADC EPA, while advancing regional integration,

³⁷ <https://www.eu-vietnam-fta-sme-guide.eu/>

³⁸ [Latin America | IPKEY](#)

³⁹ [IP-Key-LA Impact-Study-Mexico-2020 Report.pdf \(ipkey.eu\)](#)

with a specific focus on agricultural products. In particular the programme focuses on: (i) unlocking challenges related to quality infrastructure and technical capacity in agricultural value chains that are throttling exports to the EU; and (ii) increasing response to opportunities under the EPA by emerging exporters of agricultural products and those with recognised geographical indications (GIs).

B. Monitoring commitments of EU trade agreements

Monitoring what is happening on the ground helps the Commission to be prepared to better target its implementation actions....

The Commission, mostly through its staff in EU Delegations, has been monitoring the developments in a number of trading partner countries to inform its implementation activities, sometimes supported by EU funded projects:

- For example, in 2021 the **Commission has been closely monitoring the implementation of the United Kingdom’s commitments** across the entire agreement, with a particular focus on level playing field and sustainable development, notably as regards the United Kingdom subsidy rules, developments related to the environment, including the chemical sector, the United Kingdom’s Emission Trade Scheme as well as freeports.
- The Commission has also been closely monitoring **subsidies for supporting renewable energy** under the United Kingdom’s ‘Contracts for Difference’ scheme, as a possible model for other United Kingdom subsidy schemes.⁴⁰ In this context, those concerns led to the initiation of a WTO dispute settlement case in early 2022, focusing on the apparent inclusion of factors such as ‘the percentage of United Kingdom content in the assessment criteria for the selection of suppliers (see also section V.I).

Close monitoring of the implementation of Trade and Sustainable Development provisions in EU trade agreements is essential...

The Commission pays close attention to compliance by trading partners with Trade and Sustainable Development (TSD) commitments in EU trade agreements. This monitoring is taken forward through the work of the TSD Committees, assisted by the structures created to involve civil society.

In 2021 and the first quarter of 2022, **all TSD Committees** – with the exception of Singapore and Moldova⁴¹ - **took place as foreseen**, although mostly using a virtual format due to the COVID pandemic. This included the first meetings of the newly established **EU-Vietnam and EU-United Kingdom TSD Committees**.

⁴⁰ <https://www.gov.uk/government/publications/contracts-for-difference/contract-for-difference>

⁴¹ In 2022, the TSD Committees with Georgia, Moldova and Ukraine were temporarily postponed due to the crisis in Ukraine.

These meetings addressed issues such as forced labour, freedom of association, social dialogue, labour discrimination and other restrictions on core labour principles, as well as the ratification and effective implementation of International Labour Organization (ILO) Conventions, including on occupational health and safety. The COVID pandemic's impact on the world of work has been far-reaching, exacerbating poverty as well as gender, economic and social inequalities, reaffirming the need for effective implementation of commitments on fundamental principles and rights at work.

At the TSD Committees, the EU and its trading partners also monitored the implementation of Multilateral Environmental Agreements (MEAs) and discussed how to jointly tackle environmental challenges, notably on climate change, circular economy and resource efficiency (e.g. plastics, waste and residues), exchanging views on national climate and biodiversity action plans. The EU side used those opportunities to update on EU Green Deal policies (such as CBAM, the Circular Economy Action Plan and Forest Strategy, including the deforestation initiative) and advocated such policies amongst its closest trading partners, often with the support of jointly agreed cooperation initiatives. Matters related to climate change and Nationally Determined Contributions (NDC) to the Paris Agreement were covered in particular detail in the TSD committee with Vietnam in November 2021 and with Japan in January 2022, among others.

C. Using the institutional framework under EU trade agreements to tackle market access, solve problems and further cooperation

The committees and working groups established by EU trade agreements constitute the main motor for implementing the commitments and turning written contracts into practical advantages for stakeholders on either side. Committees usually meet once a year and are co-chaired by representatives of the Parties. The joint trade committee often meets at Ministerial/Commissioner level, and is prepared by sub-committees led by senior officials or at technical level, as the case may be. Information on the agendas and reports after meetings are published on the Commission's website⁴².

The work of committees and working groups is multi-faceted and they are proactively used to increase market access, follow-up on commitments on trade and sustainable development or level playing field, avert or remove barriers to trade or enhance cooperation, while they also offer a platform for dialogue with stakeholders and civil society. Some examples are outlined below.

⁴² https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/transparency-eu-trade-negotiations_en

The institutional framework helped to further unlock the potential of the FTAs in services and IPR

- In February 2021, Japan and the EU at the Joint Trade Committee Meeting decided to **add 28 additional EU GIs, and 28 Japanese GIs** to the list of Geographical Indications protected under the Agreement. This was the second such extension of the GI list, and the EU and Japan are currently working towards a third one.
- In March 2022, Canada and the EU, working together in the CETA services committee successfully concluded negotiations on a **mutual recognition agreement for the professional qualifications of architects**, making this the first ever agreement on professional qualifications signed by the EU with a third country. Once it enters into force, architects from the EU and Canada, who meet the criteria set out in the Agreement, will be able to have their qualifications recognised and can thus supply their services in the other Party's territory more easily.

Regular contacts with partner countries in between committee meetings strengthened trust between the parties, contributing to barrier prevention

FTA committees are also a forum where parties update each other on their respective regulatory and legislative approaches and initiatives to come, allowing the parties to raise potential barriers before they become law; in addition, their existence also reinforces mutual confidence allowing for practical solutions to be found outside the regular annual meetings. Cooperation between Commission, EU Delegations, Member States' embassies and business stakeholders in partner countries has proven vital in this context:

- In March 2022, through cooperation between the EU Delegation and Member States, **safeguard measures** planned by Morocco for imports of **wire rods** and reinforcing bars as well as for **cold-rolled steel sheets and plated or coated sheets** could be **averted**.
- In 2021, coordinated efforts by the EU and Member States, as well as cooperation by the Egyptian authorities allowed to **avert the planned re-introduction of Egypt's customs duties on cars** imported from the EU.

The exchanges in FTA committees and bodies are also a means to seek clarifications and **increase transparency** and to provide input to public consultations processes:

- For example, in 2021, the EU contributed to **Vietnam's** public consultation concerning ongoing amendments to the legislation on pharmaceuticals after raising concerns at technical and political level in regard to cumbersome rules discriminating among Member States' regulatory authorities.

- Following contacts at political level and discussions in the Trade in Goods Committee under the EU-Korea FTA, **Korea** informed that European stakeholders will have a new opportunity to express their views on new rules on local content requirements for the offshore wind power market released in December 2021.

The institutional framework of EU trade agreements again helped to get existing barriers removed in partner countries

Eliminating existing barriers is often difficult, including from a political perspective, as this means government or legislators need to undo actions they previously approved. Furthermore, even once lifted, restrictive legislation may continue to influence practices by local authorities. To tackle these challenges, coordinated interventions by the Commission, EU Delegations, Member States and stakeholders tend to have the greatest chance of success:

- For example, in 2021, progress was made by **Canada** in removing certain discriminatory measures for wines and spirits maintained at federal and provincial level. Additionally, after several years of negotiation, Canada accepted an EU harmonised certificate for poultry meat, further easing trade for exporters from authorised Member States.
- **Turkey** stopped requiring proof of origin for products originating outside the EU, and, following the Commission's interventions in 2021, Turkish authorities issued additional clarifications to Turkish importers. Since then, the number of the certificates of origin required overall has been gradually decreasing, also for products originating in the EU. At the same time, the non-discriminatory implementation of the Additional Protocol to the Association Agreement towards all Member States including the Republic of Cyprus remains a key demand by the EU.
- **Vietnam**, following a request from the Commission, approved a list of 35 prelisted establishments interested in exporting animal products and/or fishery products to Vietnam. These establishments can now start to export fishery/animal products to Vietnam without any inspection or documentary check.

FTA committees and working groups also supported bilateral cooperation between the parties on trade-related issues, often linked to regulations...

Cooperation in the context of EU FTAs is an integral part of the work of many committees and produced outcomes again in 2021 as the following examples show:

- The EU and **Japan** regularly exchange information and discuss outstanding issues on **medical devices** regulations, among other sectors. In 2021, following bilateral discussions and cooperation with the industry, regulatory improvements were implemented in Japan as regards electronic instructions for use of medical devices and

engagement with manufacturers to shorten, where possible, time lags concerning marketing approvals.

- The EU and **Canada** cooperate on regulatory issues through the CETA Regulatory Cooperation Forum (RCF). The EU's RAPEX and Canada's RADAR system, dedicated to consumer safety, continued their information exchange and organised trainings delivered to both parties' system users with a view to improving access to data and targeted alerts. In addition, the EU and Canada issued a **joint statement**⁴³ on **animal welfare** in July 2021 and discussed various topics, including the protection of animals during sea transport and potential options for animal welfare labelling.
- In 2021, the Commission services and the Korean authorities advanced technical cooperation on **e-certification and harmonisation of health certificates** to further facilitate trade of several processed agri-food products.

.. while Trade and Sustainable Development Committees opened the door to additional cooperation on sustainability issues, including in multilateral fora

- At the January 2022 meeting of the Trade and Sustainable Development Committee, the EU and **Japan** discussed their cooperation in multilateral fora, including the International Convention on Climate Change (regarding Initiatives on Methane and on Deforestation), indicating their openness to cooperate to achieve further progress toward COP27.
- At the February 2022 meeting of the Trade and Sustainable Development Committee established under CETA, the EU and **Canada** discussed cooperation on trade and labour issues in a number of policy areas, including combatting *forced* and *child labour in global supply chains*. Both sides highlighted their support for and close cooperation with the ILO.

The Economic Partnership Agreements with the EU's African, Caribbean and Pacific partners continued to provide incentives for reform, assisted by development cooperation.....

Economic Partnership Agreements (EPAs) with African, Caribbean and Pacific countries have a strong development dimension and provide incentives for reform that development cooperation can further build on. Their successful implementation depends on addressing these countries' internal constraints to trade through Aid for Trade (AfT).⁴⁴ The EU Aid for Trade Progress Report 2021⁴⁵ shows that the EU with its Member States was the world's

⁴³ https://trade.ec.europa.eu/doclib/docs/2021/august/tradoc_159774.pdf

⁴⁴ The Staff Working Document accompanying this Report includes examples of how EU Delegations work to address trade barriers through AfT.

⁴⁵ <https://op.europa.eu/en/publication-detail/-/publication/57b9a87f-3865-11ec-8daf-01aa75ed71a1/language-en>

largest provider of AfT, with 38% of global AfT in 2019, corresponding to € 17.9 billion, and that 96% of EU AfT in the same year went to countries that have preferential access to the EU market. The report also contains further information on the Commission's and Member States' AfT, e.g. supporting SMEs' uptake of trade agreement opportunities and the improvement of TSD issues. The website on EU AfT has an interactive mapping⁴⁶ on beneficiary countries with context-specific examples of AfT projects.

..... and continued to host fruitful discussions on sustainability issues

In 2021 the parties continued their **dialogue on sustainability of the cocoa value chain** with Ghana and Cote D'Ivoire, while Cameroon is an observer.

- In 2021, eight thematic roundtables - "CocoaTalks" took place, which looked into various aspects of sustainability in the cocoa value chain, such as living income, standards, transparency and traceability related to child labour and deforestation, due diligence, agroforestry, development and financing assistance and consumer perspective.
- The 2021 series of the Cocoa Talks was concluded with a technical wrap-up in December 2021, taking stock of the thematic meetings and outlining the way forward, (i.e. roadmap and action points), confirmed at a high level political event on 28 June 2022.

D. Trade and sustainable development in focus

A new Commission Communication sets out how the EU will further enhance the contribution of trade agreements to sustainable development ...

As a result of the review of the 15-Point Action Plan⁴⁷, and following a one-year consultation process, the Commission issued in June 2022 its **Communication "The power of trade partnerships: together for green and just economic growth"**⁴⁸. From business and trade unions to environmental and human rights groups, social partners submitted numerous contributions, representing a broad spectrum of economic, social and environmental interests. The Commission also engaged in an extensive exchange of views with the European Parliament, Member States and the European Economic and Social Committee. Based on the input and recommendations received, the Commission identified a **set of policy priorities**

⁴⁶ https://international-partnerships.ec.europa.eu/policies/sustainable-growth-and-jobs/economic-integration-trade-and-connectivity_en#mapping-of-eu-aft-activities-in-partner-countries

⁴⁷ Refer to the Non-paper of the Commission services: "Feedback and way forward on improving the implementation and enforcement of TSD Chapters in EU Free Trade Agreements of 26 February 2018" http://trade.ec.europa.eu/doclib/docs/2018/february/tradoc_156618.pdf

For more information about the TSD review: https://policy.trade.ec.europa.eu/development-and-sustainability/sustainable-development/sustainable-development-eu-trade-agreements_en#tsd-review-2021

⁴⁸ <https://circabc.europa.eu/ui/group/8a31feb6-d901-421f-a607-ebbdd7d59ca0/library/8c5821b3-2b18-43a1-b791-2df56b673900/details>

and key action points that, taken together, enhance the focus on ensuring the effective implementation of the trade and sustainable development provisions in EU trade agreements.

... in particular by reinforcing the role of civil society ...

As a result of the TSD review, the Commission is ensuring a more inclusive consultation process with civil society throughout all stages of the lifecycle of trade agreements. It is further **strengthening the role of DAGs** by continuing to provide resources for their logistical support and functioning, and inviting EU DAG's representatives to the TSD Member States' Expert Group chaired by the Commission. DAGs are now more closely associated to the preparation of TSD Committee meetings and in particular the identification and monitoring of implementation priorities. The Commission is also promoting and facilitating more interaction between EU and partner countries' DAGs, and fostering transparency on the composition of DAGs. EU DAGs are also consulted on EU TSD-related technical assistance projects for the countries or partner regions they cover.

... and focusing on stronger enforcement of trade and sustainable development commitments when required.

The Commission's new approach includes an **enhanced enforcement mechanism**, which comes into play when the cooperation-based engagement fails, and action through an adjudicative process (panel of experts) is necessary to ensure that the other party brings itself into compliance with its agreed TSD commitments. The EU is planning to include TSD procedures for the **compliance stage**, meaning the period in which the party who has lost the case must implement the ruling. These procedures provide for a period in which the losing party brings itself into compliance with its commitments, allowing both the panel of experts and the other party to verify whether this is happening. Furthermore, the EU intends to provide the possibility to apply **trade sanctions** in serious instances of non-compliance with the ILO fundamental principles and rights at work, or in cases of conducts that materially defeat the object and purpose of the Paris Agreement on Climate Change.

The Commission has also improved the mechanism for complaints on infringements of trade and sustainable development commitments

As part of the application of the new approach following the TSD review, the Commission revised its **Operating Guidelines for the Single Entry Point**⁴⁹ to addresses particular concerns and requests expressed by stakeholders:

- In particular, the revised guidelines bring **increased transparency and predictability** for TSD stakeholders, by adding additional clarifications on who can bring complaints. For example, it is explicitly mentioned that DAGs can file complaints and

⁴⁹ Link to the updated SEP guidelines: <https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/f00caa15-b3d3-4025-8823-c43ca069ffee/details>

that EU complainants may also represent the interests of parties located in EU trading partner countries.

- The operating guidelines also introduce **improvements in the way complaints are handled**, in particular regarding the timing for the initial assessment. The Commission is also publishing non-confidential information on TSD complaints in order to increase awareness among stakeholders of restrictions encountered in third countries, mirroring the approach in the area of market access.
- The revised operating guidelines introduce **timelines** that the Commission will follow as a general rule to treat TSD complaints: 10 working days to acknowledge the receipt of the complaint; 20 working days for the first follow up with the complainant and 120 working days for the finalisation of the preliminary assessment of the complaint.

Over the reporting period, the Commission has also been monitoring compliance by Korea with the panel ruling in the bilateral dispute on labour rights.....

The Commission continued to monitor the implementation of the ruling delivered by the TSD panel of experts on 20 January 2021:

- In respect to the ratification of core ILO conventions, three fundamental ILO Conventions entered into force in Korea in April 2022: Convention No 87 on the Freedom of Association and Protection of the Right to Organise, No 98 on the Right to Organise and Collective Bargaining and No 29 on Forced Labour.
- In respect to domestic improvements, Korea passed amendments to its labour regime. The parties held an interim TSD committee in November 2021 to assess in particular the implementation of the legislative amendments to the Korean Trade Union Act as well as its implementing guidelines.
- Concerning the ratification of the last pending fundamental ILO Convention, No 105 on the Abolition of Forced Labour, Korea confirmed its commitment to continue its sustained efforts towards ratification, and published the agreed study that identifies the domestic provisions that need to be amended in order to be in conformity with the ILO Convention. The parties will continue their exchanges in order to continue moving closer to ratification.

... and has been monitoring steps taken by Vietnam to involve civil society in implementation of the TSD chapter

Albeit with some delay, Vietnam established its DAG on 17 August 2021. On 30 December 2021, Vietnam also followed up on its promise to broaden the membership of its DAG, whose members have been increased from three to six, though assumingly no independent workers' organisation is a member yet. Following the DAG establishment, the TSD Committee and the Joint Forum had a first meeting in November 2021. The Commission will continue to closely monitor compliance by Vietnam with all its obligations under the TSD chapter, including elements related to their DAG.

The Commission has been working with stakeholders from Civil Society and with Domestic Advisory Groups in the implementation of trade and sustainable developments commitments in EU trade agreements

The Commission has a long-established process to conduct meetings with stakeholders from civil society in the EU - the so-called Civil Society Dialogue – to reach out and discuss trade policy matters. In the bilateral context, the Commission regularly engages with the DAGs established under the agreements to exchange information and provide feedback on the implementation process.

Furthermore, regular joint meetings between governments and the representatives of civil society from both sides take place after the TSD Committee, contributing to the process of implementation.

- For instance, in the case of **Ecuador**, joint submissions from the Civil Society representatives highlighted the difficulties in the registration as “union” of one of the workers' organisations in the banana sector. The Commission in its regular meeting with government counterparts voiced concerns about the violation of core labour commitments and recalled the recommendations issued by ILO. Although the government never acknowledged the issue as being problematic, one of the local courts in Ecuador did agree with the claim and asked the government to grant union status to the organisation in question.
- In another instance, in November 2021, the Commission acted upon specific information provided by the EU DAG established under the EU-Korea FTA to raise a case of alleged discrimination in **Korea** against delivery workers. Korea clarified that their worker status was not denied but acknowledged there was an issue related to the recognition of their right to collective bargaining. The matter remains under examination.

On 5 July 2021, the European Economic and Social Committee (EESC) initiated and organised the **first EU All DAGs meeting**, bringing together the members of individual EU

DAGs established under 11 EU trade agreements. Senior level representatives of the European Parliament and of the Commission were invited to attend. Discussions led to the formulation of the Non-paper “Strengthening and Improving the Functioning of EU Trade Domestic Advisory Groups”⁵⁰ issued in October 2021. Several of the proposals put forward were considered as part of the Commission’s TSD review, in particular the proposals to further strengthen the role of DAGs by providing resources for their logistical support, to invite EU DAG’s representatives to TSD Member States’ Expert Group meetings, to associate EU DAGs to the identification and to the monitoring of implementation priorities, and to foster transparency. The Commission on its side expects that civil society organisations will deliver timely, well substantiated and evidence-based contributions which are essential to identify, prioritise and act upon TSD matters.

... and has continued its collaboration with ILO to provide technical assistance to a number of trading partners

In 2021 the Commission continued to work closely with international organisations such as ILO and OECD to promote sustainable trade as the following examples show:

- The Commission partners up with OECD, ILO and UN OHCHR in the implementation of the four-year project “**Responsible business conduct in Latin America and the Caribbean**”⁵¹ (2019-2022), which aims to promote smart, sustainable and inclusive growth in the region by supporting responsible business conduct practices in line with international instruments. The is carried out in partnership with Chile and Mexico, both OECD members, as well as with Argentina, Brazil, Colombia, Costa Rica and Peru, who adhered to the OECD Guidelines for Multinational Enterprises and set up a National Contact Point for Responsible Business Conduct, and with two other partner economies, namely Ecuador and Panama.
- Another twin programme (**Responsible Supply Chains in Asia**) is implemented in six Asian countries (China, Japan Myanmar, Thailand, Philippines and Vietnam) to further sustainable and inclusive economic, social and environmental progress by integrating responsible business practices into the operations of multinational companies and their supply chains.
- Until war broke out, the EU had been working with ILO to implement the common project ‘Towards safe, healthy and declared work in **Ukraine**’⁵², which was providing input for the preparation of draft laws on labour relations, occupational health and

⁵⁰ https://www.eesc.europa.eu/sites/default/files/files/non-paper_of_the_eu_dags_strengthening_domestic_advisory_groups_oct2021_002.pdf :

⁵¹ Responsible Business Conduct in Latin America and the Caribbean:
<https://mneguidelines.oecd.org/rbclac.htm>

⁵² https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---lab_admin/documents/projectdocumentation/wcms_742913.pdf

safety and labour inspections. This project aims at promoting safe, healthy and declared work in Ukraine.

- In 2021-2022 the EU-ILO project “**Trade for Decent Work**” continued for selected trading partner countries in Asia and Africa and also supported some specific ad hoc activities in selected countries in Latin America.⁵³ A continuation is being prepared for 2023.

... while also using trade agreements to advance cooperation to tackle environmental challenges

- In 2021, through its cooperation projects⁵⁴, the EU supported **Colombia**’s move towards a more sustainable and environmentally friendly economy, including through a pilot project on sustainable mining in the poverty-ridden pacific region of Colombia.
- In June 2021, the EU and **Japan** jointly organised an event⁵⁵ focused on technologies and sectors essential to achieve carbon neutrality by 2050. Leveraging the effect of EU-Japan cooperation on regulations and standards, and building on the strength of bilateral trade, businesses shared experience and insights on the potential for green growth linked to the cooperation in renewable energy, hydrogen, clean mobility, and the raw materials required by these industries.

E. Evaluating the impact of trade agreements to inform implementation work

The Commission continues to give particular attention to assessing the impact of its trade agreements either for specific agreements, or for cross-cutting issues across several agreements. Ex post evaluations feed into improvements to future agreements, but also provide a reference point in setting priorities for implementation and enforcement. The ex post evaluations of the Cariforum EPA⁵⁶ and the EU’s FTAs with six Mediterranean countries⁵⁷ were published in January and March 2021, respectively and were also covered in the 2021 Annual Report. In April 2022, the Commission completed its ex post evaluation of the Trade Agreement between the EU and Colombia, Peru and Ecuador⁵⁸.

⁵³ https://www.ilo.org/global/standards/WCMS_697996/lang--en/index.htm

⁵⁴ Rural development and empowerment of the Communitarian Councils of the Chocó Department through the sustainable use of natural and mineral resources: <https://www.unido.org/news/colombia-rural-development-and-empowerment-communitarian-councils-choco-department-through-sustainable-use-natural-and-mineral-resources>

⁵⁵ <https://www.eu-japan.eu/events/trade-industry-towards-carbon-neutrality-eu-japan-online-conference>

⁵⁶ https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159352.pdf

⁵⁷ <https://op.europa.eu/en/publication-detail/-/publication/fab9bddd-9106-11eb-b85c-01aa75ed71a1>

⁵⁸ https://trade.ec.europa.eu/doclib/docs/2021/november/tradoc_159894.pdf

Ex post evaluation of the FTA with Colombia, Ecuador and Peru: Main conclusions

- In the Andean countries, the economic effect of the Agreement on GDP was positive, estimated at USD 728 million and all parties benefitted. Estimated effects on employment, welfare and poverty reduction were also positive.
- While the overall effects are likely to be limited, nevertheless the Agreement and exports to the EU created jobs in rural areas in the Andean countries. Jobs were created, in particular, in the fruits, sugar, vegetables and nuts sector, and in fisheries. In industry, sectors such as food products, chemical products or textiles (the latter in Colombia and Peru) also benefitted.
- The need to adapt to standards on the EU market has raised production standards of the Andean countries, resulting in higher quality produce, as well as more organic products driven by EU demand, the protection of geographical indications, improved respect of labour or environmental standards e.g. the application of private standards and certification.
- The Agreement has allowed for a platform of engagement on sustainability issues, including regular committees and projects that allow to address areas of concern: e.g. freedom of association, decent jobs and child labour, where improvements could be identified in sectors exposed to the Agreement.
- Trade diversification: the Agreement contributed to diversify and increase exports, in particular from SMEs.

The **recommendations** issued by the consultant were published in January 2022⁵⁹. The Commission/DG TRADE's assessment and follow-up actions will be included in a Staff working document, which should be published in the first half of 2023.

III. Helping small and medium-sized enterprises to find their place in global trade

SMEs and family businesses which represent 93% of EU exporters, remain at the heart of the Commission's activities to promote the advantages of EU trade agreements

In spite of economically and politically challenging times, global markets not only remain an important source of growth but also represent a great potential for economic recovery. In 2021, the Commission continued its efforts to help SMEs use EU trade agreements. SMEs constitute the large majority of exporters by numbers, while only representing a third of EU exports by value. The Commission has also continued to promote the EU's 'think small' principle in multilateral fora such as the WTO and the G20, and has been active in the WTO

⁵⁹ <https://op.europa.eu/en/publication-detail/-/publication/79f623fa-aa5c-11ec-83e1-01aa75ed71a1/language-en/format-PDF/source-254167460>

Informal Working Group on Micro, Small and Medium-sized Enterprises (MSMEs) in the run up to the WTO's postponed Ministerial Conference, which finally took place in June 2022.

A. Upgrading & promoting Access2Markets

The **Access2Markets platform** launched in October 2020 includes detailed, practical information for businesses that want to import or export goods, which is available free of charge in all EU official languages. Information on exports covers tariffs, taxes, procedures and formalities for 135 export markets⁶⁰, rules of origin, statistics and trade barriers. Similar information is available for imports into the EU, namely tariffs, taxes, import requirements, rules of origin and statistics from all over the world.

Coverage also included from 1 January 2021 full information on EU trade with the United Kingdom. In 2022, as events unfolded in Ukraine, the platform has been updated to reflect restrictive measures imposed on EU exports to Russia and more general information on EU sanctions and additional guidance for importers on Russian measures imposed on exports to the EU.

Access2Markets has seen more than 3 million unique visitors since its launch, 72% from the EU, its ROSA tool has 500 hits per day, on average. The new release of ROSA also guides business on how to document the origin of their products.

In 2021, the Commission has been **gradually upgrading** Access2Markets, adding additional content for users, especially relevant for SMEs, while also developing new interactive tools:

- In September 2021, the Commission launched **Access2Procurement**⁶¹, a tool helping businesses to understand whether the procurement in question is covered by an international commitment undertaken by Canada and Japan under their respective trade agreements with the EU. In the first eight months after it went online, more than 2700 assessments were carried out by users, over the first quarter of 2022 the number of assessments was between 200 and 300 per month. Next, the tool will also cover the United States and will be further extended to cover more EU trading partners.
- In 2021, the platform, mostly occupied with conditions for import and export of goods, was further enriched with additional information on trade in services, including a toolkit ‘Getting Started to trade services: imports and exports’, followed in 2022 by the “**My Trade Assistant for Services and Investment**” function⁶², covering the legal and maritime sectors under the agreements in the United Kingdom and Canada. For example, an EU company interested in providing legal services in the United

⁶⁰ The following countries were added in 2021: Antigua and Barbuda, Comoros, Dominica, Eswatini (Swaziland), Grenada, Lesotho, Occupied Palestinian Territory, Seychelles, St Kitts and Nevis, St Vincent, Suriname, Samoa and Solomon Islands. The coverage of the Central American agreement now provides for individual pages rather than a single page for the partners concerned.

⁶¹ <https://trade.ec.europa.eu/access-to-markets/en/content/how-use-my-trade-assistant-procurement>

⁶² The Assistant covers three modes of supply: Cross –border supply of services, commercial presence and movement of professionals.

Kingdom, to practice either domestic or foreign law, can find information on various requirements such as on licensing and authorisation, qualifications, legal form, nationality or residency conditions. The scope of this function will be rolled out to other third countries and sectors, step-by-step.

The Commission continued to provide **extensive support and training on Access2Markets** for businesses, Member States and other intermediaries, as well as a train the trainer programme during 2021 and this is set to continue. So far events reached more than 6,500 organisations and covered almost all EU languages. Events were also organised with partners inside and outside the EU, such as the EU-Japan Centre for Industrial Cooperation, with ICEX España or the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Promotion was taken forward through a variety of media and platforms, including twitter, as well as via the Commission's website and on youtube⁶³.

B. Internationalisation made to work for SMEs – concrete actions in 2021

While all EU trade agreements aim at helping SMEs to grow their business with and in foreign markets, three EU trade agreements in force have **dedicated SME provisions**⁶⁴: The EU- Canada Comprehensive Economic and Trade Agreement (CETA) has a recommendation on SMEs⁶⁵, while the EU-Japan Economic Partnership Agreement (EU-Japan EPA) and the EU-UK TCA have SME chapters, which provide for dedicated SME contacts on either side, tasked with ensuring that SME interests and perspectives are reflected in the implementation of the respective agreements. In addition, the SME Chapters provide for a number of practical steps to further increase transparency for SMEs, notably through information sharing: For example, in line with the SME chapter of the EU-Japan EPA, Japan provides (on a publicly accessible website) product specific market access information by customs tariff code for the import of goods, including links to authorities on agreed trade related issues. The Parties' contact points for SMEs discuss ways to further streamline and improve the available tools and information.

In 2021, the Commission, together with trading partners, Member States and stakeholders, continued to implement the SME provisions under CETA and the EU-Japan EPA:

CETA

- ✓ SME contact points agreed on an SME Action Plan⁶⁶, setting out the specific actions and a timeline to implement the SME Recommendation. In line with the priorities of

⁶³ <https://www.youtube.com/watch?v=6F5Hbwq6ZjM&list=PLJmEREKFYU8V0lVZsOaKe2OQ3c4GQamDo>

⁶⁴ A SME recommendation has been agreed with Canada, while the EU-Japan EPA and the EU-UK TCA have SME chapters as do the agreements concluded with Mercosur and the modernised agreement with Mexico. SME chapters are also part of the negotiations with Chile, Indonesia, Australia and New Zealand.

⁶⁵ [Recommendation of the CETA joint committee on Small and Medium-sized Enterprises \(SMEs\) \(europa.eu\)](#)

⁶⁶ [Circabc \(europa.eu\)](#)

the Action Plan, a **SME roundtable** was held in September 2021, on the occasion of the fourth anniversary of CETA, organised by the Commission with the help of the European Union Chamber of Commerce in Canada (EUCCAN)⁶⁷.

- ✓ In addition, **the EU and Canada cooperate to support their SMEs' internationalisation**. One notable example includes joint work by Enterprise Europe Network in Canada and the EUCCAN on the one hand and the European-Canadian Centre for Innovation and Research on the other hand, to provide business and innovation support services that help strengthen European and Canadian SMEs' competitiveness and sustainability.

EU-Japan EPA

- ✓ SME Contact Points finalised a **Joint Activity Report**⁶⁸ and the EU and Japan advanced their outreach vis-à-vis SMEs through the **EU-Japan Centre for Industrial Cooperation**, which in 2021 again issued two booklets on "*How to import from Japan to the EU using the EPA*"⁶⁹ and "*How to export from the EU to Japan using the EPA*"⁷⁰.
- ✓ The Centre's **Economic Partnership Agreement (EPA) Helpdesk**⁷¹ over the reporting period again organised 47 trainings and interactive webinars with businesses and produced relevant factsheets on various aspects of the EU-Japan EPA, including on geographical indications, rules of origin, SME Chapter, fisheries, dairy products, human resources mobility, etc. The Centre also liaises with Member States' Trade Promotion Organisations and other European and Japanese networks, such as the Enterprise Europe Network (EEN) to bring the EPA closer to SMEs.⁷²

In addition, the Commission continues to support European SME entrepreneurs and their activities in challenging markets, notably through its **EU SME Centre in China**⁷³. The Centre continues to play a fundamental role in assisting and supporting EU SMEs with market entry and/or business development in China. The Centre is assisting EU SMEs in assessing their readiness to enter the Chinese market, advising on opportunities and risks of establishing and developing a commercial presence in the Chinese market (through exports, investments or both) and advising them on how to improve synergies and share best-practices. By way of example, in 2021, the Centre held 62 training sessions in China and the EU for over 5400 SMEs.

⁶⁷ [EU-Canada Comprehensive Economic and Trade Agreement \(CETA\) – Round table with Small and Medium-sized Enterprises \(SMEs\) to celebrate CETA's fourth anniversary - Trade - European Commission \(europa.eu\)](#)

⁶⁸ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/9a618439-ce4b-4759-ac4b-d0d9a7f0051b/details>

⁶⁹ [EPA Handbook – a guide to help EU SMEs import Japanese products | EU-Japan](#)

⁷⁰ [EPA Export Handbook – a guide to help EU SMEs export to Japan | EU-Japan](#)

⁷¹ [EPA Helpdesk | EU-Japan](#)

⁷² See for example the Matchmaking event held in March 2022 around the theme of green transition:

https://www.eu-japan.eu/sites/default/files/presentations/docs/Report_on_GreenTransition_2022_0514.pdf

⁷³ <https://www.eusmecentre.org.cn/>

C. Cooperation with the Enterprise Europe Network

Helping EU businesses to exploit preferential trade arrangements, i.e. reduction/elimination of tariffs or other cost related to regulatory alignment will be at the heart of the Enterprise Europe Network⁷⁴ (EEN) as relaunched under the Single Market Programme.

The Commission on 4 August 2021 launched a call **for expressions of interest for International Network Partners**⁷⁵ with several cut-off dates to submit proposals. The objective of this call is to identify client-oriented business support organisations in fast growing markets in the Americas and (South-east) Asia. The focus will be on countries and trade blocks with which the EU has established deep and comprehensive trade agreements:

- **International and European Network Partners** will work hand in hand to improve the exploitation of trade arrangements. They will **exchange market intelligence for the benefit of European SMEs**. So far, numerous business organisations from the United States, United Kingdom, Japan, Switzerland, Canada, Israel, South-Korea and India have applied to join the EEN. The list of countries is non-exhaustive and will be expanded during further cut-off dates for the submission of applications.
- In the relaunched EEN, services helping EU companies to exploit trade opportunities abroad will be fully integrated into the ‘**Network’s Client Journey**’, i.e. European Network Partners are expected to generate concrete impact for their clients and to report them as achievements via the EEN performance database..

In 2022, the EEN established a **new expert group to foster the quality of internationalisation services** within the Network. The so-called ‘**Thematic Group Internationalisation**’ with some 130 experienced Network advisers in daily contact with businesses located in all Member States and regions, appointed a co-chair for strengthening the exploitation of EU trade agreements. The main role of the co-chair will be to set the agenda for capacity building and training of Network advisers to support European SMEs to take advantage of trade opportunities. Among the first projects will be setting up a train-the-trainer session for Network advisors to take advantage of the Access2Markets platform, in cooperation with the Commission.

In addition to its cooperation with the EEN, the Commission also continued its exchange with **European and national business associations**, the European Business Organisations’ World Wide Network (EBO WWN)⁷⁶ and Member States’ Trade Promotion Organisations (TPOs),

⁷⁴ Information on the EEN is available here: <https://een.ec.europa.eu/>. The network, co-financed by the EU COSME program, is active in more than 60 countries and brings together 3000 experts from 600 member organisations. Its objective is to help small and medium-sized businesses in their international activities

⁷⁵ Information related to the call is available on the website of EISMEA, the EU agency responsible for all the activities of the European Innovation Council (EIC) and the programmes related to small and medium-sized enterprises: https://eismea.ec.europa.eu/index_en

⁷⁶ <https://eboworldwide.eu/>

who are at the forefront of supporting and advising companies large and small on the benefits of trade agreements.

D. Activities to support SMEs at multilateral level (WTO)

The EU is spearheading multilateral efforts at the World Trade Organization supporting SMEs

The EU has been an active member of the **Informal Working Group on Micro, Small and Medium Enterprises** (MSME Group') since its establishment following the 11th WTO Ministerial Conference of Buenos Aires in 2017.

While the group's initial mandate was to prepare a work programme to be endorsed at the 12th WTO Ministerial Conference, the Covid-19 pandemic prompted the MSME Group to issue a 'Declaration on the importance of MSMEs in the time of COVID in May 2020'⁷⁷ followed by the fast-tracked adoption of a **package of six soft recommendations in December 2020 (the MSME Package)**⁷⁸. In line with EU's long-standing efforts to promote MSMEs internationalization and consideration of their specific needs, the MSME Package focuses on improving access to information for MSMEs, implementing the Trade Facilitation Agreement⁷⁹ in an effort to facilitate MSMEs trade, developing an integrated database for trade policies, as well as simplifying MSMEs' access to finance and cross-border payments through exchange of best practices and information.

Work continued in 2021 and delivered its first outcome, a database listing information on MSMEs in WTO Policy Reviews....

In 2021, the MSME Group met several times to monitor implementation of the Package. In particular, the secretariat of the Informal Working Group on MSMEs completed work on a **database that lists references to MSME information in the WTO Trade Policy Reviews**⁸⁰. At the 12th Ministerial Conference visibility was given to on-going MSME work via a statement from the Chair of the MSME informal group⁸¹.

⁷⁷ Declaration on the importance of MSMEs in the time of COVID, 14 May 2020: [Covid-19 : WTO statement on highlighting the importance of micro, small and medium-sized enterprises \(MSME\) \(europa.eu\)](#).

⁷⁸ [WTO | 2020 News items - Package of declarations and recommendations adopted to help small businesses trade globally](#)

⁷⁹ Trade Facilitation Agreement, entered into force 22 February 2017: [WTO | legal texts - Agreement on Trade Facilitation](#)

⁸⁰ The database can be found here: [WTO | MSME references in trade policy reviews](#)

⁸¹ <https://docs.wto.org/dol2fe/Pages/SS/directdoc.aspx?filename=q:/WT/MIN22/4.pdf&Open=True>

IV. Addressing barriers and finding solutions

IV.1 State of play of trade barriers and removal

In 2021, the Commission's work to detect, raise and resolve trade barriers continued, still under the shadow of the COVID pandemic, which had led to increasing protectionist practices on the side of several EU trading partners. This produced some difficulties related to logistics and supply chains fuelled by price increases in transportation, commodities and energy, that fed through into higher inflation as the year progressed. These difficult conditions were further compounded by the resurgence of the omicron variant of COVID in the later part of 2021, and its reappearance in China in 2022, as well as by the unstable geo-political situation flowing from Russia's war of aggression against Ukraine.

Notwithstanding these difficult conditions, the EU continued work in 2021 to identify and remove trade barriers. In doing so, the Commission, in close cooperation with the European Parliament, Member States and business, continued to engage directly with third countries, including through the network of EU Delegations in partner countries and in Geneva. Working both on the ground in third countries and through the institutional framework provided by EU trade agreements and by the WTO (e.g. the WTO Technical Barriers to Trade and Sanitary and Phyto-Sanitary Committees), the Commission was active in seeking solutions to existing and new issues. Preventive work remained in the focus to capture potential trade barriers before they materialise. Concerns from EU companies, who were reporting unfair treatment or restrictive measures by EU trading partners were at the centre of this work. The same attention was paid to breaches of sustainable development commitments under EU trade agreements.

For new barriers and complaints, 2021 was the first full year of the **Single Entry Point**, which was established to support the Chief Trade Enforcement Officer and provides a one-stop-shop accessible within the Access2Markets platform, to submit complaints about (potential) trade barriers or non-compliance with commitments on trade and sustainable development and the EU's GSP Regulation⁸².

⁸² GSP is not part of this report but subject to standalone reporting.

A. Stock of registered trade & investment barriers as of 31 December 2021

As indicated in the table below, **455** active trade and investment barriers in 65 third countries were listed in the Commission's database Access2Markets⁸³ at the end of 2021:

Type of measure	Number of barriers
Sanitary and phytosanitary measures (SPS)	102
Technical barriers to trade (TBT)	81
Tariffs and equivalents and quantitative restrictions	78
Administrative procedures	39
Services & investment	37
Other measures*	39
IPR	34
Public procurement	29
Exports taxes and restrictions	16
Grand Total	455

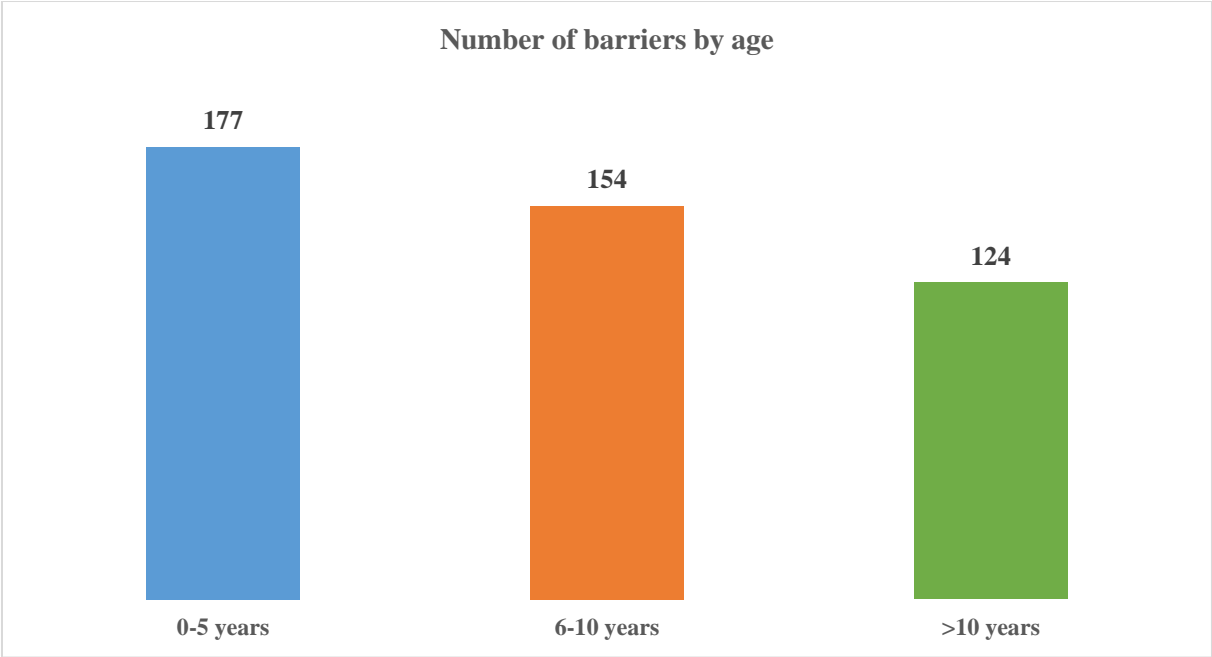
* Other measures include barriers related to trade defence instruments (TDIs) and to subsidies, measures affecting competition, and other measures non-classifiable in previous categories.

The stock of trade and investment barriers facing EU companies when exporting to third countries slightly decreased from 462 active barriers in 2020 to 455 in 2021, notwithstanding the structural change in trading patterns with the departure on the United Kingdom. However, the stock of trade barriers registered rose from 372 in 51 third countries in 2016 to 462 in 66 countries in 2020 (i.e. by almost 25%).

Looking at the stock of trade barriers registered in 2021, the majority of barriers were registered over the past five years (39%), while 34% of all barriers are between six to ten years old and 27% of all barriers have been listed for more than a decade.

⁸³ <https://trade.ec.europa.eu/access-to-markets/en/barriers>

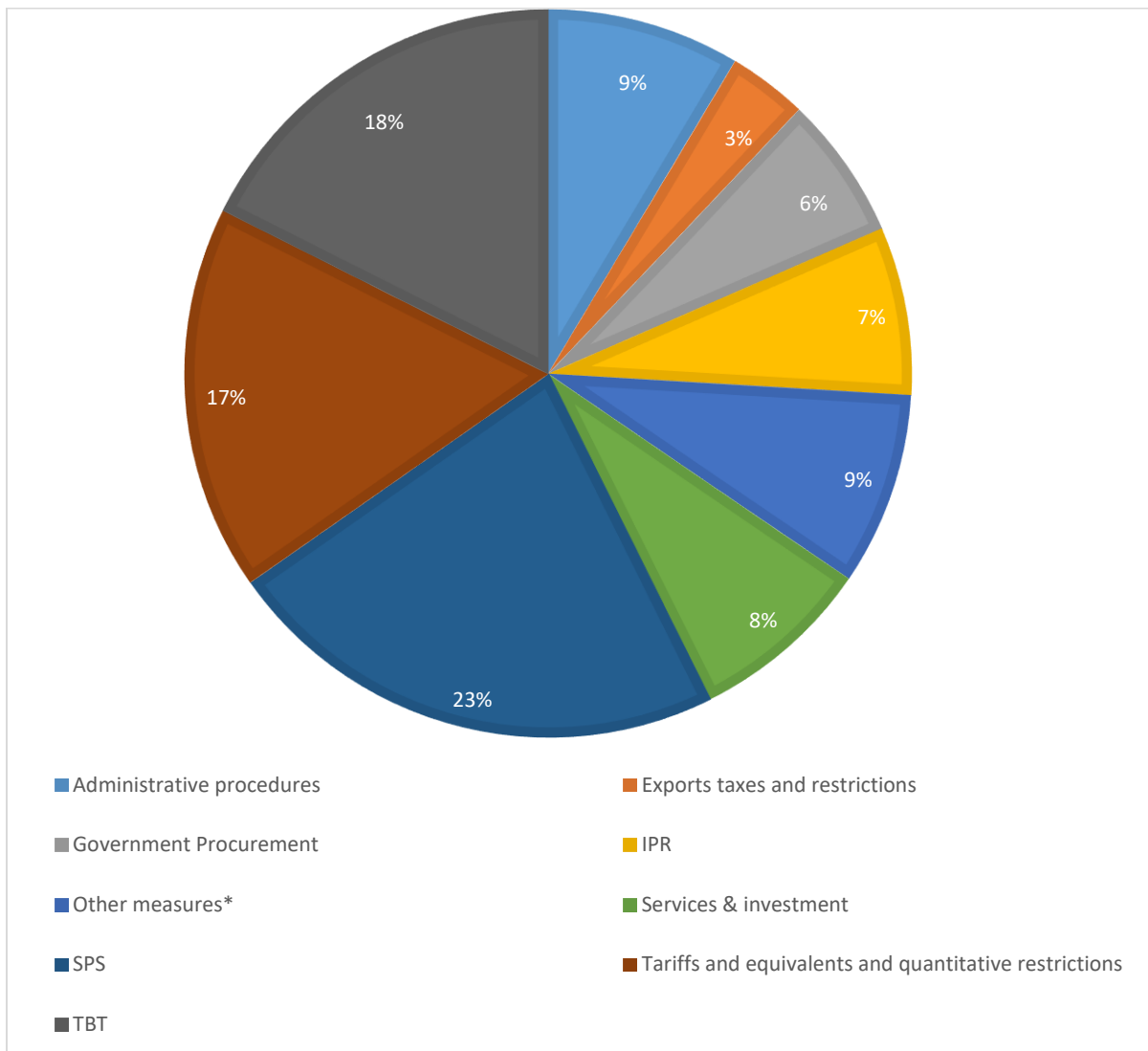
Figure 5: Number of barriers as per registration date



Looking at barriers as per **type**, figure 6 below shows that **SPS measures** remained the category with the largest number of trade barriers (102) in 2021, accounting for almost a quarter of all recorded barriers. Although the total number of SPS barriers was slightly below the level in 2020 (107), SPS restrictions have been steadily increasing between 2016 and 2020 and have remained the largest category.

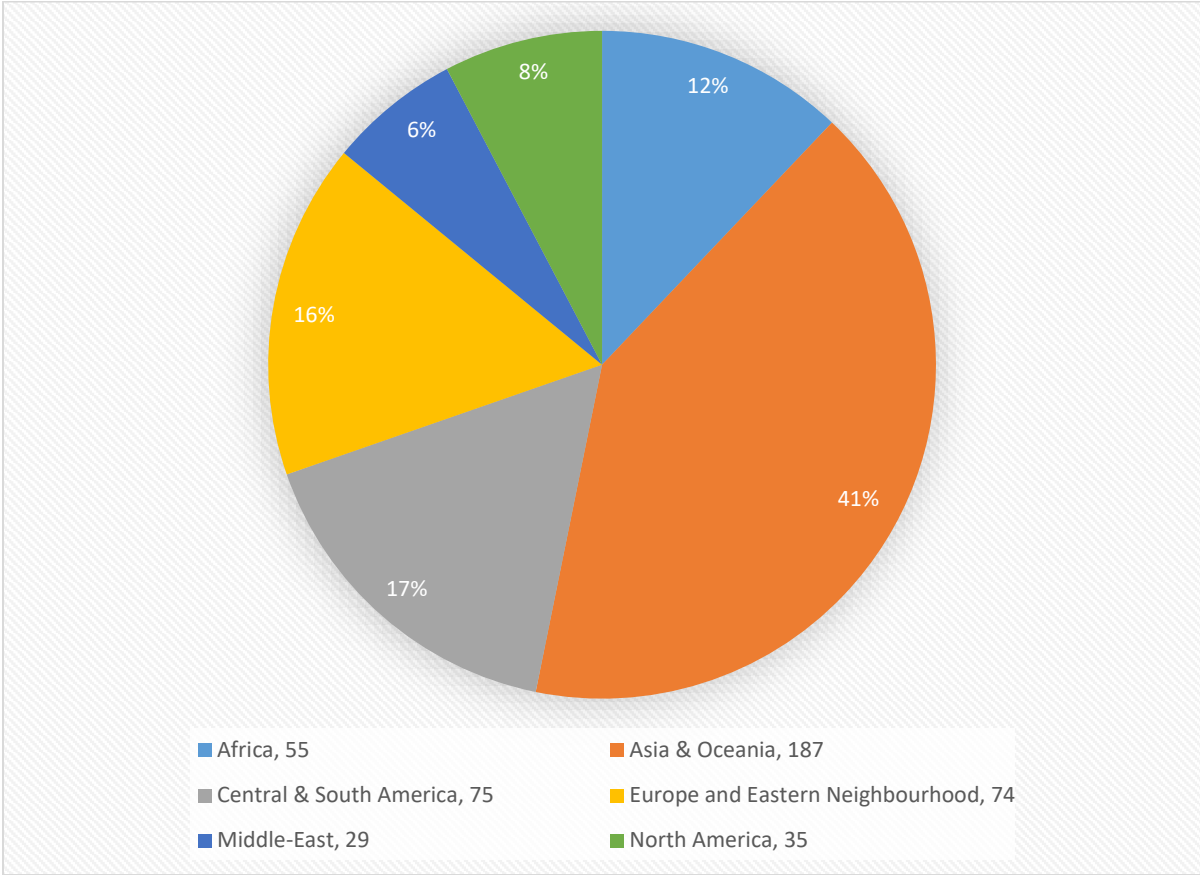
The second most frequently registered type of barrier in 2021 remained TBT measures (81 barriers) and tariff measures and quantitative restrictions (78 barriers), as was the case in 2020. Together, these three categories of trade barriers accounted for almost 60% of all active barriers in 2021. This mirrors the trend in 2020.

Figure 6: Types of barriers in 2021



EU companies are facing trade barriers **all over the world** when exporting their goods and services, as can be seen from figure 7 below.

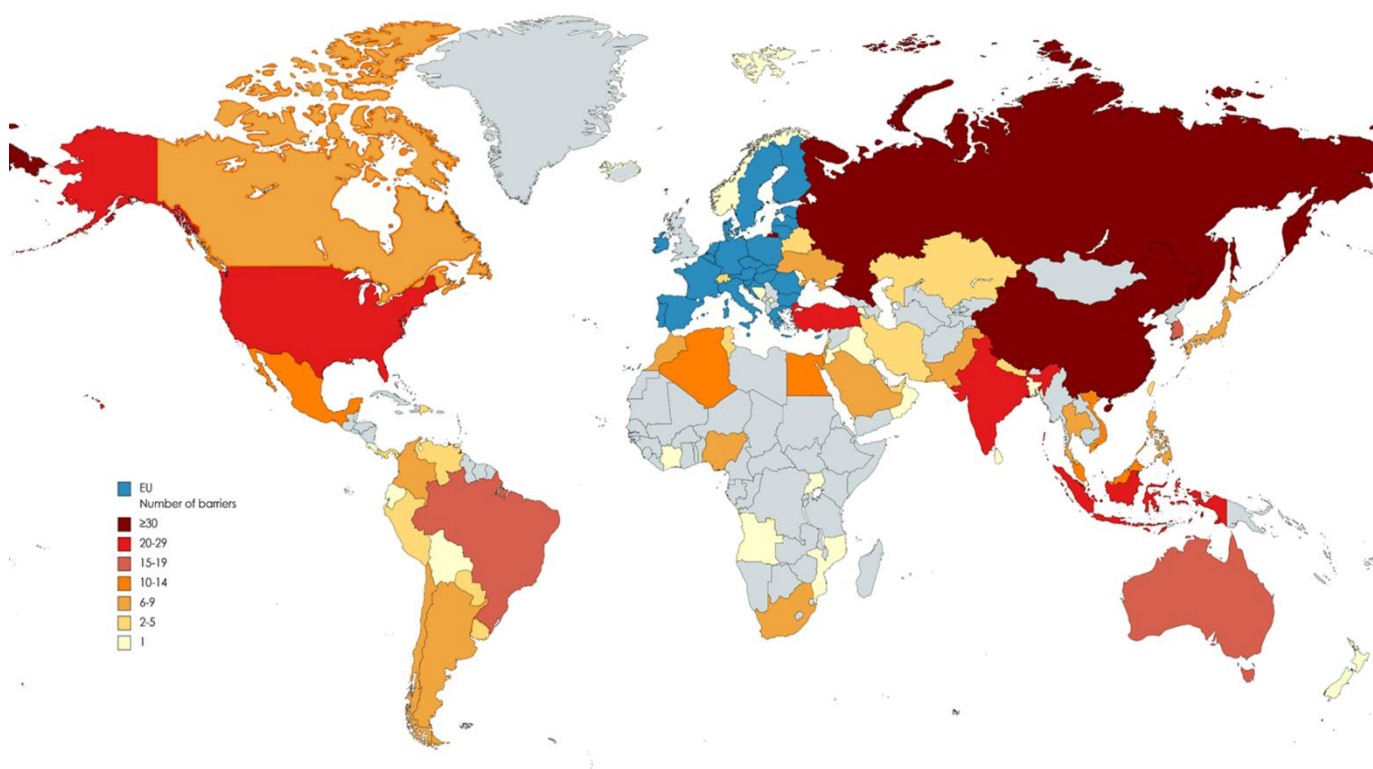
Figure 7: Geographic spread of barriers as per region (end of 2021)



As figure 8 below demonstrates, in 2021 China remained the country with the highest stock and had 39 barriers; second was Russia 32, followed by United States (27), India (26), Turkey (24) and Indonesia (21). Other countries with ten or more barriers included Brazil (19), South Korea (18), Australia (15), Algeria (14), Mexico (12), Egypt (11), Malaysia (10) and Vietnam (10). Barriers have not yet been included in the database for the United Kingdom reflecting the very new state of relations and perhaps the fact that many of the existing barriers with other partners go back several years.

Looking over a five year period between 2016 and 2020, Russia and China have been in the top two countries within the stock of trade barriers, with China overtaking Russia in 2018 to take first place. While Russia’s trade barriers remained fairly stable in numbers (average of 33), barriers concerning China over the period have almost doubled from 23 in 2016 to 40 in 2020.

Figure 8: Stock of barriers per trading partner (end of 2021)



B. The evolution of trade & investment barriers in 2021⁸⁴

New barriers registered

In terms of **new trade barriers per sector**, agriculture and fisheries made up the largest category with four, followed by services with three new barriers. Third came the ceramics and glass sector and the category of cross-cutting measures (i.e. covering more than one sector or affecting all exports to the trading partner country concerned) with two new barriers each.

Sector	Number of new barriers
Agriculture and Fisheries	4
Automotive	1
Ceramics and Glass	2
Chemicals	1
Electronics	1
Cross-cutting measures	2
Other industries	1
Services	3
Textiles and Leather	1
Grand Total	16

⁸⁴ A complete list of new barriers reported and barriers resolved in 2021 can be found in the Staff Working Document: <https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/d41271f9-a025-42b2-b5dd-e318430d510d/details?download=true>

Looking at the **five year period** between 2016 and 2020, the sectors of agriculture and fisheries and of wines and spirits have seen the highest number of new barriers registered.

Looking at the **total number of new barriers registered in 2021**, the table below suggests that in 2021 fewer new barriers were registered (16) than in 2020⁸⁵ (41), which corresponds to a net decrease of 25.

Looking at the new barriers recorded as per type, in contrast to 2020, where SPS was the dominant category among new barriers, in 2021 **Technical Barriers to Trade (TBT)** topped the list (6 new registered barriers), while only two new barriers related to **Sanitary and phytosanitary (SPS)** measures, as compared to 13 in 2020. 2 new trade barriers each were registered in the categories **tariffs and equivalent and quantitative restrictions, public procurement, and other measures**.

Type of measure	New barriers ⁸⁶ 2021	New barriers 2020
SPS	2	13
TBT	6	5
Tariffs and equivalents and quantitative restrictions	2	5
Administrative procedures	1	5
Services & investment	1	4
Other measures*	2	4
IPR	0	3
Public procurement	2	3
Exports taxes and restrictions	0	1
Grand Total	16	41

* Other measures include barriers related to trade defence instruments (TDIs) and to subsidies, measures affecting competition, and other measures non-classifiable in previous categories.

The steep fall in new SPS barriers may be due to the fact that there were no outbreaks of African Swine fever in 2021 and more generally, adverse economic conditions may have slowed the reporting of barriers due to COVID, with businesses focusing squeezed resources on other activities.

⁸⁵ Link to the 2020 report: https://trade.ec.europa.eu/doclib/docs/2021/september/tradoc_159794.pdf

⁸⁶ New barriers are the ones registered in Access2Markets along 2021.

C. Barriers resolved in 2021

In 2021, 39 trade barriers were resolved, i.e. six more than in 2020: 16 were fully removed while 23 were partially resolved.⁸⁷

Type of measure	Barriers resolved in 2021	Barriers resolved in 2020
SPS	15	17
TBT	6	6
Tariffs and equivalent and quantitative restrictions	6	2
Administrative procedures	3	4
Services & investment	2	1
Other measures*	1	1
IPR	3	0
Public procurement	1	1
Exports taxes and restrictions	2	1
Grand Total	39	33

* Other measures include barriers related to trade defence instruments (TDIs) and to subsidies, measures affecting competition, and other measures non-classifiable in previous categories.

Looking at **barriers solved** as per **type of barrier**, **SPS barriers** accounted for the biggest category with 15 solved barriers, as was the case in 2020 (17). Elimination of these barriers again had a direct positive effect including on EU exporters in many sectors, notably the **food sector**:

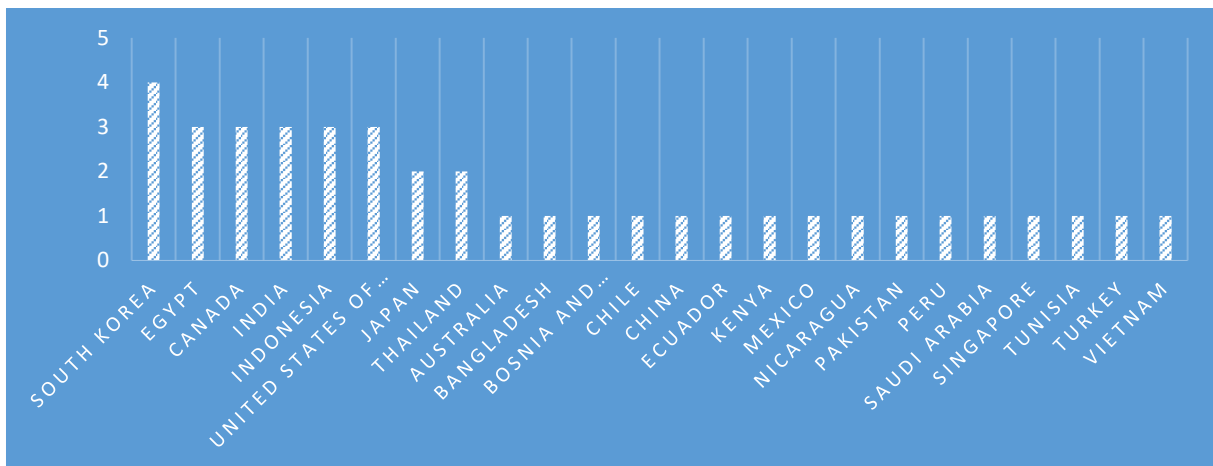
- For example, in 2021, concrete outcomes of the Commission’s cooperation with Member States and business in this respect included **Canada** accepting the EU harmonised poultry meat certificate, and
- **South Korea** lifting previous import bans for several Member States that had been imposed due to Highly Pathogenic Avian Flu (HPAI).

With six partially or fully solved barriers each, the second most common types related to **TBT and tariffs and equivalent and quantitative restrictions**. Examples for successful resolution of TBT issues in 2021 included among others:

- The adjustment by **Australia** of standards for sulphur content of fuel that resulted in fuel quality, that was incompatible with the latest, high-efficiency engines produced by EU manufacturers;
- Improvements by **Tunisia**, following interventions by the EU side, to mitigate the effects of tariffs on “non-essential” consumer products that had been introduced for agricultural products such as kiwi, frozen tuna and honey.

Furthermore, as can be seen from figure 9 below, full or partial solutions covered 24 of the EU’s trading partners.

Figure 9: Number of barriers resolved by partner (2021)



In tackling barriers, the Commission applies a wide range of instruments, often in combination

The choice of instruments and fora depends on the particular situation: The Commission may raise the issues under a bilateral trade agreement (e.g. using the institutional structures established), or in one of the WTO Committees, or by making use of diplomatic channels, including joint demarches with Member States, or high-level dialogues with its trading partners. As a last resort, where merited by the problem, the Commission will bring dispute settlement cases under its bilateral agreements or at the WTO (see further section V below), or -in response to industry requests- will launch investigations under the EU's Trade Barriers Regulation.

Some trade barriers were successful tackled through bilateral action...

This was the case inter alia for Turkey – Cosmetics: In 2018, Turkey started requiring the preliminary submission of Safety Assessment Reports for all cosmetics entering the Turkish market. The Trade Section in the EU Delegation in Ankara, in coordination with the Member States' Embassies, reached out to the local authorities to seek an adaption of this practice in order to remove the barrier. At the start of 2021 the requirement for Safety Assessment Reports was lifted and, to ensure full alignment with the EU, Turkey prepared a new draft legislation, which has been submitted for the Commission's assessment.

...while other trade barriers were solved in the multilateral framework of the WTO and its committees...

The EU, acting on behalf of the 27 Member States, remains a driving force within the WTO. It actively participates across the full set of committees (e.g. on SPS and TBT), which often provide the setting to raise and seek resolution of persistent market access barriers imposed by other Members and offer the possibility to comment directly to third countries on new measures before they enter into force as part of the SPS and TBT notification procedures.

Examples for successful interaction at multilateral level in 2021 include:

- ***Korea – Ballast Water Treatment System:*** After more than two years of work through the WTO TBT Committee, Korea issued Type Approval Certificates (TACs) to an EU manufacturer of Ballast Water Treatment Systems. This allows the company to install these systems on Korean flagged vessels in order to prevent the spread of invasive species, thereby ensuring maritime safety and protecting the environment.
- ***Saudi Arabia - Mandatory expiry dates for several food products:*** In 2021, Saudi Arabia announced its intention to set mandatory expiry dates for table eggs (60 days) and frozen poultry meat products (3 months) via WTO SPS notifications. The EU submitted comments requesting Saudi Arabia to give the responsibility to the business operators to set expiry dates within a given range, thus maintaining high protection levels, while avoiding overly burdensome administrative procedures. The Saudi Arabian authorities suspended the implementation for further review.

...and in specific cases, the Trade Barriers Regulation offered a legal path to tackle trade barriers in Mexico and Saudi Arabia

The Trade Barriers Regulation (TBR) is a legal instrument allowing EU stakeholders (companies, industries, associations and Member States) to complain about trade barriers in third countries. If the complaint fulfils the admission criteria, the Commission assesses whether the alleged barrier indeed constitutes a violation of international trade rules and if the EU should act.

- The Commission services' Tequila report⁸⁸ concluded that -since the Mexican measure raised concerns on its compliance with WTO rules- it should continue to be monitored. Against the backdrop of this report, a mutually agreeable solution was found, relevant exports of Tequila resumed, and the complainant withdrew the complaint (the TBR procedure was formally terminated in February 2022). The case demonstrates how recourse to swift and effective trade enforcement tools can contribute to finding mutually agreeable solutions to trade barriers.

⁸⁸ The Commission's report to the TBR Committee can be accessed here: https://trade.ec.europa.eu/doclib/docs/2021/may/tradoc_159563.pdf

- In 2021, Commission services also concluded their examinations of Saudi Arabia's measures restricting market access for EU ceramic tiles. The Commission services report concerning Saudi Arabia⁸⁹ concluded that many aspects of these new Saudi technical regulations and the way that they are implemented raised serious concerns of compliance with WTO law, and that the services would engage with Saudi Arabia to ensure a swift and efficient removal of these barriers. That engagement was still ongoing at the end of 2021 and led to Saudi Arabia to take in March 2022 a number of commitments to address EU's requests. The Commission is monitoring the implementation of these commitments.

D. The Market Access Partnership at work and its impact in 2021

In addressing trade barriers the Commission works closely with Member States and European business associations in various fora, such as:

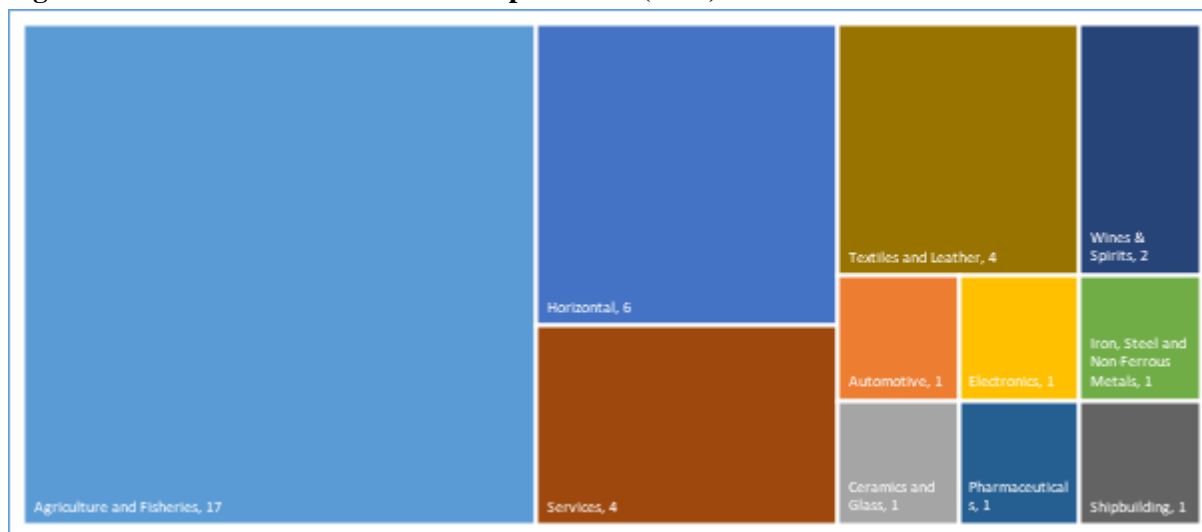
- *The Market Access Advisory Committee (MAAC)*⁹⁰: As the central forum of discussion, it meets on a monthly basis and brings together the Commission services, Member States officials and representatives of more than 50 EU business associations from all sectors;
- *The sectoral Market Access Working Groups (MAWG)*: These working groups meet once per year and follow the same structure as the MAAC, while discussions are sector-driven. Currently there are MAWG on seven sectors (SPS issues, Electronics and ICT, Medical Devices, Pharmaceuticals, Wines and Spirits, Textile, Cars and Tyres).

Figure 10 below shows the wide set of sectors benefitting from the efforts taken forward in these and other fora to strengthen market access for EU businesses in third countries. Continuing the trend over the previous years between 2016 and 2020, **agriculture and fisheries** remained the sectors that saw the **highest number of trade barriers resolved** in 2021 (17), accounting for almost 40 % of all resolved barriers.

⁸⁹ The Commission's report to the TBR Committee can be accessed here: https://trade.ec.europa.eu/doclib/docs/2021/may/tradoc_159564.pdf

⁹⁰ In addition, mirroring the discussions in Headquarters, a number of EU Delegations also hold regular discussions involving Member States, as well as business (and sometimes also authorities from the partner countries).

Figure 10: Number of barriers resolved per sector (2021)



In 2021, the second largest category of resolved barriers was made up by **horizontal measures**, i.e. barriers applying to many sectors, while four concerned the **textiles and leather sector**. By contrast, the number of solved barriers for the other sectors remained relatively stable between 2016 and 2020, with some minor variations from year to year.

Overall, econometric analysis carried out by DG TRADE showed that, thanks to the removal of a number of barriers between 2015 and 2020, **exports from the EU in 2021 were €7.2 billion higher than they would have been if the barriers had still been in place**. This is €1.8 billion higher than in 2020 (when barrier work carried out 2014-2019 enabled an additional € 5.4 billion in EU exports) and is a clear indication of the direct benefits stemming from the implementation and enforcement efforts carried out by the Commission, Member States and businesses under the Market Access Partnership.

IV.2 The Single Entry Point for complaints

DG TRADE launched the **Single Entry Point** on 16 November 2020 to make reporting of new (or potential) trade barriers or breaches of sustainability commitments (under the TSD or General Scheme of Preferences (GSP)) easier. First, with the Single Entry Point, there is now **one point of contact** for stakeholders. Second, the Single Entry Point has ensured a more efficient assessment of new issues and speeds up decisions on the appropriate follow-up process inside the Commission. Under the guidance of the **Chief Trade Enforcement Officer ('CTEO')**, the Single Entry Point coordinates the assessment of the complaints and sets up Commission services 'case teams'.

The Single Entry Point has **frequent contacts with potential complainants** ahead of formalising a complaint. Complaints can be submitted online using one of two **complaint forms** – one related to market access issues and one on TSD/GSP-related issues. The forms

can be found directly on the Access2Markets platform⁹¹ and are designed to provide the Single Entry Point with the information necessary to make a first assessment of the issue, together with other Commission services and trade teams in the EU delegations, and decide on follow up action accordingly. If more information is needed or the opinion of other international organisations (e.g. the ILO on trade and labour questions), the Single Entry Point will follow up directly with the complainant. The complainant will be kept informed of the progress of the case.

Once it is complete, the appointed case team will assess the complaint and suggest appropriate follow-up actions to solve the issue. If the Single Entry Point does not receive an official complaint, the Commission still reserves the right to take action by its own initiative – the so-called **ex-officio** process.

EXAMPLE: Complaint on restrictions of EU exports of footwear to India

In early 2021, the SEP received a complaint on Quality Control Orders (QCOs) for footwear in India. QCOs are a known challenge for EU companies, who want to export to India and they affect many different sectors. However, with the complaint, the Commission became aware of new QCOs in yet another sector – footwear. Once received, the SEP therefore engaged with the complainant to collect further information and to fill in the gaps of the original complaint form. The SEP then set up a case team consisting of experts from geographical and sectorial units to assess the complaint in detail. The EU Delegation in New Delhi was also directly involved. The conclusion was clear: Upon entry into force, the QCOs for footwear will constitute a trade barrier for EU companies. The barrier was therefore registered in Access2Markets. In the spring of 2022, a positive development occurred as the entry into force of the QCOs was delayed until 2023 to the benefit of EU exporters. The Commission continues to work towards a full resolution of the issue.

The Single Entry Point in numbers

2021 constituted the first full year when the Single Entry Point was fully operational. In total, the Single Entry Point was contacted 61 times about potential trade barriers or potential breaches of third countries' sustainability commitments. Those contacts translated into 33 complaints through the Access2Markets portal. All of these complaints concerned market access issues. While sustainability related issues did come up in a number of pre-submission meetings with stakeholders, none of these materialised in a formal complaint during the period covered by this report.⁹²

Looking at the source of the complaints, the vast majority of complainants (30) were EU businesses (15 complaints were launched directly by EU companies, 12 by European trade

⁹¹ Market access complaint form: https://trade.ec.europa.eu/access-to-markets/en/contact-form?type=COMPL_MA

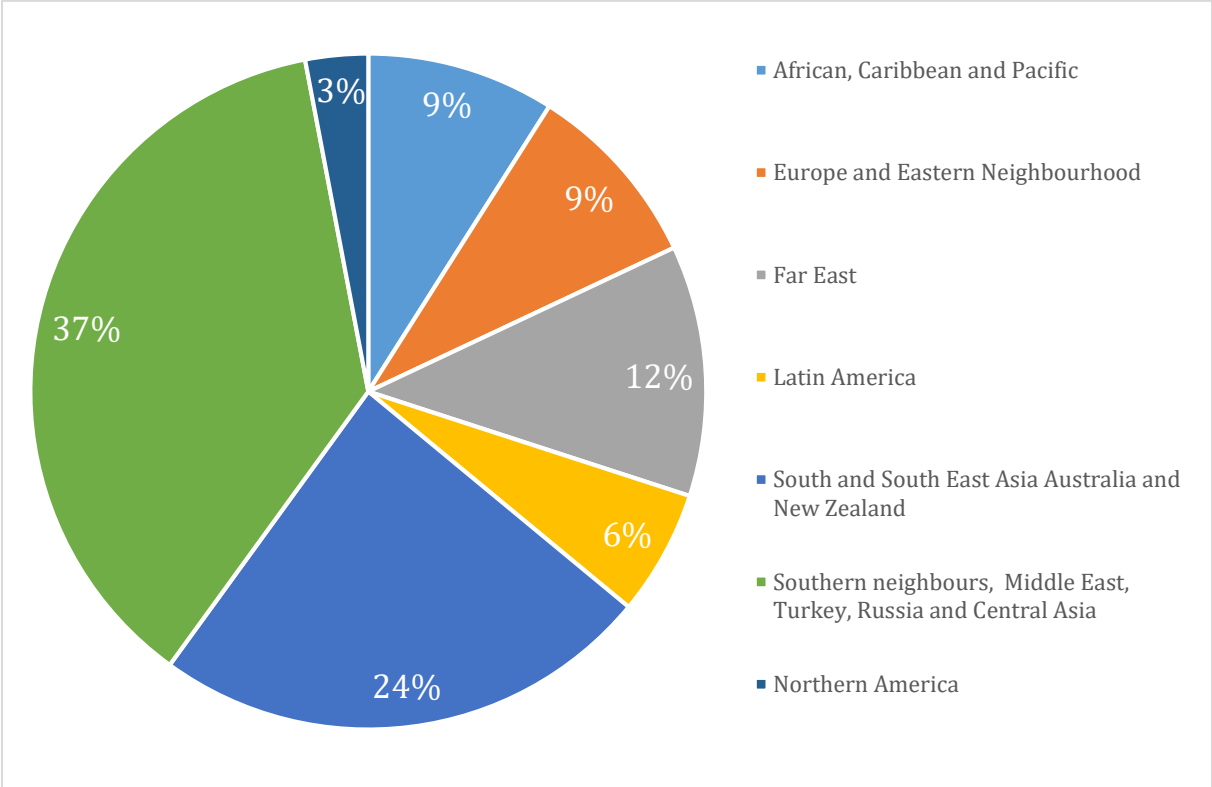
TSD/GSP complaint form: https://trade.ec.europa.eu/access-to-markets/en/contact-form?type=COMPL_TSD_GSP

⁹² A first complaint was submitted in May 2020 by a Dutch NGO in relation to the compliance of Colombia and Peru of certain ILO labour provisions pursuant to the trade agreements with the EU. The complaint is not covered by this report.

associations, and three by national trade associations). Only three complaints came from Member States.

Complaints concerned market access barriers in 21 EU trading partners, covering all geographic regions. However, as figure 11 suggests, the Southern neighbourhood, the Middle East, Turkey, Russia and Central Asia made up more than a third of all complaints received in 2021, while only one complaint concerned the North American region.

Figure 11: Complaints received by Single Entry Point per region



V. Bilateral and multilateral enforcement of trade commitments: resolving disputes⁹³

Work on implementation, on pre-empting potential barriers and on tackling actual barriers before they become entrenched is at the heart of the Commission's approach to implementation and enforcement. To be at its most effective, this upstream work is backed up by pursuing legal disputes, when necessary.

V.1 Use of dispute settlement

A. WTO dispute settlement

Even with the WTO's Appellate Body still blocked, the EU's WTO dispute settlement activity continued....

Since December 2019 the WTO Appellate Body has been unable to hear appeals, due to a blockage on appointments. Finding a lasting solution to this situation remains a top priority for the EU.

In the meantime, despite the threat to binding resolution of WTO disputes posed by the paralysis of the Appellate Body, the EU successfully advanced a growing number of WTO disputes during the reporting period. The MPIA⁹⁴ contributed to this advancement and is an important part of the EU's strategy concerning the Appellate Body situation. At the end of April 2022, 52 out of the 164 WTO Members were covered by the 25 MPIA participants. Alternatively, if a WTO member with which the EU has a WTO dispute chooses not to participate in the MPIA, the EU concludes where possible an 'ad hoc' appeal arbitration agreement for that dispute, based on the MPIA model. Accordingly, the EU concluded in March 2022 **ad hoc appeal arbitration agreements** with Turkey in two WTO disputes (DS583 and DS595, see below). By agreeing on appeal arbitration procedures, the EU and Turkey ensured that binding, two-tier and independent dispute settlement could continue at the WTO for both cases.

⁹³ For a detailed summary of, in particular, WTO cases involving the EU as complainant or respondent and cases under the EU's bilateral agreements, see the most up-to-date edition of the 'Overview of the EU's active dispute settlement cases', published on DG Trade's website (<https://ec.europa.eu/trade/policy/accessing-markets/dispute-settlement/>).

⁹⁴ This arrangement, notified to the WTO in April 2020, ensures that the WTO members participating in it continue to benefit, even though the Appellate Body is paralysed, from binding, two-tier and independent adjudication under WTO rules in any disputes between them. Any WTO member may join the MPIA as long as the Appellate Body remains unable to function fully.

Among the disputes advanced by the EU over the reporting period were the following, inter alia:⁹⁵

- U.S. – ripe olives (DS577) – This dispute concerns countervailing duties applied on imports of ripe olives from Spain put in place during the previous US administration in 2018. On 19 November 2021, the panel ruled that these countervailing duties are illegal under WTO rules. The report became binding in December 2021, following its adoption in the WTO without appeal. Parties agreed that the reasonable period of time in which the U.S. would have to implement the report would be by 14 January 2023.
- Turkey – pharma (DS583) – This dispute concerns the EU’s challenge of certain Turkish measures affecting imported pharmaceutical products. All claims were decided in the EU’s favour in the panel report of 28 April 2022, which concluded that Turkey cannot require producers of pharmaceutical products to move production to Turkey for their products to be eligible for reimbursement by social security schemes in Turkey. Neither can Turkey prioritise reviews of reimbursement and marketing applications concerning domestic pharmaceutical products over those concerning imported pharmaceutical products. Turkey’s appeal of this panel report is being heard under WTO rules in accordance with the ad hoc appeal arbitration agreement concluded with Turkey (mentioned above). That agreement guarantees a binding resolution of the dispute, including with respect to any future disagreement over compliance.
- Turkey – steel safeguards (DS595) – This dispute concerns the EU steel safeguard measure imposed by the EU in February 2019. The panel report of 29 April 2022 was overall positive for the EU, with the most important questions being resolved in the EU’s favour. Importantly, the panel clarified WTO rules on safeguards, thus confirming the availability of the safeguards instrument as a response to the global steel crisis. The panel found the EU steel safeguard WTO-compatible on most of the points which Turkey had questioned, while it also found, on three points, that the EU safeguard measure lacked sufficient justification. In this regard, the EU will implement the ruling after its official adoption in the WTO. In this dispute, neither side made use of the right to appeal, which was guaranteed by the ad hoc appeal arbitration agreement concluded with Turkey.
- U.S. – steel and aluminium (DS548 and DS559) – In late 2021, in the context of a joint EU-U.S. statement on a ‘Global Arrangement on Sustainable Steel and Aluminium’, the EU and the U.S. in effect suspended two disputes between them: (1) DS548 concerning additional duties imposed by the U.S. on certain steel and

⁹⁵ For a detailed summary of, in particular, WTO cases involving the EU as complainant or respondent and cases under the EU’s bilateral agreements, see the most up-to-date edition of the ‘Overview of the EU’s active dispute settlement cases’, published on DG Trade’s website:

https://trade.ec.europa.eu/doclib/docs/2021/february/tradoc_159429.pdf

aluminium imports and (2) DS559 concerning additional import duties levied by the EU in response to those U.S. duties. The EU and the U.S. transformed the WTO panel proceeding in both disputes into WTO arbitration proceedings that they subsequently suspended indefinitely with the possibility of resumption – if necessary – in the future. In parallel, the U.S. undertook to remove ‘Section 232’ tariffs on EU steel and aluminium imports into the U.S. up to past trade volumes and the EU undertook to suspend temporarily the corresponding EU rebalancing measures against the U.S.

- U.S. – large civil aircraft (DS316 and DS353) –As reported last year, another important step in 2021 was the de-escalation of the disputes on ‘large civil aircraft’ reached between the EU and the U.S. in mid-June 2021, in the context of the ‘Understanding on a cooperative framework for Large Civil Aircraft’ (DS316 and DS353).

In addition, **panel proceedings progressed** in several other WTO disputes involving the EU. These include **Colombia** – frozen fries (DS591) where the panel report is expected in the second half of 2022 (and which is covered by the MPIA). Other important examples are the EU’s case against **India** over excessive Indian tariffs on certain goods in the information and communications technology sector (DS582) and its dispute concerning Indonesia’s nickel ore export ban and domestic processing requirements affecting nickel ore and iron ore (DS592) as well as two defensive cases, brought by **Indonesia** and **Malaysia**, concerning certain biofuel rules in relation to palm oil (DS593 and DS600, respectively).

Russia’s unprovoked and unjustified military aggression against Ukraine grossly violates international law and undermined international security and stability. It also affected the EU’s trade enforcement activities. Consistently with the EU’s general approach taken with respect to Russia in international fora, the EU’s contacts with Russia have ceased in the WTO disputes between the two sides. In particular, panel proceedings have been suspended in the EU’s dispute against Russia concerning various measures favouring Russian products and services (DS604) and in the dispute brought by Russia concerning EU anti-dumping measures on certain steel products from Russia (DS521).

Russia’s onslaught also affected Ukraine’s ability, in a bilateral dispute under the EU’s Association Agreement with Ukraine, to comply with the arbitration panel’s ruling concerning a Ukrainian ban on the export of certain types of timber.

A series of new cases confirms the EU's belief in WTO dispute settlement...

In early 2022, the EU launched several **new WTO disputes**. This reflects the EU's determination to combat trade-distortive conduct and the EU's confidence in WTO dispute settlement as a means of doing so.

- Egypt – import registration (DS609) – In January 2022, the EU requested consultations concerning Egypt's import registration requirements and the manner that they affect the importation of certain categories of goods from the EU to Egypt.
- China – goods and services (DS610) – In January 2022, the EU launched a dispute against China concerning certain measures affecting trade between the EU and China in goods or services from or destined for Lithuania or linked in various ways to Lithuania, for example through the presence of Lithuanian components. Those measures also have an effect on supply chains throughout the EU.
- China – anti-suit injunctions (DS611) – In February 2022, the EU launched another dispute against China, this one concerning the practice of 'anti-suit injunctions', issued by Chinese courts, that leave EU-based high-tech companies at a significant disadvantage when enforcing their intellectual property rights to protect their technologies.
- United Kingdom – procurement in low carbon energy generation (DS612) – In March 2022, the EU launched WTO proceedings concerning the United Kingdom's measures to incentivise low-carbon energy generation projects, mainly offshore wind farms. The EU claims that the United Kingdom, by incentivising applicants for State financial support (in the form of 'contracts for difference' or CfD) to commit to and to implement an ambitious percentage of United Kingdom local content, accords less favourable treatment to imported goods than to like domestic goods. Following WTO consultations, on 1 July, the parties agreed on a way forward to settle the issue: The United Kingdom clarified that, both for the current and future allocation rounds, United Kingdom content does not play any role whatsoever in the allocation of subsidies and that CfD beneficiaries do not need to achieve any particular level of United Kingdom content to receive payments. Any request for information on United Kingdom content remains for information purposes only.⁹⁶

⁹⁶ https://policy.trade.ec.europa.eu/news/eu-and-uk-agree-way-forward-wto-dispute-concerning-uks-green-energy-subsidy-scheme-2022-07-01_en

B. Bilateral dispute settlement

The EU did not launch any bilateral disputes in 2021, but continued to press for procedural or compliance progress in existing cases ...

- **Korea – labour commitments.** As of the end of April 2022, discussions were continuing with the Republic of Korea on the completion of its implementation of the January 2021 ruling of the panel of experts⁹⁷, issued in accordance with the ‘Trade and Sustainable Development’ chapter of the EU-Korea Free Trade Agreement. In particular, Korea still needed to ratify the last of the four fundamental ILO conventions concerned, notably Convention No 105 on the Abolition of Forced Labour.
- **Southern African Customs Union – safeguard measures on poultry.** This dispute is governed by the dispute settlement provisions of the bilateral Economic Partnership Agreement between the EU and the Southern African Development Community. It concerns the imposition in September 2018 of a safeguard measure on exports of frozen bone-in chicken cuts from the EU. All the procedural elements for the launch of panel proceedings were eventually agreed in the first half of 2021, allowing those proceedings to start in autumn 2021. The hearing took place in March 2022. As of the end of April 2022, the main remaining milestone in these proceedings was the issuance of a final report.
- **Algeria – several trade restrictive measures.** After the EU nominated its arbitrator and formally requested the establishment of an arbitration panel in March 2021, technical consultations with Algeria with a view to finding an amicable solution intensified. In early 2022, Algeria removed excessive tariffs on 129 products. However, as of the end of April 2022, progress by Algeria on other aspects of the dispute had yet to materialise.

V.2 Renewal of pools of adjudicators for disputes under EU agreements

Following the Commission’s December 2020 call for applications in connection with the renewal of the pool of arbitrators and the separate pool of experts in trade and sustainable development for dispute settlement panels under trade agreements to which the EU is a party, a selection panel of experienced international judges and academics examined the candidates to confirm their suitability for appointment. The successful candidates were informed in May 2022 and the list published in June 2022⁹⁸. In line with the Commission’s adherence to the ‘Equal Representation in Arbitration Pledge’, the Commission will now seek to ensure gender balance in its proposals from that pool to the Council for rosters of arbitrators and experts, as well as in the appointment of arbitrators or of trade and sustainable development experts in specific disputes.

⁹⁷ The panel report was issued on 20 January 2021 and is available here : https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159358.pdf

⁹⁸ <https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/3b8c3460-b8f5-4bd2-8e32-08b68cf4d834>