



EUROPEAN
COMMISSION

Brussels, 3.10.2024
SWD(2024) 386 final

COMMISSION STAFF WORKING DOCUMENT

Individual information sheets on implementation of EU Trade Agreements

Accompanying the document

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

on the Implementation and Enforcement of EU Trade Policy

{COM(2024) 385 final}

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This Staff Working Document (SWD) contains additional information (country sheets) on 39 individual EU trade agreements, complementing section II of the Report on Implementation and Enforcement of EU trade policy¹ (“the report”), called “*Making full use of the EU’s bilateral trade agreements*”.

Its annex has a **list of new barriers to trade recorded and barriers resolved in 2023**, completing section IV of the report, called “*Addressing barriers and finding solutions*”.

For the following information please consult the website of the Commission /DG TRADE:

- **Agendas and reports of meetings of the institutional bodies** (FTA committees and working groups, dialogues) as well as information on agenda and reports of civil society forum meetings²;

- **General statistics** (regularly updated) on trade in goods and services and on foreign direct investment for **all EU trading partner countries**³;

The Commission/DG TRADE’s Implementation & Enforcement webpage⁴ has the following information, which is made available together with the annual report and staff working document:

- **Statistics** on trade in goods and services and on foreign direct investment **between the EU and preferential trading partner countries** (these are compiled for the annual report, based on Eurostat data for the EU27 as they stand in March 2024. *NB: The latest statistics for trade in goods are for 2023, for trade in services and investment for 2022, except where indicated otherwise*);

- **Tariff Rate Quotas (TRQs)** for the EU and preferential partner countries’ fill rates in 2023;

- **Preference utilisation rates (PURs)** on EU imports for partner countries as well as PURs on EU exports to the preferential partners, who shared the information, together with an explanation of the sources and methodology. They are updated once a year, in the fall. *NB. Figures for preference use on EU imports and EU exports are based on different datasets from distinct sources. Preference utilisation rates on imports use Eurostat figures and are harmonised. Preference utilisation rates on EU exports use data submitted by EU trading partners’ customs authorities, which apply different methods and practices: the data are therefore not harmonised and not comparable.*

¹ Report from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the Implementation and Enforcement of EU Trade Policy – COM(2024) 385: [Contact support \(europa.eu\)](https://ec.europa.eu/eu-trade-relationships-country-and-region/transparency-eu-trade-negotiations_en)

² https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/transparency-eu-trade-negotiations_en

³ <https://ec.europa.eu/trade/policy/countries-and-regions/statistics/>

⁴ https://policy.trade.ec.europa.eu/enforcement-and-protection/implementing-and-enforcing-eu-trade-agreements_en

EU TRADE AGREEMENTS COVERED BY THIS STAFF WORKING DOCUMENT
(Agreement/date of application)⁵

PART I: ASIA	
EU-Viet Nam Free Trade Agreement	1 August 2020
EU-Singapore Free Trade Agreement	21 September 2019
EU-Japan Economic Partnership Agreement	1 February 2019
EU-South Korea Free Trade Agreement	1 July 2011
PART II: THE AMERICAS	
EU-Canada Comprehensive Economic and Trade Agreement	21 September 2017
EU-Colombia-Peru-Ecuador Trade Agreement	1 March 2013 for Peru; 1 August 2013 for Colombia; 1 January 2017 for Ecuador.
EU-Central America Association Agreement	1 August 2013: trade pillar applies with Honduras, Nicaragua and Panama; 1 October 2013: Costa Rica and El Salvador; 1 December 2013: Guatemala.
EU-Chile Association Agreement	1 February 2003
EU-Mexico Global Agreement	Applied for goods since 1 July 2000; applied for services since 1 March 2001.
PART III: EU NEIGHBOURING COUNTRIES	
Mediterranean and Middle East countries - Free Trade Areas	
EU-Algeria	1 September 2005
EU-Egypt	21 December 2003
EU-Lebanon	1 March 2003
EU-Jordan	1 May 2002
EU-Morocco	18 March 2000
EU-Tunisia	1 March 1998
EU-Palestine ⁶	1 July 1997
EU-Israel	1 January 1996
Eastern countries – Deep and Comprehensive Free Trade Areas	
EU-Ukraine	1 January 2016, and entered into force on 1 September 2017.
EU-Georgia	1 September 2014, and entered into force on 1 July 2016.
EU-Moldova	1 September 2014, and entered into force on 1 July 2016.

⁵ For sake of consistency this report uses the short names for EU trading partners as listed in the inter-institutional guide, available at <https://publications.europa.eu/code/en/en-5000500.htm>

⁶ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of Member States on this issue.

EU TRADE AGREEMENTS COVERED BY THIS STAFF WORKING DOCUMENT

(Agreement /date of application)

Western Balkans – Stabilisation and Association Agreements	
EU-Kosovo* ⁷	1 April 2016
EU-Serbia	Interim Agreement on trade for Serbia: 1 February 2009; for the EU: 8 December 2009
EU-Bosnia and Herzegovina	Interim Agreement on trade 1 July 2008
EU-Montenegro	Interim Agreement on trade 1 January 2008
EU-Albania	Interim Agreement on trade 1 December 2006
EU-North Macedonia	Interim Agreement on trade 1 June 2001
Switzerland, Iceland, Norway, Türkiye, United Kingdom	
EU-Switzerland Free Trade Agreement	1 January 1973
EU-Iceland Free Trade Agreement	1 April 1973
EU-Norway Free Trade Agreement	1 July 1973
EU-Turkey Customs Union	Association Agreement signed in 1963; final phase of the customs union completed on 1 January 1996
EU-United Kingdom Trade and Cooperation Agreement	1 January 2021
PART IV: AFRICA, CARIBBEAN AND PACIFIC – Economic Partnership Agreements	
EU-Ghana (interim)	15 December 2016
EU-Southern African Development Community (SADC)	10 October 2016 for Botswana, Eswatini, Lesotho, Namibia and South Africa; 4 February 2018 for Mozambique.
EU-Côte d'Ivoire (interim)	3 September 2016
EU-Central Africa (Cameroon)	4 August 2014 for Cameroon
EU-Eastern and Southern African States (interim)	14 May 2012 for Madagascar, Mauritius, Seychelles and Zimbabwe; for Comoros since 7 February 2019
EU-Pacific countries (interim)	20 December 2009 for Papua New Guinea; 28 July 2014 for Fiji, 31 December 2018 for Samoa and 17 May 2020 for Solomon Islands.
EU-CARIFORUM	29 December 2008 for Antigua & Barbuda; Belize; Bahamas; Barbados; Dominica; Dominican Republic; Grenada; Guyana; Jamaica; St. Kitts & Nevis; Saint Lucia; St. Vincent & the Grenadines; Suriname; and Trinidad & Tobago.

* This designation is without prejudice to positions on status and is in line with UNSCR 1244/1999 and the ICJ Opinion on the Kosovo declaration of independence.

PART I: ASIA

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE FREE TRADE AGREEMENT BETWEEN THE EU AND VIETNAM

1. THE AGREEMENTS

The economic partnership between the EU and Vietnam comprises two distinct agreements, namely a **free trade agreement** and an **investment protection agreement**. Negotiations began in 2012 and were finalized in December 2015 on a single text covering both agreements. In 2018, the EU and Vietnam decided to split the initial single agreement into a trade agreement and an investment protection agreement, respectively.

The **EU-Vietnam Free Trade Agreement (EVFTA)** was signed on 30 June 2019 and entered into force on 1 August 2020. It sets out the rules accompanying trade liberalization between the EU and Vietnam. The Agreement establishes a free trade area between the Union and Vietnam. Its objectives are to liberalize and facilitate trade and investment between the Parties under the Agreement, in a manner mindful of high levels of environmental and labour protection and relevant internationally recognised standards and agreements.

The **EU-Vietnam Investment Protection Agreement** was signed on 30 June 2019. The agreement, already ratified by Vietnam and by the European Parliament, will enter into force once ratified by all 27 EU Member States. The EU-Vietnam Investment Agreement sets out rules that give EU investors and their investments in Vietnam a high level of protection, while safeguarding EU governments' rights to pass new laws and update existing ones. It will replace and upgrade bilateral investment treaties that several Member States currently have in place with Vietnam. Once ratified, the Investment Protection Agreement will replace investor-to-state dispute settlement.

Vietnam is an important regional economic actor and is part of a number of bilateral and major regional trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP).

2. MAIN IMPLEMENTATION ISSUES

2.1 Market Access: Progress and outstanding issues

Since 1 August 2020, the EU and Vietnam have held regular informal meetings and convened the specialized committees and working groups established by the EVFTA.

The **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 EVFTA has produced an online guide for EU SMEs on Vietnam trade and investment⁸.

⁸ <https://www.eu-vietnam-fta-sme-guide.eu/>

The **third Trade Committee** was held on 19 December 2023. On **specific market access issues**, progress was achieved in particular on the following:

On SPS-related issues

- Vietnam continued to speed up clearance procedures for authorizing imports from approved EU Member States' establishments (so called "**pre-listing**"). As a result, EU market access for animal products increased for various EU Member States.
- The Trade Committee decision to amend the **protocol on rules of origin** entered into force on 1 January 2024, after Vietnam internal procedures and decision making were concluded.

Work continued with Vietnam on the following market access issues:

- In relation to market access for **EU pharmaceutical products** the EU continued to work with Vietnam to ensure that the Pharma Law, which Vietnam is in the process of amending, will guarantee a non-discriminatory treatment and establish a practical and effective regulatory system for marketing authorizations.
- Work continued in 2023 to reduce the important backlog Vietnam has on EU Member States' general applications for **exports of animal and plant products** to Vietnam, although procedures remain lengthy and the high number of unprocessed applications persists. Vietnam committed to address the EU concerns in specific technical meetings, the first of which took place on 19 April 2024.
- In 2023, the Commission continued engaging with Vietnam in order to ensure no further delay in complying with its obligation to accord to **remanufactured goods** the same treatment as that accorded to new like goods.
- In 2023, discussions have continued with the aim to achieve Vietnam's full implementation of the **car annex** to the EU-Vietnam Free Trade Agreement. In 2024, they were followed up with technical meetings on 12 January and 19 March as well as a Trade in Goods Committee on 19 July.
- In 2023, the EU also continued pursuing the aim of **reviewing the list of geographical indications** according to the provisions of the FTA, with some openness shown at political level in late 2023. In 2024, a follow-up took place in technical meetings on 12 February, 19 March and in the IPR Working Group on 10-11 July.
- The EU continued to express concerns on the Special Consumption Tax for **alcoholic beverages**. Tax levels have remained high in the past years, disproportionaely affecting

imported beverages, and are deemed to be further increased in the coming months thereby providing further incentives for illicit production and trade.

In the area of IPR, the **effective enforcement** of the 2022 Law on Intellectual Property **remains an issue of concern**, both as regards online and physical marketplaces. Vietnam's enforcement system has remained highly complex, which makes it challenging for rightholders to take effective and efficient action against IPR infringements. In particular, EU stakeholders raised ineffective copyright and GI rights enforcement, in particular in the online environment, including as regards site-blocking. IPR owners typically rely on administrative remedies (with fines often too low to act as a deterrent) to address IPR infringement cases in Vietnam because of difficulties in filing civil or criminal cases with overwhelmed courts. Although rightholders recognise that Vietnam has stepped up its efforts in border enforcement (increased border actions and seizures and effective customs registration and recordal procedures), the level of customs detentions of infringing products remains relatively low.

2.2 Trade and sustainable development: Progress and outstanding issues

On **labour issues**, Vietnam has ratified 25 **ILO Conventions** including **nine out of the ten fundamental Conventions**. By contrast, in 2023, Vietnam failed to meet its promise given to the European Parliament in the context of the EVFTA ratification - to ratify the last fundamental ILO convention, i.e. *Convention Nr. 87 on the Freedom of Association and Protection of the Right to Organise*. The EU has continued to encourage Vietnam to elaborate a plan outlining the concrete steps towards ratification and effective implementation of ILO Convention Nr. 87.

At the third **TSD Committee** in November 2023, Vietnam reiterated its commitment to approve a **Decree to allow the setting-up of independent trade unions**, i.e., not associated with the authorities. The enactment of the Decree on workers representative organisations and collective bargaining is key to enabling independent workers representative organisations. Important delays are expected on the Decree's adoption due to the complexity to reach a consensus among stakeholders in Vietnam, in particular with business representatives and Trade Unions' representatives. The adoption of the Decree is a crucial step towards the ratification by Vietnam of *ILO Convention Nr. C 87*, but also regarding the effective implementation of *ILO Convention Nr. C 98*. Ratification of *ILO Convention Nr. 87* and Vietnam's labour-related obligations in the EVFTA and commitments made in this regard – including to implement and promote these rights in practice – remain a top priority for the EU under the TSD chapter and this also in view of the formal complaint in relation to labour rights in Vietnam received by the Single Entry Point in April 2024.

On the basis of relevant reports from the ILO supervisory committees and other sources, the EU continues to closely monitor developments in Vietnam regarding **freedom of expression** and assembly that are integral parts of freedom of association.

Furthermore, the Commission continues raising with Vietnam the issue of **child labour** and Vietnam's commitment to eliminate it by 2025 in accordance with Sustainable Development Goal 8.7. The recent National Action Programme aims at a child labour rate of still more than

4 percent by 2030 after 5.4 percent in 2018. Vietnam's National Programme of Action is now approved at national level and work is focusing on implementation at the regional level. Further decisions on tackling child labour are expected to be taken on the basis of the outcome of the 3rd survey on child labour, which is planned for 2025.

Further concerns relate to the capacity to carry out **labour inspections** in Vietnam (number and quality/training) as noted in the 2021 report of the ILO supervisory mechanism (Committee of Experts on the Application of Conventions and Recommendations) on ILO Convention 81.

In 2023 Vietnam also expressed willingness to reinforce bilateral cooperation on **climate and environmental policies** as well as at international level (UNEA-6, CBD COP 16 and CITES). For example, Vietnam has been engaging in the **circular economy model** as pursued by the EU, including the policies and technologies leading to a less wasteful and more efficient economy. These political interests can trigger systemic changes where Vietnam would be diverting from a traditional, linear model into a more circular model of growth over time.

The implementation of the TSD chapter and the EVFTA as a whole play an instrumental role in that context. In that respect, at the TSD Committee of November 2023, the EU and Vietnam agreed to hold *intersessional meetings* to complete the regular yearly TSD Committee. The first of such meeting took place in March 2024, dedicated to the enhancement of the functioning of the TSD chapter of the FTA.

Vietnam established a **Domestic Advisory Group** (DAG) in the autumn of 2021 and, following the second TSD committee meeting in October 2022, increased membership from three to six and one extra member joined in 2022. Vietnam is looking at the possibility to increase the number of members from seven to 15. The Commission continues to encourage Vietnam to further broaden the membership of its DAG. Once the national Decree on workers representative organisations will be adopted (see also above), it is expected that the Vietnam DAG would include independent workers' organisations. In this process the complexity to reach a consensus among stakeholders in Vietnam, in particular with business representatives and Trade Unions representatives, should be factored in.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE FREE TRADE AGREEMENT BETWEEN THE EU AND SINGAPORE

1. THE AGREEMENTS

The economic partnership between the EU and Singapore is made up of two distinct agreements, namely a **free trade agreement** (EUSFTA) and an **investment protection agreement**.⁹ Negotiations began in 2009, with negotiations for the trade agreement and the investment protection agreement being completed in 2012 and 2017, respectively. The trade agreement entered into force on 21 November 2019, and the investment agreement will enter into force once ratified by all EU Member States. These are the first agreements on trade and investment the EU ever concluded with an ASEAN Member State.

Singapore is an important regional economic actor, and is part of a number of major regional trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the ASEAN Free Trade Area (AFTA) and the Regional Comprehensive Economic Partnership (RCEP). Singapore's membership of ASEAN also gives it notable political as well as economic influence in the Southeast Asia region.

Singapore is the **EU's largest trade and investment partner in Southeast Asia**, ranking as the EU's 5th largest trade partner for services globally (€77.5 billion) and 6th largest FDI destination (€293 billion) in 2022.

Singapore was the *largest ASEAN destination for EU exports of goods in 2023*: EU exports to Singapore increased by 1.2% (from €31.7 billion in 2022 to €32.1 billion in 2023). EU-Singapore trade in goods slightly decreased by 0.2% in 2023 on a year-on-year basis.

The EU-Singapore trade and investment agreements contribute to solidifying the EU's presence in the region. The agreements offer new opportunities for EU companies to expand into other Southeast Asian markets, as they provide them with more opportunities and stronger protection to do business in Singapore, which is the central hub in Southeast Asia.

In February 2023, the **EU and Singapore signed the non-binding EU-Singapore Digital Partnership** and adopted their first deliverable on Digital Trade Principles. In July 2023, the EU and Singapore launched the negotiations for a Digital Trade Agreement (DTA) setting out binding digital trade rules. These negotiations were concluded on 25 July 2024. Upon entry into force the DTA will complement the 2019 EUSFTA, connecting both economies further and benefiting businesses and consumers that want to engage in digital trade.

⁹ The decision to "split" the agreement into a free trade agreement and an investment protection agreement was made following the Opinion 2/15 of the European Court of Justice on the allocation of competences between the European Union and the Member States.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market Access: Progress and outstanding issues

During the fourth year of implementation of the EUSFTA, **progress** was made by Singapore in the implementation of its commitments within the Chapter on **Intellectual Property Rights (IPR)**. The first EU-Singapore IP Dialogue was held on 1 June 2023 to review the implementation of the IP chapter of the EUSFTA, including on Singapore's commitments to provide producers of phonograms with the right to a single equitable remuneration if a phonogram published for commercial purposes, or a reproduction of such phonogram is used for broadcasting by wireless means or for public performance.

In 2023, **eight additional geographical indications (GIs) were successfully registered** in Singapore, including the GIs Prosecco and Halloumi, bringing the total of registered GIs to 165, which will be reflected in a future amendment of the relevant GI annexes of the EUSFTA.

Progress was also made in the area of **customs**:

- The EU and Singapore switched towards the 'registered' exporters' system, benefitting in particular also EU exporters of beer, through the adoption of a Customs Committee Decision, which came into effect on 1 January 2023.
- Furthermore, the EU and Singapore engaged in **an exchange on recent developments in customs policy and legislation** and mutual administrative assistance in customs matters. In 2023, Singapore conducted a customs validation visit to the EU in view of concluding a Mutual Recognition Agreement on **Authorised Economic Operators programmes**.

In the field of **Sanitary and Phytosanitary Measures (SPS)**, the EU and Singapore held the 4th EU-Singapore SPS Committee Meeting under the EUSFTA in October 2023 and advanced on SPS issues:

- Following a comprehensive audit to Spain in early 2023 by the Singapore Food Agency, **Singapore upgraded the approval status for Spain** under pre-listing conditions for eggs, pork, poultry and beef, and approved Spain for export of ovine meat and offal to Singapore.
- Singapore and the EU have also made progress on the **born and raised attestation**, in particular with Belgium, Poland and Spain, allowing meat products to be sourced from animals born and raised in EU Member States approved by Singapore.

Singapore applies **regionalisation measures** for African Swine Fever (ASF) and Highly Pathogenic Avian Influenza (HPAI) with the majority of approved EU Member States, aligned with EU measures. In fact, after several years of ASF countrywide bans, exports of pork and pork products from Belgium, Germany, Hungary and Poland to Singapore have successfully resumed.

Following a **recent outbreak of ASF in wild boar in Sweden**, Singapore continues to allow imports of Swedish pork and pork products after modifying the health certificate in an expeditious and trade-friendly manner.

Singapore has also accepted imports of French poultry and poultry products, after France started a nation-wide **vaccination against Highly Pathogenic Avian Influenza** in ducks on 1 October 2023.

In October 2023, the EU and Singapore held the first meeting of the **Committee on Trade in Services, Investment and Government Procurement** under the EUSFTA to review the implementation of the chapters 8 (on Services, Establishment and Electronic Commerce) and 9 (on Government Procurement) of the EUSFTA. Bilateral trade in services reached a record €77.5 billion in 2022, an increase of 33% on a year-on-year basis.

2.2 Trade and sustainable development: Progress and outstanding issues

The **second TSD Board meeting and Public Stakeholders' Forum** took place in Brussels in March 2023 (the second EU-Singapore TSD Board on 22 March and the second EU-Singapore Public Stakeholders forum on 23 March). Discussions were held on a wide range of topics including progress towards ratification by Singapore of three outstanding fundamental ILO conventions.

- Most progress has been made on ILO Convention C105 (Abolition of Forced Labour), where Singapore has amended three pieces of its legislation and expressed its commitment to amend all domestic legislation needed to fully comply with the ILO convention requirements.
- On ILO C111 concerning Discrimination in Respect of Employment and Occupation Singapore is taking steps to enact legislation to prohibit discrimination at the workplace.
- On ILO C87 on Freedom of Association and Protection of the Right to Organize, Singapore indicated that it fully complied with the principle already but currently did not intend to ratify the convention (for reasons going to the core of the socio-political system in Singapore).

Continued and sustained efforts towards the ratification and effective implementation of all ILO fundamental Conventions remain a priority for the EU. The EU and Singapore further noted their shared commitment to the full and timely implementation of their respective commitments under the Paris Agreement and reviewed key domestic policies to support their achievement and economic growth. The next TSD Board and the Public Stakeholders Forum will take place most likely in the first quarter of 2025 in Singapore.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND JAPAN

1. THE AGREEMENT

The **EU-Japan Economic Partnership Agreement** (“the EU-Japan EPA”; hereinafter “the Agreement”) entered into force on 1 February 2019. It is one of the most ambitious trade agreements concluded by the EU so far, providing for broad-based trade liberalisation coupled with rules and disciplines on aspects such as labour rights, environmental protection, antitrust, corporate governance and the commercial activities of state-owned enterprises, among other topics. The agreement thus pursues and develops the EU’s strive towards comprehensive trade agreements, and it provides a sound basis for the development of economic relations between the Parties.

The agreement is particularly important for the EU agri-food sector, offering huge potential for increasing EU exports of a large number of products, such as wine, pork, beef, cheeses and processed agricultural products.

The **first five years of EPA implementation** have been overall satisfactory. Bilateral trade quickly recovered from the Covid-19 crisis and, in 2022, trade flows exceeded pre-pandemic levels.

Between 2018 and 2023, EU exports of goods to Japan have grown by 11%, with a cumulative annual growth of 2%. Data for 2023 on bilateral trade in goods show a contraction of EU exports compared to the previous year, mainly due to exchange rate issues, reduction of EU exports of vaccines to Japan, high inflation impacting on consumers’ purchasing power, or increased prices due to falling supplies. Bilateral trade in services increased of 23% between 2018 and 2022 and, in 2022, there was an increase of 13%, when compared to 2021.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market Access: Progress and outstanding issues

Progress was made in 2023 inter alia on the following issues:

- Japan reviewed its tendering guidelines for **offshore wind power**, removing discriminatory requirements, allowing for the successful participation of EU industry to the second round of offshore wind tenders that were awarded in 2023. Moreover, the certification process for certain wind power equipments was simplified.

- **48 new geographical indications** from Japan and the EU were added to the existing list annexed to the EPA.
- On **SPS**, following the commitments taken during the July 2023 EU-Japan summit, Japan approved the pending market access applications for beef from Austria, Spain, Sweden and Germany and major progress was made on the mutual recognition project for Highly Pathogenic Avian Influenza (HPAI).

The following **outstanding issues** remain:

- In the area of **public procurement**, Japan failed to ensure the automatic and immediate publication of all tenders falling under the EU-Japan EPA or the WTO GPA on the single point of access (i.e. JETRO) – progress on government procurement thus remains limited.
- Japan's overly complicated and lengthy market access **approval procedures for certain EU agri-food products** (especially for fruits and vegetables) continue to hamper EU exports. In order to address this issue, the EU continued its engagement with Japan towards a simplification of the lengthy and duplicative assessments conducted for each EU Member State individually.
- The **utilisation by the EU of TRQs granted by Japan showed mixed results** according to the Fiscal Year 2022 figures (NB: latest figures available). Therefore, the Commission continues to monitor the fill rate and management of TRQs under the EPA.

2.2 Trade and sustainable development: Progress and outstanding issues

ILO convention C105 on the Abolition of Forced Labour entered into force for Japan in July 2023 following the subsequent amendments to domestic legislation.

The **Committee on Trade and Sustainable Development** met on 28 February and 1 March 2023¹⁰. In addition to the adoption of a decision establishing the panel of TSD experts¹¹, the EU side and Japan discussed the following issues *concerning labour*:

- EU initiatives in the area of Corporate Social Responsibility/Responsible Business Conduct (CSR/RBC);
- Japan's efforts on the **ratification of the ILO C111** on discrimination in employment and occupation as well as the EU and Japan's respective policies and approaches to the **occupational safety and health**.

¹⁰ Agenda of the meeting: <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/a5b439ce-67b1-4bf7-b0b4-3671dd8a325d/details>

¹¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22023D1124>

In regard to **environmental issues** the following topics were raised:

- The EU Circular Economy package, as well as the proposal for a Revision of the Waste Shipment Regulation. Building on the recent collaboration in the area of plastics policy, the EU proposed a technical dialogue with a focus on product requirements for circularity by design. Building on the update on the EU Forest Strategy, the EU and Japan are considering the possibility to hold a follow-up technical-level meeting on the EU proposal for a regulation to curb deforestation and forest degradation.
- The Parties also updated each other on the respective policy developments on **climate change**, and discussed bilateral cooperation (the *Japan-EU Green Alliance*¹²). In relation to cooperation in **multilateral fora**, the Parties discussed the (plurilateral) Methane and Deforestation Initiatives. They stressed the positive contribution that bilateral discussions on trade and climate can bring to the multilateral processes.

During a high level mission under the **Green Alliance** in February 2024, the EU and Japan further explored cooperation in the fields of carbon pricing and modelling emissions, carbon capture, utilisation and storage.

The **Joint Dialogue with Civil Society** was held on 11 April 2024 in Japan, ahead of the TSD Committee so it could inform the latter. The topics discussed at the Joint Dialogue included trade and environment, namely circular economy and efforts to regulate green claims greenwashing. As regards labour, discussions included the latest developments on ratification of core ILO conventions and the forced labour regulation, as well as the issue of responsible business conduct/due diligence. A dedicated workshop on Human Rights and environmental due diligence took place the following day, bringing together experts from the OECD and civil society on both sides. In addition, the joint statement of the European Business Council in Japan (EBC) and the Japan Business Council in Europe (JBCE) on Sustainable and Responsible Supply Chains was presented and discussed.

¹² [eu-japan-green-alliance-may-2021.pdf \(europa.eu\)](#)

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-SOUTH KOREA FREE TRADE AGREEMENT

1. THE AGREEMENT

The Free Trade Agreement between the EU and its Member States and the Republic of South Korea (hereinafter to as “the EU-South Korea FTA”) has been provisionally applied since July 2011. On 13 December 2015 it entered formally into force after ratification by the EU Member States. The Additional Protocol to the FTA to take into account the accession of Croatia to the EU has been provisionally applied since 26 May 2014 and formally entered into force on 1 January 2016.

The EU-South Korea FTA is the first of a new generation of comprehensive trade agreements that apart from market opening commitments also offer a basis for regulatory co-operation in key sectors, as well as a substantial chapter on sustainable development with binding provisions upholding and promoting social and environmental standards.

To complement the EU-South Korea FTA, the EU and South Korea have launched negotiations for a Digital Trade Agreement on 31 October 2023, building on the EU-South Korea Digital Trade Principles agreed in 2022. The two sides intend to agree on a set of ambitious, modern digital trade rules, building on and complementing the existing preferential trade framework.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market Access: Progress and outstanding issues

The 13-year old EU-South Korea FTA remains a solid foundation for the bilateral trade relationship, supporting a robust increase in bilateral trade. Against this background both sides continued working constructively on the implementation of the agreement with a number of FTA working groups and committees having taken place in 2023 and the first quarter of 2024. The 11th **EU- South Korea Joint Trade Committee** took place in October 2023.¹³

Progress was made in implementing the EU–South Korea FTA in a number of areas during the reporting period, notably on **SPS**:

- In December 2023 the South Korean National Assembly voted in favour of market access applications for **exports of beef**¹⁴ from Ireland and France. In May and June 2024, acknowledging the high level of safety ensured by the EU's harmonised food safety control measures, the Republic of Korea officially opened market access for beef

¹³ Joint minutes of the 11th EU-South Korea Trade Committee are available here: [relations-negotiations-and-agreements - Library \(europa.eu\)](#)

¹⁴ Beef exports from the EU have been banned for more than two decades on the grounds of outbreaks of Bovine Spongiform Encephalopathy (BSE), with Denmark and the Netherlands having had their exports authorised again in 2019.

from Ireland and France, respectively and exports can now resume. This follows the opening of the Korean market to EU beef from Denmark and the Netherlands in 2019.

- With regards to **South Korea's recognition of the EU's regionalisation measures** to control outbreaks of African swine fever and the highly pathogenic avian influenza in 2022, implementation of this recognition continued with Germany, the EU's main exporter of pork to South Korea, resuming its exports in October 2023.
- DG TRADE, DG SANTE and the South Korean Ministry of Food and Drug Safety signed an Administrative Arrangement on cooperation on **electronic SPS certification and on SPS certificates for exports from the EU**. The conclusion of this arrangement will further facilitate trade of several processed agri-food products.

Apart from SPS, progress was also made in the **offshore wind energy** sector. Following continuous engagement between the EU, Member States and South Korea, the **South Korean government abolished local content requirements in the offshore wind energy sector** that had allowed for higher prices for those windfarms that had satisfied the condition of having minimally 50% domestic components. Meanwhile the EU continues to closely follow developments in the sector advocating for predictability and transparency of both permission process and auction rounds.

In a number of areas the **EU continued its engagement with South Korea** during the reporting period:

- ***Postal and courier services***: Negotiations with South Korea are still ongoing with a view to setting out the principles of the regulatory framework applicable to postal and courier services, as envisaged by Article 7.26 of the FTA between the EU and South Korea. EU suppliers will be able to benefit from legal certainty and transparency and operate in a fair postal and courier market.
- ***Electronics annex***: The EU and South Korea continued technical discussions on potential updates to the EU-South Korea FTA annex dedicated to electronics in light of technical developments since the EU-South Korea FTA was negotiated.
- ***Technical barriers to trade***: The EU facilitated contacts between conformity assessment bodies (CABs) outside South Korea and South Korean laboratories in charge of conformity testing of infant clothing. Negotiations between CABs and South Korean laboratories are ongoing. Authorising CABs outside South Korea could reduce the costs and environmental footprint of trade in infant clothing.

In 2023, the following **outstanding issues** remained:

- ***Sanitary and phyto-sanitary measures***: South Korea does not provide market access for all EU beef, despite notable positive developments for some Member States in 2023 (see above). Since South Korea closed its market to EU beef imports in the early 2000s

on the grounds of BSE outbreaks, only Denmark, the Netherlands, Ireland and France have been able to resume exports. Eight other Member States are meanwhile still waiting for the finalisation of the respective approval process..

- With regards to South Korea's recognition of the EU's regionalisation measures to control outbreaks of African swine fever and the highly pathogenic avian influenza, the EU continues to closely monitor implementation on the ground, advocating for a '**prelisting**' procedure that would significantly facilitate the resumption of exports and do away with a burdensome process that requires inspections and replies to extensive questionnaires on the part of each applicant EU establishment.

2.2 Trade and sustainable development: Progress and outstanding issues

The 9th TSD Committee met on 6 and 7 September 2023.¹⁵

On the implementation of the **Panel of Experts' report** of January 2021¹⁶:

- **South Korea reported** on its continuous and sustained efforts to ratify *ILO Convention on Abolition of Forced Labour* (ILO C105), analysing the strategies followed by other countries and launching the review for the procedure to amend two pieces of legislation, which allows not only imprisonment but also forced labour (i.e., sectorial laws with regard to seafarers and special security guards). The EU continues to follow the ratification process closely.
- The EU **continued engagement** with South Korea regarding **freedom of association**, monitoring the implementation of the amendments in the Korean Trade Union Act required to conform with the Panel report. The matter was raised at the TSD Committee and at the Trade Committee. Similarly to the year before, discussions mainly revolved around the possibility for dismissed and unemployed workers to join trade unions, the eligibility of trade union officials, the access of self-employed workers to trade unions and the certification procedure for trade unions in South Korea. The EU and South Korea hold different views on this matter, since South Korea considers that it has fully implemented the recommendations of the Panel Experts by revising the Trade Union and Labour Relations Adjustment Act (TULRAA), while the EU believes that practical implementation is uneven and continues to monitor progress. The Parties agreed to continue discussions at any future occasion.
- The EU and South Korea also exchanged views on the *functioning of the TSD chapter*, recalling the addition of occupational health and safety to the list of fundamental principles and rights at work in the ILO Declaration and discussing the ways how to

¹⁵ Joint minutes are available here: [relations-negotiations-and-agreements - Library \(europa.eu\)](https://ec.europa.eu/trade/policy/accessing-markets/dispute-settlement/bilateral-disputes/)

¹⁶ This report as well as other relevant documents are available on the Commission's webpage at <https://ec.europa.eu/trade/policy/accessing-markets/dispute-settlement/bilateral-disputes/>.

strengthen the participation and role of the Domestic Advisory Groups and civil society in the implementation of the TSD chapter.

The ratification of the last pending *fundamental ILO Convention on the Abolition of Forced Labour* (ILO C105) by South Korea is still **outstanding**. This was discussed in detail at senior official level at the TSD Committee of September 2023. At the Trade Committee of October 2023, South Korea's Trade Minister subsequently confirmed the country's commitment to continue efforts towards ratification (see also above).

3. ACTIVITIES SUBJECT TO SPECIFIC MONITORING

In line with Article 14 of the FTA Protocol on Rules of Origin, South Korea's imports of key car parts and electronics from its most important suppliers (outside the EU) have been monitored. Like in previous years, China and Japan continue to be amongst the largest car parts suppliers with Mexico now also becoming a main supplier. Japan still pays full duty on many car parts (within the Japan-RCEP, South Korea excludes from liberalisation some key car parts such as engines, lithium-ion batteries, and a large number of car parts under HS 8708), while China benefits from tariff reduction (the South Korea-China Free Trade Agreement liberalised many car parts, including lithium-ion batteries).

		2022 total import (1,000\$)	2023 total import (1,000\$)	2023 main import sourcing (outside the EU) and evolution of imports (1,000\$)					
				1st	2022	2023	2nd	2022	2023
Electronic sector									
HS 8522	Parts and accessories for pictures and sound reproducing and recording apparatus	24564	20755	China	19329	14847	Japan	1772	1771
HS 8527	Reception apparatus	108104	82323	China	53513	50372	Malaysia	6761	5817
HS 8529	Parts for reception apparatus	1963286	1923586	China	840559	719767	Vietnam	638220	737796
Core car parts									
HS 8407	Spark-ignition reciprocating or rotary internal combustion piston	274297	891639	Mexico	104558	717593	Japan	68455	66736
HS 8408	Diesel or semi-diesel engines	784870	593477	Japan	116975	93950	China	84905	93236
HS 8409	Parts of engines of 8407 or 8408	1340854	1351307	China	344706	337423	Japan	176287	176370
HS 8708	Parts and accessories for motor vehicles of headings 8701 to 8705	4973906	5066338	China	1946602	2208785	Mexico	451302	492544
HS 850760	Lithium-ion accumulators	5694928	8465963	China	5385671	8114048	USA	122896	102493
Source: KITA.org									

Source: KITA.org

The import pattern of reception/reproducing apparatus for cars (HS 8522, 8527 and 8529) has not fundamentally changed since the EU-South Korea FTA has entered into force.

South Korea's imports of gasoline engines (HS 8407) have increased sharply in 2023, with Mexico being the main supplier (+586%), but over the same period the EU's imports of combustion gasoline cars did not increase to a comparable degree (+10%), reaching now EUR 2.6 bn (source: ComExt).

South Korea's imports of diesel engines (HS 8408) have decreased (-24%) in 2023, including from its main supplier Japan (-20%).

South Korea's imports of parts for engines (HS 8409) and parts and accessories for certain motor vehicles (HS 8708) were stable in 2023 compared to 2022.

In 2023, South Korea's imports of lithium-ion batteries (HS 870560) have continued to steadily increase to \$ 8.2 bn (+48.6 %), with China being by far the dominant supplier (China benefits from free access to the South Korean market through to the China-South Korea FTA). These imports exceed for the first time South Korea's exports of lithium-ion batteries (\$ 7.3 bn). In 2023, South Korean exports of electric cars to the EU increased by 75%, amounting to EUR 4.3 bn (source: ComExt).

Based on these trade statistics, it is not possible to establish a link between the allowance of duty drawback and an increase in EU imports of cars from South Korea.

PART II: THE AMERICAS

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-CANADA COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT (CETA)

1. THE AGREEMENT

The **EU-Canada Comprehensive Economic and Trade Agreement** (“CETA”), (hereinafter ‘the Agreement’) has been provisionally applied since 21 September 2017. The agreement has been ratified by 17 Member States (Austria, Croatia, Czechia, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Portugal, Romania, Slovakia, Spain, Sweden) with 10 Member States (Belgium, Bulgaria, Cyprus, France, Greece, Hungary, Ireland, Italy, Poland and Slovenia) still pending ratification.

CETA has been implemented in all of those areas that are provisionally applied¹⁷. The Agreement has an extensive governance/management structure with 19 dedicated committees and dialogues/fora reporting directly to the Joint Committee, which meets at ministerial level.¹⁸

At the **fourth meeting of the CETA Joint Committee on 9 February 2024** the Parties took note of the positive evolution of bilateral trade in goods having grown exponentially by more than 50 percent since its provisional application. The Parties agreed that CETA has been effective in eliminating trade tariffs and barriers, fostering the free flow of goods, services, and investment between the EU and Canada. CETA has also been successful in fostering trade for small- and medium-sized enterprises (SMEs). Recent figures indicate that comparatively more new SMEs than large companies have started exporting to Canada from the EU under CETA: more than 2,500 additional European SMEs between 2016 and 2019. CETA also plays an important role for the resilience of supply chains through diversification.

- Progress was made in 2023 via agreement on an *interpretation that clarifies elements of investment provisions under CETA*, notably the terms “fair and equitable treatment”, “indirect expropriation” and “investment and climate change”. The agreement further clarifies that the Parties can regulate in the framework of climate, energy, and health policies to achieve legitimate public objectives.
- Progress was also made towards the adoption of supplemental rules on expedited procedures for the *resolution of investment disputes*, in particular for natural persons and SMEs under CETA for which negotiations at technical level were concluded beginning of 2024.

In 2022, the EU and Canada concluded negotiations of a **Mutual Recognition Agreement** (MRA) concerning the **professional qualifications of architects**¹⁹, which, once formally adopted²⁰ through the CETA Joint Committee, is expected to further boost trade in architectural services.

¹⁷ <https://data.consilium.europa.eu/doc/document/ST-10974-2016-INIT/en/pdf>

¹⁸ Reports of the Committees can be found [here](#).

¹⁹ eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022PC0343

²⁰ The EU has finalised its internal procedures and hope to adopt the MRA in the Joint Committee with Canada once Canada has completed its internal procedures. This is expected to happen in 2024.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market Access: Progress and outstanding issues

On **wines and spirits**, progress was made in removing certain discriminatory measures maintained at federal and provincial level:

- There is an announced path towards compliance by provinces (Ontario, Quebec and Nova Scotia) to remove **certain discriminatory measures** on wines (by mid-2023, end 2023 and mid-2024 respectively), which the Commission continues to monitor closely.²¹ The Commission engages in dialogue with the federal government and the provinces to address these issues, as most recently with Alberta and Ontario. Of particular concern to the EU are the 1) differential taxes and mark-ups giving preference to local producers, and 2) measures that allow for direct delivery exclusively by local producers. These issues persist and have been repeatedly raised by the EU at the EU-Canada committee meetings, most recently at the meeting of the Committee on Wine and Spirits on 15 and 16 May 2024.
- Work on geographical indications (GIs) continues:
 - A new regulatory measure in Quebec has resolved the issue of unauthorised reference to the geographical indication “*Champagne*” in alcoholic beverages produced in Canada. Similar steps are currently ongoing also at the federal level.
 - On 4 April 2024 the EU and Canada signed the amendment of the annexes of the 2003 Agreement between the European Community and Canada on trade in Wines and Spirits Drinks, incorporated into CETA, notably by adding 23 EU and 15 Canadian GIs and 17 oenological practices to those annexes.

On the **CETA tariff-rate quota (TRQ) for cheese** of all types granted by Canada to the EU, a 96% fill rate was achieved. Nevertheless, as the fill rate is not the only objective, the EU continued to raise its concerns with the administration of this CETA TRQ, particularly in relation to the pooling system and reported high transfer rate and subsequent transfer costs which are passed on to consumers. This reduces the competitiveness of EU products on the Canadian market and the EU has called upon Canada to introduce improvements in the context of its comprehensive TRQ review, which has been delayed due to Canada’s disputes with the U.S. and New Zealand over the implementation of dairy TRQs under CUSMA (Canada-United States-Mexico Agreement) and the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership), respectively.

²¹ Ontario harmonised the tax rates applicable to Ontario and non-Ontario wines sold in off-site winery retail stores on 1 July 2023.

Some market access issues continue to be discussed with Canada, notably in the area of **Sanitary and Phytosanitary (SPS)**:

- 21 EU Member States are recognised by Canada as pest free from the Asian and Citrus longhorned beetles in 2019. Canada does not recognise Finland and Austria who however have received a disease free status for these pests by the EU. The remaining four Member states Italy, France, Croatia and Germany part are recognised as pest free but Canada still needs to acknowledge this.
- The EU continues to discuss the possibility to export to Canada fresh tomato with vines, stems, and calyces as well as cherries from Spain.
- The EU has continued efforts to obtain approval of exports of meat/poultry from EU Member States that are not yet approved by Canada for these products.
- Overall, the work on the harmonisation of EU export certificates continued, with priorities put forward by both sides. The priorities for the EU are processed meat sheep/goat meat and casings.

The Commission conducted an audit in Canada in 2019 on bovine and pig meat and carried out a follow-up audit in 2022. The Commission closely follows developments in Canada to ensure that appropriate actions are taken by the Canadian authorities to address the recommendations made in those audit reports.

There are **concerns in the area of Intellectual property rights (IPR)**:

- On **geographical indications (GIs)**, Canada lacks an appropriate administrative procedure for rightholders to enforce their rights. In the absence of such a procedure, litigation is the only effective route at rightholders' disposal, with all the costs that this entails. Other problems relate to the absence of a list of grandfathered prior users of certain names protected under CETA. The lack of direct remedies for damage to the reputation/image of a GI makes it difficult for GI rightholders to enforce their rights. However, a number of EU rightholders have successfully enforced their rights by sending Cease and Desist letters directly to companies alleged to be infringing their rights, as advised by the Canadian authorities. Canada has also informed the Canadian Provinces of EU GI rights and has published web content to inform Canadian stakeholders of their rights and obligations regarding GI enforcement in the Canadian market.
- Other areas of concern regard **trademarks**, where the Canadian Intellectual Property Office can take more than three years to process applications, as well as on border enforcement, namely the significant decrease in seizures and costly and burdensome detentions.

Canada introduced a **new barrier in the automotive sector through its Select Luxury Items Tax Act** in 2022 which was registered by the EU as a trade barrier in 2023. The tax is on sales, for personal use, of cars and personal aircraft with a retail sales price over CAD 100,000, and boats, for personal use, over CAD 250,000. The tax would be calculated at the lesser of 20% of the value above the threshold (CAD 100,000 for cars and personal aircraft, CAD 250,000 for boats) or 10% of the full value of the luxury car, boat, or personal aircraft.

- The European Commission has commissioned an *independent study to assess the impact of the tax on EU-originating cars*, and the study shows that the tax's impact on EU-originating cars sold in Canada is disproportionately higher than its impact on Canadian-origin cars sold in Canada.
- The EU has called on Canada to ensure a level playing field, especially as regards electric vehicles and to review this tax to ensure compliance with national treatment and most-favoured nation commitments under CETA.

The **Mutual Recognition of the Authorised Economic Operator Programme** adopted by the CETA Joint Customs Cooperation Committee²² at its meeting on 28 October 2022 (see Decision No 1/2022 of the European Union – Canada Joint Customs Cooperation Committee on the mutual recognition of the EU and Canadian trade partnership programmes), is still pending implementation in 2023. The decision marks an important milestone in the implementation of the Agreement between the EU and Canada on customs cooperation with respect to matters related to supply-chain security (SCSA). It will improve supply chain security and further facilitate bilateral trade between Canada and the EU.

Regarding **public procurement**, Canada has recently grouped all its procurement offers in one tool CanadaBuys.²³ European companies can see if they are eligible to tender in Canada via the Access2Procurement portal in Access2Markets.²⁴ **CETA has opened very significant parts of Canada's sub-central procurement** (provinces and territories, municipalities), the healthcare system, education and academia to European companies. This is an important addition to the market access on the federal level. Research shows that for the EU the share of Government Procurement in bilateral exports to Canada is much higher than for the US or Japan. Companies who have recently won a contract in Canada are widely spread across Europe.

The European Commission has started the process of an **ex post evaluation of CETA**. To this end, an independent external study for an ex-post evaluation was commissioned which will focus on the economic, social and environmental impact. Results are foreseen to be available in spring 2025.²⁵

²² Report of the 5th JCCC meeting : <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/bf9cdc18-145e-48ee-a110-9a4921d1018e/details>

²³ <https://canadabuys.canada.ca/en>

²⁴ <https://trade.ec.europa.eu/access-to-markets/en/home>

²⁵ Interested stakeholders can find more information at www.ceta-evaluation.eu.

2.2 Trade and sustainable development: Progress and outstanding issues

In June 2021 at the EU-Canada Summit, EU and Canada leaders launched a series of joint events to promote **sustainability, environmental stewardship and climate action in agriculture**, within the framework of the Agriculture Dialogue under CETA, notably a workshop on the reduction of greenhouse gas (GHG) emissions in the livestock sector (March 2022) and on organic production (June 2022). On 25 January 2023, a workshop on sustainable use of fertilisers took place and on 7 June 2023, a workshop on circular economy.

At the fifth meeting of the **CETA Trade and Sustainable Development Committee**, which took place on 27 April 2023 in a hybrid format, the EU and Canada discussed a number of implementation issues, notably:

- In the area of **trade and labour**, the parties highlighted their joint priorities, including an overview of their respective technical assistance projects in third countries to promote and protect fundamental labour rights, their efforts to ratify International Labour Organization (ILO) Conventions, particularly Occupational Safety and Health Conventions, as well as their respective policy and legislative initiatives to combat forced and child labour, including in global supply chains. Mindful of the Domestic Advisory Groups working priorities, the Parties committed to reinforce coordination on cooperation in third countries, focusing on supply chains and the most vulnerable groups.
- In the area of **environment and climate action**, the EU and Canada exchanged views on topics such as energy transition, biodiversity, climate adaptation and green technology. The Parties welcomed the successful agreement of the Kunming-Montreal Global Biodiversity Framework. Discussions also covered several ongoing cooperation initiatives including on deforestation, carbon pricing and border carbon adjustments, biodiversity, plastic pollution and circular economy, and chemicals management.
- Furthermore, on the implementation of the **CETA Trade and Gender Recommendation**²⁶, parties noted good progress, in line with the Trade and Gender work plan, on exchanges and events aimed at sharing information on policies, laws and best practices on a range of issues, notably on the development of gender-relevant standards. On 19 March 2024, a workshop on Trade, Gender and SMEs was organised in the context of the 2024 Civil society Forum.
- On **corporate social responsibility (CSR)** and **responsible business conduct (RBC)**, both Parties recognized that the relevant experts were in touch and are planning to share best practices, once the EU's new RBC strategy is launched.
- EU's ongoing work to explore implementing elements of the EU's own TSD review can be done with the existing Agreement. Those elements are notably on occupational

²⁶ https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/ceta-aecg/CETA_work_plan-AECG_plan_travail-2020-2021.aspx?lang=eng

safety and health, which aim to protect the labour force at their employment place and enhance interaction with domestic advisory groups.

In line with previous CETA TSD Committee meetings, the Committee was joined by the Chairs of the Canadian and the EU ***Domestic Advisory Groups*** (DAGs) under CETA and welcomed their feedback and suggestions for collaboration under the CETA TSD chapter, including a request to have more informal interim discussions with the TSD co-chairs on related updates.

The **6th CETA Civil Society Forum** met on 18-19 March 2024 with participants from across the EU and Canada from business, social partners, environmental organizations and other civil society representatives. Thematic sessions explored the following topics: (i) Environment and Climate Change; (ii) Enabling Climate and Nature-positive Outcomes; (iii) Canada-EU Cooperation on Labour; (iv) Business and Human Rights; (v) Trade, Gender and SMEs.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-COLOMBIA/ECUADOR/PERU TRADE AGREEMENT

1. THE AGREEMENT

The **Trade Agreement with Colombia and Peru** (hereinafter the ‘Agreement’) has been provisionally applied with Peru since 1 March 2013 and with Colombia since 1 August 2013. Negotiations on a **Protocol of Accession of Ecuador** to the Agreement were concluded in July 2014 and the Protocol is being provisionally applied since 1 January 2017. Following Belgium’s ratification of the Agreement and Luxembourg’s ratification of the Accession Protocol of Ecuador in 2024, the EU will notify to the Andean partners the ratification of the Agreement by the EU. The agreement will enter fully into force on the first day of the month following notification.

The Trade Agreement was also amended through the **Protocol of Accession of Croatia** to the EU. The Protocol entered into force with Peru on 1 May 2017. In 2023 Colombia’s Congress passed the necessary law for the entry into force of the Protocol. This law is now pending ratification by the Constitutional Court.

The supervision and facilitation of the operation and further development of the Agreement – including the evaluation of results obtained from the application of the Agreement – is under the direct responsibility of the Trade Committee, which comprises representatives of the EU and representatives of each signatory Andean Country. The Committee also supervises the work of all specialised bodies (e.g. the Subcommittees) established under the Agreement. The decisions adopted by the Committee are binding upon the Parties, which are to take all necessary measures to implement them. The Trade Committee is scheduled to meet at least once a year.

The Agreement has helped to stabilise trade despite fluctuations in commodity prices. It constitutes a contributing factor supporting the diversification of the economy of the three EU trading partners and a good basis for cooperation. For more information, see in section 3.3 below the main results of the recent ex-post evaluation of the Trade Agreement²⁷.

²⁷ The full document is available here: https://policy.trade.ec.europa.eu/analysis-and-assessment/ex-post-evaluations_en

2. MAIN IMPLEMENTATION ISSUES

In 2023, the EU and the Andean partner countries continued their work to improve the implementation of the Agreement, including through **cooperation** supported by EU projects and seminars. Examples include the **IP Key Latin America**²⁸ project in the area of **intellectual property**, the **LCBA** project²⁹, the **RBCLAC project**³⁰ implemented in partnership between the OECD, ILO and UN OHCHR, a number of seminars targeting specific concerns in the area of **SPS** and **Trade and Sustainable Development (TSD)**.

The **10th Trade Committee** met in Bogota, Colombia, on November 17th 2023. The meetings of the eight specialised Subcommittees took place in hybrid format during the months of October and November 2023. The next (11th) Trade Committee will be chaired by the EU.

2.1 Market Access: Progress and outstanding issues

Colombia

In 2023, progress was made in particular in the area of **beverages and food**:

- The EU Delegation -in close coordination with Member States- succeeded in **mitigating a barrier** regarding requirements on food sodium content and certification. Sodium limits for some relevant EU exports were increased, and certification was changed from third party certification to self-certification.
- The EU and Colombia agreed on a **harmonised certificate for EU exports of dairy products**.

In 2023, the EU Delegation worked hand in hand with Member States and EU companies to develop and present to the relevant Colombian authorities **three EU industry Position Papers** on Sustainable Mobility, Renewable Energy, and Food Industry.

Lastly, on **pharma**, the EU, together with national and other international stakeholders, put pressure on the national institute for food and drug surveillance in Colombia (INVIMA) and the Colombian Ministry of Health to reduce the delays in the approval of pharma products, which resulted in regulatory changes aimed at speeding up renewal of existing marketing authorisations. Additionally, the EU launched a project supported by the programme of the European Commission for Trade, Private Sector Development and Engagement, and Employability (TPSDE Facility) to carry out a diagnosis of INVIMA's pharma and food supplements approval procedures, which should serve as a stepping stone in the EU's work towards the further reduction of approval times.

²⁸ <https://ipkey.eu/en/latin-america>

²⁹ Low Carbon Business Action: <https://latam.lowcarbonbusinessaction.com/>

³⁰ Responsible Business Conduct in Latin America and the Caribbean: <https://mneguidelines.oecd.org/rbclac.htm>

2023 also saw the creation of the **Colombian branch of the Europe Enterprise Network (EEN)**.

A number of other **outstanding market access issues** persist, including the following:

- EU exports of **biological controllers** are affected by Colombia's norms and procedures, which do not appear fit to govern this type of products. This is especially the case for maximum residue limits (MRL) for pesticides, as biological controllers could replace chemical pesticides. The EU will continue to monitor Colombia's work to improve regulations and reduce red tape in this sector.
- Colombia also needs to conclude its investigation on the usurpation of Geographical **Indications (GIs) of EU's cheeses**. The EU granted protection to one new Colombian Geographical Indication under the Agreement, which should further contribute to develop Colombia's value-added agricultural exports.

WTO dispute on Colombian anti-dumping duties on frozen fries

In regard to WTO Dispute DS 591 (*Colombia-Frozen Fries from Belgium, Germany and the Netherlands*) the Commission on 31 May launched compliance proceedings against *Colombia* after the country has failed to comply with the MPIA's finding of December 2022 in the Commission's favour, concluding that Colombia's anti-dumping measures imposed on frozen fries from Belgium, Germany and the Netherlands were in breach of WTO rules.

Background:

The EU successfully challenged Colombia's anti-dumping measures against exports of frozen fries from Belgium, Germany and the Netherlands at the WTO (*DS 591 Colombia Frozen Fries*). The final and binding award of the Appeal Arbitrators was issued to the parties on 13 December 2022. On 10 March 2023, Colombia and the European Union informed the DSB that they had agreed that the reasonable period of time for Colombia to implement the recommendations of the arbitrators' award would expire on 5 November 2023. At the DSB meeting of 18 December 2023, Colombia presented its Status Report under Article 21.6 of the Understanding on Rules and Procedures Governing the Settlement of Disputes ("DSU") regarding the implementation of the Award of the Arbitrators in this dispute (WT/DS591/12) and claimed that "it has fully implemented the relevant panel and arbitral findings and has complied with its WTO obligations." However, it appears that Colombia's implementing measures are inconsistent with the Anti-Dumping Agreement. On 31 May 2024, the EU launched compliance proceedings against *Colombia* in DS591 (*Colombia-frozen fries*) after Colombia failed to comply with the Multi-Party Interim Appeal Arbitration Agreement's (MPIA's) finding of December 2022.

Peru

For Peru, the Agreement continues to promote **diversification** of **Peruvian exports** to the EU, i.e. promoting a gradual shift away from reliance on mineral products towards a range of higher value agricultural products. Between 2013 and 2023, Peruvian agri-exports to the EU grew in value by 128%. In 2013, agri-exports represented 27% of total Peruvian exports to the EU; in 2023, they represented 45%. The EU side granted protection to **six new Peruvian Geographical Indications** under the Agreement³¹, which should further contribute develop Peru's value-added agricultural exports.

Progress was made by Peru in 2023 on:

- **Technical Barriers to Trade**, where Peru in July 2023, following consultations under the trade agreement with the EU and at the WTO, informed the EU and other WTO members that it had adapted its legislation to allow the use of adhesive labeling on food products *indefinitely*. This permanent solution brings relief for companies. Earlier temporary permissions were not sufficient as Peruvian markets would stop buying products with stickers several months before each deadline, causing significant losses for importers and producers, as well as disrupting trade flows and leading to shortages of the affected products.
- **The cross-border provision of services**, as Peru's Fisheries Health Agency has finally accepted the request of an EU laboratory to act as an official testing entity and perform the analysis needed for the issuing of SPS certificates for exports of food and feed. This is the first of the kind authorization process in the framework of the FTA.

A number of **challenges persisted** in 2023:

- Among others, Peru continues to grant a more favourable tax treatment to local Pisco to the detriment of **EU alcoholic beverages**. Alcoholic beverages are subject to the Impuesto Selectivo al Consumo or ISC (a "vice tax") according to their degree of alcohol except for Pisco, the national beverage, which has its own beneficial regime.
- Peru has yet to approve harmonised certificates to **allow prelisting for EU establishments** of 1) meat products from pork, bovines and poultry; 2) bovine debones meat and 3) bovine deboned hams. According to Peru, the three certificates are awaiting the final publication by SENASA, the Animal Health Authority. Similar to Colombia, Peru's lack of recognition of the regionalisation principle enshrined in the Agreement is of concern. In early 2022 Peru placed a ban on all imports of live pigs and pig meat from Italy due to a limited, and subsequently controlled, outbreak of ASF (African Swine Fever) found in wild boar in two regions in the north of the Italian territory. Peru did not duly notify this ban to Italy nor the EU and did not conduct an immediate risk

³¹ Aceituna de Tacna, Cacao Amazonas Perú, Café Machu Picchu – Huadquiña, Café Villa Rica, Loche de Lambayeque, Maca Junín-Pasco.

analysis to justify it. Instead, Peru required Italy to request a Communitarian Risk Analysis (ARC) performed by Andean Community (when the normal procedure would be for Peru to request it). Peru refuses to lift the ban until the ARC is finished, even though the Andean Community does not impose a ban and leaves it up to the discretion of country states. Furthermore, the existing sanitary certificates for the importation of Italian pork products no longer appear in SENASA's webpage. As of September 2023, there are 15 Member States struck by this ban: Germany, Belgium, Bulgaria, Croatia, Slovakia, Estonia, Greece, Hungary, Italy, Latvia, Lithuania, Poland, Czechia, Romania and Sweden.

- In the field of **public procurement** concerns remain regarding technical specifications in public tenders. The technical specifications are tailored to US standards, thereby precluding EU companies from either participating or from being selected; or the technical specifications granted higher scores to solutions employing specific US standards, even if other standards could be proven equivalent (burden of proof on the tenderer), thus discriminating against EU suppliers.
- In the area of **IPR**, there is the issue of an alleged infringement of the EU GI “Bourgogne” due to the registration of trade marks (wine labels) bearing the name “Borgoña”. Some progress was also made in the effective enforcement of protection of an EU colour trademark.

Ecuador

In 2023, **a number of market access barriers were successfully addressed with Ecuador.**

In August, Ecuador lifted its ban on Italian Parma and San Daniele ham, imposed in 2021 due to African Swine Fever (ASF) outbreaks. Trade has resumed, though other Italian processed meats, such as “embutidos” remain banned pending an ANDEAN-wide risk assessment. In 2023, the EU granted protection to three Ecuadorian Geographical Indications under the Agreement (Café de Galapagos, Maní di Transkutukú, Pitahaya Amazónica de Palora), which should further contribute develop Ecuador's value-added agricultural exports.

In September, the flower industry filed a complaint about lack of efficient protection and enforcement of Plant Varieties rights (IPR). EU Delegation advocacy led the Ministry of Finance agreeing to reduce licensing fees from USD 540 to USD 57, effective as of May 2024, and to increase its operational budget. However, improving enforcement against piracy remains unresolved.

A number of **challenges persist:**

- Although the long-standing barrier regarding the disruptive and intransparent **management of TRQs** granted by Ecuador to the EU and of products under non-automatic licenses was finally **solved** in November 2022 (Decree 017/202), there are

still complaints by EU Member States that the (new) system lacks transparency in the granting of licences. Should the system not prove to be efficient by the end of 2024, the EU has the option to request the *first come, first serve mechanism* as provided for in the FTA.

- Regarding the **protection of plant varieties**, the Ecuadorian IP Code of 2016 contains a number of provisions that raise concerns. In addition, registration fees for new varieties and maintenance fees are exorbitant and must be substantially lowered if Ecuador wants to attract new plant varieties. The competent authorities do not sanction farmers that cultivate, sell or export protected plant variety or pay royalties to the rightholders. IP Key Latin America is launching a study over the issue with the approval of the government. This study will establish the importance of an effective protection of plant varieties (roses are the fourth export commodity from Ecuador to the EU).
- In relation to EU Geographical Indications (GIs), the usurpation of the **EU GI “Feta”** case remains outstanding since several years.
- In regard to **public procurement**, the application of the national treatment in public procurement for products of EU origin is still an issue. EU companies complain about the difficulties to be treated as a local company to benefit from a preferential treatment. In addition, there are other concerns with regards to the long processes and constant changes of conditions for awards of contracts.

2.2 Trade and sustainable development: Progress and outstanding issues

The implementation of the TSD Chapter was reviewed at the meeting of the **TSD Subcommittee** held in **October 2023**, hosted by Colombia, where the Parties discussed recent policy developments related to labour and environment, TSD-related cooperation activities and relevant priorities.

Regarding **labour issues**, the EU focusses on labour inspections, freedom of association and collective bargaining, child labour, social dialogue and labour informality. Concerning **environmental policies**, priorities have expanded to include legislative developments in areas related to circular economy, biodiversity, deforestation, and initiatives to address global environmental challenges.

- Vis-à-vis **Ecuador**:
 - the EU side welcomed and acknowledged the efforts made by Ecuador through various public projects to improve the formal market entry of young people, women, adults aged 45-64 and to reduce informality. The EU also recalled its strong interest in **ensuring effective trade union freedom**, and in eradicating forced labour, in particular in the agricultural and mining sectors, strengthening labour inspections and addressing occupational, security and

health issues in work with a particular focus on health in the agricultural sector. The EU recalled its willingness to support social dialogue in Ecuador.

- In February 2023, Ecuador officially requested to become part of the Global Alliance on Circular Economy and Resource Efficiency, GACERE.
- In November 2023, the Ministry of Labour recognized the **Board of the Trade Union Association of Agricultural and Peasant Banana Workers** (“Asociación Sindical de Trabajadores Agrícolas y Campesinos” or ASTAC), allowing it, after 10 years, to operate as an union. This followed a crucial meeting facilitated by the EU DEL between ASTAC and the Vice Minister of Labour. In December 2023, the EU welcomed the official **recognition and registration of a sectorial trade union in the banana sector**. However, the freedom of association is still a pending issue for other sectors and groups that are seeking such recognition.

- Vis-à-vis **Colombia**

- Fruitful exchanges continued in 2023 on labour, notably on collective bargaining, subcontracting issues, administrative procedures, judicial redress and the employment situation in the mining sector. The EU welcomed the ongoing Labour Reform, as well as Colombia’s work to address child labour. The EU confirmed that it stands ready to join international cooperation between the ILO, the OECD, Spain and Mexico, to support reform. The EU also welcomed the Colombia’s national plan aiming to strengthen labour inspections.
- **In 2023**, through its **cooperation projects**, the EU continued to support Colombia’s move towards a more **sustainable and environmentally friendly economy**, including a pilot project on sustainable mining in the poverty-ridden pacific region of Colombia. Furthermore, Colombia took part in the EU’s regional programmes on the fight against Antimicrobial Resistance, the promotion of Responsible Business Conduct and the adoption of Low Carbon and Circular Economy business actions.

- Vis-à-vis **Peru**

- Exchanges touched upon various topics of concern in the **area of labour**, in particular the persistent challenges to the freedom of association, and the need to continue with domestic reforms to implement core ILO recommendations. The EU welcomed the successful bilateral talks with Peru to cooperate on labour issues of common interest such as on **strengthening labour inspections**, with a special focus in specific regions or sectors such as mining

and agriculture, freedom of association and collective bargaining in particular to include subcontracted workers, child labour and social dialogue.

- The EU is developing further **technical support** to the Peruvian Labour Ministry, in particular. Among the environmental topics, the EU stressed the need to continue building the capacity and strengthen the systems for environmental quality control.
- On TSD technical cooperation, the Commission in March 2024 **published a list of cooperation activities** agreed **with Peru to ensure that labour rights are respected and upheld** in that country in line with six jointly-defined priorities. The cooperation activities will be implemented in the coming years and will be supported by an extensive EU technical and financial programme.
- Regarding the **environment**, there is interest in exchanges on the *European Green Deal and other EU climate policies*. There is shared interest by all parties on issues like circular economy, deforestation and biodiversity. Efforts continue to strengthen the institutional setting for environmental monitoring and the enforcement of environmental legislation. Peru also reported on advances in the area of air quality.
- The EU **updated on the EU Deforestation-free products regulation**³², which entered into force in June 2023 and sets out due diligence rules for operators and traders of a list of products, without discrimination. The EU presented detailed information on the products covered, the frequency of monitoring, the classification of countries according to the risk of deforestation, as well as the work it has advanced to establish guides, dialogues and projects to facilitate compliance. The EU confirmed its commitment to continue cooperation in this area with a more targeted technical meeting, such as support for geolocation, benchmarking and certification. Two follow-up meetings have been organised on 27 October and 8 November 2023. The EU offered to join the multi-stakeholder platform on the protection and restoration of the world's forests, or with existing projects such as Amazonia +, Euroclima + and AI Invest Verde. The EU also invited all parties to join the technical meeting in Peru on 8 November.
- The EU side provided information on the **Carbon Border Adjustment Mechanism (CBAM)**, designed to ensure the EU can meet its climate targets for 2030 and 2050 in a way that is not undermined by the risk of carbon leakage, while giving incentives to our partners around the world to move in the same direction. The EU side underlined how the CBAM does not preclude progress in terms of international coordination for the adoption of effective measures such as carbon pricing, and stressed that the main principles of the CBAM underline its compatibility with WTO rules.

³² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R1115&qid=1687867231461>

Regarding the above mentioned issues, the parties identified a number of **areas for follow-up**, and agreed to engage on a continuous basis via intersessional technical meetings.

The functioning of the **Domestic Advisory Groups** (DAGs) also gave rise to intense exchanges, which confirmed the recognition that the role of civil society is a prominent one in the implementation of the TSD provisions of the agreement. However, in order to further consolidate their work, the Andean DAGs have called for the creation of a secretariat to act as a coordinating body between the three countries, an option that the EU would consider. In that context, the EU underscored the various actions highlighted in the **EU TSD review Communication** related to DAGs, to enhance engagement with civil society. The Parties agreed to cooperate more closely exchanging on the framework for civil society dialogue in their respective jurisdictions. In contrast to previous years, no joint declaration was released by the DAGs in 2023. At the same time, individual but *mutually supported declarations by EU DAG, the Colombian DAG, the Ecuadorian DAG and the Peruvian shadow DAG* at the Civil Society Forum can be seen as a step in the right direction.

3. ACTIVITIES SUBJECT TO SPECIFIC MONITORING AND SPECIFIC AREAS OF IMPORTANCE

3.1 Banana imports from Colombia, Ecuador and Peru

The Trade Agreement provides for a preferential customs duty on bananas under heading 0803.00.19 (fresh bananas), progressively reduced since the date of provisional application of the Agreement until the year 2020 (following a schedule indicated in a tariff reduction table). Customs Tariffs have stabilised to 75 euros/tonne since 1 January 2020. This treatment was linked to a ‘stabilisation clause’ setting out an annual trigger volume for imports from each Andean country during the transition period.

Article 15 of Regulation (EU) No 19/2013³³ provided for the banana stabilisation mechanism (BSM). When the annual trigger volume of imports per country as set in the Agreement was met, the Commission examined the impact of these imports on the situation of the Union market for bananas to take a decision to either temporarily suspend the preferential customs duty or determine that such suspension was not appropriate. The stabilisation mechanism ended on 31 December 2019. In this context, and in accordance with Articles 3 and 13 of Regulation 19/2013, the Commission has monitored the evolution of imports of fresh bananas from Colombia, Ecuador and Peru. A comprehensive report on the functioning of the EU banana market after the expiry of the BSM was presented by the Commission on 29 August 2022. This report confirms that EU trade policy struck the right balance between different objectives by

³³ Regulation (EU) No 19/2013 of the European Parliament and of the Council of 15 January 2013 implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part as amended by Regulation (EU) 2017/540 of the European Parliament and of the Council of 15 March 2017.

respecting the EU's international obligations, maintaining a stable relationship with all EU trading partners and meeting the steadily increasing levels of EU consumption.

2022/2023 imports of fresh bananas into the EU			
Country	2022 Total imports (1.000 tonnes)	2023 Total imports (1.000 tonnes)	Variation 2023 vs. 2022
Colombia	1 208	1 163	-3.7%
Ecuador	1 426	1 592	+11.7%
Peru	81	80	-1.5%
Total	2 715	2 835	+4.4%

As the above table shows, in 2023 EU imports of fresh bananas from Colombia amounted to 1 163 thousand tonnes, 3.7 % less than in previous year. Ecuador exported 1 592 thousand tonnes of fresh bananas to the EU a roughly 11.7 % more than the previous year. Peru exported 80 thousand tonnes of fresh bananas to the EU a roughly 1.5% below to previous year.

3.2 Ex post evaluation of the EU-Andean FTA

The Commission's Staff Working Document³⁴ concluding the ex-post evaluation of the EU's FTAs with the Andean partners (**Colombia/Peru/Ecuador**) was published in October 2023. Based on the findings of these ex-post evaluation and Staff Working Documents conclusions the EU will consider possibility of a targeted update of the Agreement in line with its trade policy objectives, particularly in the area of trade and sustainable development.

³⁴ See DG TRADE website, ex-post evaluation page link: https://policy.trade.ec.europa.eu/analysis-and-assessment/ex-post-evaluations_en

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF PART IV OF THE ASSOCIATION AGREEMENT BETWEEN THE EU AND ITS MEMBER STATES AND CENTRAL AMERICA

1. THE AGREEMENT

The Association Agreement between the EU and its Member States, on the one hand, and Central America, on the other (hereinafter referred to as the "Association Agreement") was signed on 29 June 2012. 2023 marked the 11th Anniversary of its signature. The trade pillar (Part IV) of the Association Agreement (hereinafter referred to as the "Trade Agreement") has been provisionally applied for almost eleven years, i.e. since 1 August 2013 with Honduras, Nicaragua and Panama, since 1 October 2013 with Costa Rica and El Salvador, and since 1 December 2013 with Guatemala. On 17 January 2024, the ratification procedures of the association agreement by Member States were finalised. On 12 April 2024, the Council adopted a decision to conclude the agreement establishing an association between the European Union and its Member States, on the one hand, and Central America on the other. The EU-Central America Association Agreement entered into full application on 1 May 2024.

The Trade Agreement is in a process of amendment through the signature of a **Protocol of Croatia's Accession to the Association Agreement**. The Protocol was signed on 26 November 2020, opening the way for a process of ratification by the parties. The EU ratified the Protocol in July 2021, and Central American countries are also advancing well in this process (El Salvador, Guatemala and Nicaragua ratified the protocol in 2022).

The Association Agreement with Central America is a **regional agreement**, characterised by its comprehensive nature and a high level of ambition. During the eleven years of its application, the Trade Agreement has worked well, it has contributed towards the stability and predictability of the trade and investment environment, thus promoting the expansion of export-oriented trade, both in terms of operators and in terms of the number of products. Eleven years after its implementation, the Agreement still offers useful tools for trade and so is relevant in responding to the current needs and issues of both Parties. The Agreement has reached a certain level of maturity, the process of liberalisation has now largely been achieved, and dialogue is regular and active, rendering the Agreement fully relevant.

The **Association Committee** and its six **specialised Subcommittees** oversee the implementation of the Agreement³⁵.

³⁵ The Agreement establishes six specialized Subcommittees: Market Access; Agriculture; Customs, Trade Facilitation and Rules of Origin; Technical Obstacles to Trade; Sanitary and Phytosanitary Measures; Government Procurement; Intellectual Property; and Trade and Sustainable Development.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market Access: Progress and outstanding issues

2023, more generally, saw **more open and solution-oriented discussions** with Central American partners regarding concrete implementation gaps, challenges, and opportunities, in specific countries/regions/sectors. In particular, the **ex-post evaluation** (Commission staff working document published in June 2023) helped spark constructive exchanges. The **Association Committee** met on 29 June 2023 at senior official level in El Salvador.

In 2023, **progress** was registered including on the following issues:

- The **10% tax discrimination** applied by *Costa Rica* on **EU imported beers** was terminated with the entry into force of a law on 15 February 2023, putting an end to this longstanding barrier.
- On **Sanitary and Phytosanitary Measures**, Central American countries confirmed the application of the regionalisation principle. Discussion on the “**born and raised**” clauses in export certificates resulted in *Costa Rica and Guatemala* eliminating these clauses, but talks with the other Central American countries could not be concluded. Following an application from Costa Rica to include cassava (yuca) among fresh vegetables to which additives can be used, the EU is in the process of evaluating the situation with EU Member States, according to the EU Regulation (EC) 1333/2008.
- On **Public Procurement**, the secretariat for economic integration in Central America (SIECA) reported on progress made on the functioning of a single point of access for procurement notices in the region, where Costa Rica, El Salvador, Guatemala and Panama indicated they will link their national procurement portals to the single point of access. The portal provides information about the value of public tenders in Central American countries.

The Commission **continued to engage** with Central America on the following issues:

- On **Intellectual Property Rights**, the Commission continued to engage with Central American authorities to enhance enforcement of all 116 EU GIs protected and to achieve effective protection of the term “Parmigiano Reggiano” in Guatemala. The Commission also engaged with Central American authorities on counterfeiting and application of trademark rights in the region.
- On **Customs, Trade Facilitation and Rules of Origin**, the parties updated each other on relevant developments in their respective customs legislation and procedures. Discussing continued on how to improve the rules on direct transport.

The EU side continued to raise a number of **outstanding issues** with Central American partners:

- Discussions with **Guatemala and El Salvador** continued at the Association Committee **to see how to replace the 15% tuna tolerance rule**, which appeared to be inapplicable by a possible increase of non-originated tuna quota. Technical meetings continued in the fall of 2023 and January 2024 in view of finding a possible solution during the next trade association committee.
- In **Panama**, several Member States' **export applications for meat products are pending** since 2016. **Delays** are also reported in export applications of several Member States and in the publication of **prelisting of EU establishments** habilitated to export animal products notably in Panama. The setting up of a new Food Safety Agency in Panama in October 2021 has increased the uncertainty on the administrative process to register or update pre-approval of EU establishment. Bilateral meetings at technical level were held in December 2023, to clarify administrative processes, and explore way forward concerning pending applications.

The following **other aspects** were discussed by the parties over the reporting period:

- On **Market Access for Goods**, Central American partners raised the management of **Tariff Rate Quotas** that the EU is applying to Central American exports of sugar and rum.
- On **Technical Barriers to Trade**, in respect of Annex XX of the Agreement (requiring the adoptions of harmonised regional technical standards by Central America), those relating to pesticides are still outstanding due to lack of consensus at policy level. Central America agreed to provide further details in writing on the state of play.

2.2 Trade and sustainable development: Progress and outstanding issues

The implementation of the **Trade and Sustainable Development (TSD)** Title of the Association Agreement continued in 2023 in line with the priority issues established for each partner country.

The discussion at the **TSD Board meeting**- which took place **on 26 and 27 June 2023** – was informed by an update on the EU trade and sustainable development policy related to the June 2022 Communication on the TSD review. The Parties noted that most of the priorities and actions resulting from that review are already being reflected in the work of the Board. The EU also highlighted the importance of continuing to support and strengthen the work with the **Domestic Advisory Groups (DAGs)**, including exchanges between DAGs. The broader discussion at the TSD Board meeting continued to focus on the **labour dimension of the TSD Title**, where particular challenges exist in Central America. Preparatory bilateral meetings were held between the Central American countries and the EU, with the objective of presenting progress, challenges and issues of interest related to the implementation of the labor

commitments. Priority issues discussed with all six partners included **freedom of association and collective bargaining, social dialogue, child labour and forced labour**. The EU also reiterated its concerns, notably regarding violence against trade unionists in Guatemala and Nicaragua, suggesting further bilateral exchanges on key labour issues.

Initiatives in 2023 related to the implementation of the TSD chapter, featuring *inter alia* Costa Rica which informed about its recent accession to the Global Trade and Gender Arrangement (GTAGA).

On the **environment**, the EU and Central America presented their recent actions and achievements, notably regarding progress made in the implementation of Multilateral Environmental Agreements and in the ecological transition through circular economy approaches. The EU stressed that the Mesoamerican forests play a vital role in the preservation of land, expressing concerns regarding signs of deforestation. At the request of Central America, the EU presented the EU Regulation on Deforestation-free Products and the Carbon Border Adjustment Mechanism.

As regards **cooperation and technical assistance**, the EU provided information on the EUROCLIMA+ Program, which aims to promote the climate agenda with a focus on sectors such as forests, energy, water, disaster risks, and human mobility. EUROCLIMA+ actions are implemented by the Program's executing agencies, and all Central American countries. Besides, a future regional projects to support the implementation of the EU Regulation on Deforestation-Free Products was presented: The Restorative Production and Deforestation-Free Supply Chains in the Five Great Forests of Mesoamerica project. Its objective is to implement joint measures between the public and private sectors to promote the restoration of forest landscapes and deforestation-free land use. As for the Deforestation-free coffee project, it was mentioned that it is an initiative to be executed in the six countries of the Central American Economic Integration Subsystem. Expected project outcomes include strengthened regional institutional capacity for facilitating traceability and sustainability regulations in the coffee sector.

The Commission continued its frequent interactions with the **EU DAG**, encouraging DAG members to provide timely and substantiated input on labour or environmental challenges or implementation gaps in Central America. A **joint declaration was submitted by the EU and Central American DAGs** with recommendations about future TSD work under the Agreement. The Parties welcomed the joint work conducted by the DAGs and encouraged them to continue in this vein. In an effort to further deepen cooperation, the Commission invited the members of the EU DAG to a debrief meeting immediately after the end of the TSD Board meeting, before the Civil Society Dialogue Forum that took place on the following day.

3. ACTIVITIES SUBJECT TO SPECIFIC MONITORING AND SPECIFIC AREAS OF IMPORTANCE

3.1 Banana imports from Central America

Since the entry into force of the agreement, the absolute volume (from 797.000 tonnes in 2012 to 1.456.000 tonnes in 2019) as well as the market share of bananas (from 18,8% in 2012 to 26,3% in 2019) imported from Central America to the EU has increased, thereby, contributing to diversify supply to the growing EU banana market.

Article 15 of Regulation (EU) No 20/2013³⁶ (the ‘Regulation’) provides for the **stabilisation mechanism for fresh bananas** (HS code 08 03 90 10). This stabilisation mechanism ended by the end of 2019. In this context, and in accordance with Articles 3 and 13 of Regulation 19/2013, the Commission continues to monitor with particular attention the evolution of imports of fresh bananas from Central America. A comprehensive report on the functioning of the EU banana market after the expiry of the stabilisation mechanism was presented by the Commission on 29 August 2022. This report confirms that EU trade policy struck the right balance between different objectives by respecting the EU’s international obligations, maintaining a stable relationship with all EU trading partners and meeting the steadily increasing levels of EU consumption.

Customs Tariffs have stabilised to 75 euros/ton since 1 January 2020. In 2023, EU imports of fresh bananas from Central America -by volume- amounted to 1,395 million tons, a small increase of only 3% when compared to export volumes in 2022 (1,356 million). No issues on price fluctuations were reported in the EU market.

2022/2023 imports of fresh bananas³⁷			
Country	2022 Total imports (tons)	2023 Total imports (tons)	Variation 2023 vs. 2022
Costa Rica	1 056 623	1 041 089	-1.5%
Panama	180 657	156 981	-13.1%
Guatemala	172 539	213 749	23.9%
Total	1 409 819	1 411 819	0.1%

³⁶ Regulation (EU) No 20/2013 of the European Parliament and of the Council of 15 January 2013 implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other, of the other part as amended by Regulation (EU) 2017/540 of the European Parliament and of the Council of 15 March 2017.

³⁷ Statistics refer to the EU27

3.2 Ex-post evaluation of the trade pillar of the EU-Central America Association Agreement

An **ex post evaluation** of the implementation of the Trade Agreement between the EU and Central America has been being carried out from December 2020 until September 2022. The Commission/DG TRADE's assessment was included in a **Staff working document**³⁸, published on 20 June 2023.

³⁸ See DG TRADE website, ex-post evaluation page link: https://policy.trade.ec.europa.eu/analysis-and-assessment/ex-post-evaluations_en

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE TRADE PILLAR OF THE ASSOCIATION AGREEMENT BETWEEN THE EU AND CHILE

1. THE AGREEMENT

Trade between the EU and Chile currently operates under the framework of the **EU-Chile Association Agreement** (hereinafter ‘the Agreement’), which includes a comprehensive Free Trade Agreement along with a political and a cooperation pillar. The Agreement entered into force in 2003 and was the first EU bilateral agreement subject to an ex-post evaluation, conducted in 2016.³⁹ The Agreement has worked well overall, as illustrated by the doubling of bilateral trade since its entry into force. A Commission impact assessment carried out in 2017 pointed at the need to modernise it, so as to adapt it to the new realities of global trade and investment, lifting it to the level of the more modern agreements that both the EU and Chile had concluded in the Americas and beyond, notably by complementing it with standard provisions enshrined in the latest version of deep and comprehensive trade agreements.

On 9 December 2022 the EU and Chile reached the **political conclusion** of the modernisation of the existing Agreement. The modernisation foresees two parallel legal instruments: the **Advanced Framework Agreement**, that includes a) the Political and Cooperation pillar and b) the Trade and Investment pillar (inclusive of investment protection provisions); and the **Interim Trade Agreement (ITA)** covering trade and investment liberalisation. The ITA will expire when the Advanced Framework Agreement enters into force.

The EU and Chile signed the Advanced Framework Agreement and the Interim Trade Agreement on 13 December 2023 and the European Parliament gave its consent to the two Agreements on 29 February 2024. The Council of the EU adopted the Decisions to conclude the agreements on 18 March 2024. The ITA will come into force (and parts of the AFA into provisional application) on the 1st day of the third month after the last party deposits its instrument of ratification. Hence, the date of entry into force crucially depends only on Chile’s ratification process. The Agreements were submitted to Chile’s Congress on 29 May, which launched the ratification process. According to the tentative calendar of this process, Chile may ratify before the end of the year and the Agreements may come into force/provisional application in early 2025.

In addition to a further liberalisation of trade in agriculture under reorganised conditions, public procurement, services and investment, the **modernised Agreement includes modernised rules** of origin and customs and trade facilitation provisions, ambitious commitments on IPR (including the protection of EU Geographical Indications for foodstuff) and non-tariff barriers, state-of-the-art investment protection provisions (including an Investment Court System), and a chapter on Trade and Sustainable Development. It also contains strong provisions on sustainability and energy & raw materials, which will help contribute to the green transition, as

³⁹ https://trade.ec.europa.eu/doclib/docs/2012/august/tradoc_149881.pdf

well as an ambitious chapter on SMEs and, for the first time in a bilateral EU agreement, separate chapters on trade and gender and on sustainable food systems.

2. MAIN IMPLEMENTATION ISSUES

In 2023, the implementation of the current agreement in force took place smoothly. There were no new trade barriers or irritants. In the meanwhile, little progress was made on the existing longstanding market access barriers imposed by Chile, although it is expected that the new agreement will help to address these, at least to some extent:

- Technical work continued on the implementation of the Action Plan agreed on the last **Committee on SPS measures** held in July 2022.
- Also, the EU-Chile wines and spirits agreement, whose lists of products were recently updated, and the EU Chile reciprocal **agreement on mutual recognition of organic certifications** of a number of food items continued to apply.
- It is worth noting that the EU exports more cheese to far-away Chile than to neighbouring Norway, and Chile had a strong participation in the “**EU - Latin America and the Caribbean Dialogue on Sustainable Agriculture and Food Systems**” held in Brussels in October 2023.
- The 2nd meeting of the Joint Management Committee of the EU-Chile Agreement on **organic products** was held on 26 April 2023.

Throughout 2023, the EU Delegation had contacts with the Regulatory Department of the Ministry of Foreign Affairs, covering both SPS and TBT issues, as well as with sectorial Ministries on some of the outstanding barriers (e.g. Ministry of Public Works on public procurement).

Once the **Interim Free Trade Agreement** will start to apply, the trade and investment liberalisation provisions of the **EU-Chile Advanced Framework Agreement** are expected to contribute to solving some of the existing barriers, including in the following areas:

IPR

The new Agreement will lay down rules on the protection of **regulatory data related to pharmaceutical and agro-chemical products**. These rules feature a higher level of protection than that of Article 39.3 of the TRIPS Agreement and approximate Chilean law to the EU standards. Consequently, the new Agreement aims to improve the level and term of protection of regulatory data and remove existing legal uncertainty about the scope and conditions for that protection. Moreover, the provisions on cooperation in the Agreement will give the EU another forum to discuss the identified issues bilaterally with Chile.

Another barrier in the IPR field that will be partially solved or at least alleviated concerns the **enforcement of copyright and related rights in the internet** to tackle online piracy. The new Agreement aims to increase the standards of the enforcement measures available for right holders in Chile, approximating them to those available in the EU. These standards include the rules on the legal protection of technological measures and of rights management information. They also include effective, proportionate and dissuasive enforcement remedies, including on the possibility of issue injunctions against third parties (intermediaries) whose services are used to infringe an intellectual property right, aimed at prohibiting the continuation of the infringement.

Wine and spirits agreement (annex IV and V of the existing EU-Chile Agreement)

On 9 March 2023, the modified agreement on the protection of terms for wines and spirits (annex IV and V of the current Agreement) came into effect. These updated agreements aim to enhance bilateral trade in these products and play a significant role in agricultural trade for both the EU and Chile, which are both major global wine exporters. By modernising the agreements, the list of protected terms has been updated and it becomes easier to revise them in the future to ensure they align with any changes in the protected conditions of wines, aromatised wines, and spirits in both Chile and the EU, including respective oenological practises.

Public procurement

In the area of **public procurement**, the Interim Free Trade Agreement and the EU-Chile Advanced Framework Agreement, will establish rules aimed at more transparency, non-discrimination and fairness in public procurement procedures, and an increased use of electronic procurement. This will help to address requirements currently imposed by Chile, mostly for tenders run by the Ministry of Public Works, on local presence and local experience. In addition, Chile imposes designs and technical specifications that are an obstacle for EU companies, especially for newcomers, and applies excessively short deadlines for the submission of offers. The new Agreement will introduce further disciplines, notably with regard to the use of objective and non-discriminatory criteria in determining the conditions for participation to tender procedures (including in relation to the criteria of experience in previous projects).

TBT

The provisions of **TBT chapter** of the Interim Trade Agreement and the EU-Chile Advanced Framework Agreement are also likely to mitigate several trade barriers that EU business continues to face in Chile:

- For example, imports of **hygiene products and cosmetics from the EU** presently suffer from **burdensome administrative procedures**, such as the cost experienced by EU industry for the registration of products and the short duration of the registration. The TBT Chapter of the modernised Agreement *inter alia* provides for the selection of

conformity assessment procedures proportionate to the risk of the products, disciplines on fees and cooperation on facilitation of acceptance of conformity assessment results.

- Furthermore, imports of **EU electronic and fuel burning products are subject to a burdensome two-step certification procedure**. Certificates or tests carried out in the origin country, although valid in Chile, must be completed with tests in Chile which increase the cost for importing goods. This requirement also applies for products certified in their country of origin by internationally recognised laboratories and which are based on international standards, except if a bilateral agreement with a Chilean laboratory exists. The provisions on recognition of EU certificates in the TBT Chapter of the new Agreement will help to partially solve this issue.
- Another example where the TBT chapter of the new Agreement will help to solve the barrier is in the area of **food safety**, where Chile prohibits the use of potato starch in processed meat products. This practice does not appear to be in line with the CODEX Alimentarius, which allows for the utilisation of a certain percentage of potato starch in processed meat products. The barrier affects cold cut products and it is considered both by the EU and Chile as a technical regulation and not as a sanitary issue. The provision of the TBT Chapter of the new Agreement includes the CODEX Alimentarius Commission into the list of organisations that develop relevant international standards.

3. ACTIVITIES OF SPECIFIC MONITORING AND RELEVANCE IN 2023

In 2023, monitoring activities continued to follow closely the procedure concerning requests for registration of several **trademarks** that, if registered, would be in conflict with Geographical Indications of EU cheeses and a meat product that Chile has agreed to protect under the Interim Trade Agreement/Advanced Framework Agreement.

In the **wind energy sector**, the EU Delegation in Santiago de Chile continued its contacts with the relevant Chilean authorities on a problem raised by Member States: namely, delays caused by the need for police custody for the transport of oversized elements, such as wind energy blades. An inter-ministerial solution was found. A new regulation establishes that a third party may take charge of the custody, after the police had examined the case. The new regulation needs still to be implemented in practice.

In 2023, several non-conventional renewable energy companies, exclusively solar and/or wind from several EU Member States continued to face financial difficulties. The EU Delegation in Santiago de Chile undertook several demarches, including on the occasion of high-level visits by the EU to Chile, and vice-versa. Meanwhile Chile has launched an **energy transition bill**, which includes norms on transmission, storage and some tariff revenues adjustments. The draft bill is still in legislative process. If the bill were to be approved, it would offer some relief as a solution avoiding massive bankruptcies needs to be found. At the same time the bill would also

ensure Chile continues to be attractive for foreign investors, especially in the sector of renewable hydrogen.

In 2023, through its regional cooperation programmes, the EU supported Chile's move towards a more **sustainable and environmentally friendly** economy, including the Mineral Development Platform on sustainable mining, the fight against Antimicrobial Resistance, the promotion of Responsible Business Conduct and the adoption of Low Carbon and Circular Economy business actions, all regional actions.

A new **Chile-only project**, launched by the Commission in 2022⁴⁰, aimed at supporting fair and sustainable trade between the EU and Chile, was successfully implemented in 2023. It helped to highlight the role of trade to support environmental and social goals.

In 2023, the EU Delegation in Santiago de Chile also undertook several demarches in relation to the increased difficulty in obtaining permits and overcoming red tape for investment.

⁴⁰ <https://eurochile.cl/es/documents/proyecto-comercio-justo-y-sostenible-entre-la-union-europea-y-chile/>

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE TRADE PILLAR OF THE EU-MEXICO GLOBAL AGREEMENT

1. THE AGREEMENT

Mexico (after Brazil) is the EU's second biggest trading partner in Latin America today, and was the first country in Latin America to sign an Economic Partnership, Political Coordination and Cooperation Agreement with the EU ('Global Agreement'). The **Global Agreement** was signed in 1997 and its trade provisions were later developed into a comprehensive **Free Trade Agreement** that entered into force in March 2000 for goods and in February 2001 for services (hereinafter called 'the FTA')⁴¹.

In order to adapt the Global Agreement to the new realities of global trade and investment, negotiations on a **modernisation of the FTA** were launched in 2016. On 21 April 2018, after nine rounds of negotiations, an 'agreement in principle' was reached on the trade part outlining the numerous improvements to the legal framework of EU-Mexico bilateral trade relations. On 28 April 2020 the European Union and Mexico agreed on the exact scope of the reciprocal opening of public procurement markets at subcentral level and ensuring predictability and transparency in public procurement processes. Discussions on a few outstanding issues have been ongoing since then.

This modernisation will set a new and modern framework for EU-Mexico bilateral trade and investment relations on the basis of reciprocity and will promote new opportunities for business, while including strong and clear commitments on trade and sustainable development (TSD), which are missing in the current FTA.

2. MAIN IMPLEMENTATION ISSUES

In 2023, the parties continued to **engage** in discussions **to address outstanding issues/trade barriers**, such as in the area of Sanitary and Phytosanitary measures (SPS), Customs, Standards and Technical Regulations, Intellectual Property matters and Government Procurement. Many of these issues are expected to be addressed by the modernised FTA once it enters into force.

In the area of **SPS**, the Parties continued to engage in technical discussions on the following outstanding issues affecting EU exports:

- Non application of "pre-listing"⁴² for EU export of products of animal origin. The EU applies the prelisting principle to Mexico, however Mexico does not reciprocate and continues to inspect every meat establishment before granting any export approval.

⁴¹ The trade pillar was expanded by two decisions of the Joint Council: Decision No 2/2000 of the EC-Mexico Joint Council of 23 March 2000 related to trade in goods and Decision No 2/2001 of the EU-Mexico Joint Council of 27 February 2001 on trade in services.

⁴² To be authorised to export a certain commodity to the European Union, an exporting country should demonstrate that its controls meet the EU requirements. If the exporting country's competent authority sees that an establishment meets the relevant EU import conditions, it can place the establishment on a list (often termed a "pre-list") of exporting establishments that meet relevant EU conditions.

- Non-recognition of the EU regionalization measures for African Swine Fever (ASF) and for Highly Pathogenic Avian Influenza (HPAI) in several Member States.
- Delaying market access applications for fruits and vegetables, and failure to process the pending applications from EU Member States to export pig meat and poultry meat.

In addition, the EU raised **two new concerns**:

- The requirement of *post-mortem veterinary inspection* on the basis of the Mexican norm from 1994. The EU indicated that the requirement does not appear to be in line with the FTA nor the harmonised certificate from 2016. Mexico informed of its intention to update the 1994 legislation, but meanwhile the 1994 legislation would apply;
- problems encountered by operators due to the *lack of acceptance by Mexico of harmonised certificates using TRACES NT* following the migration to the new system.

Regarding **technical barriers to trade**, at the Special Committee on Standards and Technical Regulations the EU underlined its concerns about cumbersome compliance with certification requirements for EU parts and components causing delays in EU imports into Mexico. More specifically, on the import of seat belts as spare parts, the EU is asking Mexico to modify NOM-119-SCFI-2000 in order to accept UN type approval certificates as equivalent to Mexican certificates. The EU also requested an update on (i) draft Conformity Assessment Procedure of NOM-223, related to specifications and test methods for cheeses; (ii) labelling requirements for textiles and ceramics; and (iii) draft Mexican Official Standard PROY-NOM-241-SSA1-2018, related to Good manufacturing practices for medical devices.

Regarding **government procurement**, during the Special Committee on Government Procurement, Mexico informed that as of 2023 it will end the agreement with UNOPS (United Nations Office for Project Services), in relation to medicines acquisition for the public health sector. In the light of previously voiced concerns on the transparency requirements of those processes, the EU side will be following this development closely and its impact on transparency in the Mexican pharmaceutical procurement market.

The EU and Mexico continued their cooperation on **intellectual property**, in particular through the Special Committee on Intellectual Property Matters, which met in October 2022. The meeting included a discussion on the state of play of intellectual property rights protection in Mexico, highlighting the reforms to the Copyright Law, the Civil Code and the new Federal Law for the Protection of Industrial Property (LFPPI), which fully implement the commitments made by Mexico in its recent trade agreements. The EU referred to the persistent concerns expressed by EU companies operating in Mexico about the ineffective enforcement of intellectual property rights in the country, including at the border and both online and in physical marketplaces. These concerns, summarised in the 2023 Report on the protection and enforcement of intellectual property rights in third countries,⁴³ have led EU stakeholders to call

⁴³ <https://circabc.europa.eu/rest/download/7099aee0-c68f-42c5-ae30-5350a879a30e>

for a national anti-piracy plan to address the main challenges posed by counterfeiting and piracy and to coordinate law enforcement actions at federal, state and local level.

The EU and Mexico committed to using technical cooperation as a tool to ensure effective protection of intellectual property rights in accordance with the highest international standards, including effective means to enforce such rights. **IP Key Latin America**⁴⁴ remained in 2022 the main technical cooperation programme on intellectual property between the EU and Mexico, featuring a number of activities aimed at addressing some of the identified challenges in the area of intellectual property (e.g. symposium for judges, seminar on border enforcement, conference on geographical indications, etc.).

In the area of **customs matters**, both parties continued dialogue on Rules of Origin, Customs Cooperation and Trade Facilitation and Mutual Administrative Assistance. During the Special Committee on Customs Cooperation, the EU expressed concerns regarding the increase in clearance times in a number of ports further to the setup of the new National Customs Agency.

In the framework of the EU **project on responsible business conduct**⁴⁵, Mexican authorities, private business and stakeholders continued cooperation activities aimed at supporting responsible business conduct practices in line with the UN, ILO and OECD instruments. The project will feed into the implementation of the future TSD Chapter under the modernised EU-Mexico Agreement, once it enters into force.

⁴⁴ [Latin America | IPKEY](#)

⁴⁵ The project is implemented together with the International Labour Organization (ILO), the Organization for Economic Co-operation and Development (OECD), and the United Nations Office of the High Commissioner for Human Rights (OHCHR).

PART III: EU NEIGHBOURING COUNTRIES

**Mediterranean and Middle East countries –
Free Trade Areas**

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND ALGERIA

1. THE AGREEMENT

The EU and Algeria established a Free Trade Area (FTA) under the **EU-Algeria Association Agreement**, signed in 2002, which entered into force on 1 September 2005 (hereinafter called ‘the Agreement’). The Agreement provides for a reciprocal liberalisation of trade in goods, with elements of asymmetry in favour of Algeria, such as a 12-years transitional period for dismantling tariffs for industrial goods and a selective liberalisation on agriculture. In 2012, the EU and Algeria agreed to review the timetable for tariff dismantling set forth in the Agreement for certain products (steel, textile, electronics, and automobiles), extending the transitional period from 12 to 15 years.

Market opening for agricultural products so far only concerns a limited number of tariff lines, which are subject to either full liberalisation, Tariff Rate Quotas (TRQ) or a reduction of Most Favoured Nation (MFN) rates respectively, for both Parties. The agreement does not include a specific Dispute Settlement Protocol, but only general provisions on dispute settlement, allowing a Party to refer the matter to the EU-Algeria Association Council in accordance with Article 100 of the Association Agreement. This process has been initiated twice by the EU side, first in June 2020 and second in March 2024 (see further information in section 2 below).

Algeria is a member of the **Regional Convention on pan-Euro-Mediterranean preferential rules of origin**, which it signed in 2012 and notified the EU of ratification on 27 January 2017.

Algeria started negotiating its accession to the WTO in 1987. The EU continues to support Algeria’s efforts but the negotiation process with the Accession Working Party remains stalled since 2014.

2. MAIN IMPLEMENTATION ISSUES

Dispute Settlement Procedures against Algeria: Several trade restrictive measures

On 24 June 2020, the EU initiated a **dispute settlement case** against Algeria under the EU-Algeria Association Agreement challenging five measures (*illegal safeguard duties, import ban on cars, import licensing scheme, custom duties on 129 products and payment restrictions in the maritime transport sector*). As a result of the EU’s efforts to find a negotiated solution during consultations, three of the five measures challenged have been removed (customs duties, illegal safeguard duties, and payment restrictions). Nevertheless, Algeria has kept imposing new trade measures, which have substantially changed the trade and investment regime in Algeria to be more restrictive.

On 14 June 2024, the EU launched another **dispute settlement case** against Algeria under the EU-Algeria Association Agreement and requested consultations with Algerian authorities to address *several restrictions imposed on EU exports and investments*, including an import

licensing system with the effects of an import ban; subsidies contingent on the use of local inputs for car manufacturing; a cap on foreign ownership for companies importing goods in Algeria and an import ban for ceramics and marble. By imposing these trade restrictive measures since 2021, Algeria in the view of the EU is not respecting its trade liberalisation commitments under the EU-Algeria Association Agreement.

In addition, Algeria continues to apply **sectoral and horizontal measures** restricting trade and investment and, such as:

- EU companies experience non-**acceptance of preferential origin statement** in Algeria (EUR1 certificate).
- In June 2022, Algeria **blocked all trade with Spain**, including imports of Spanish agricultural products.
- New halal measures entered into force in June 2023 without prior notice. The **new halal certification regime** is restrictive and requires a certificate for each consignment subject to an additional fee.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-EGYPT ASSOCIATION AGREEMENT

1. THE AGREEMENT

The EU and Egypt established a free trade area (FTA) as part of the **EU-Egypt Association Agreement (AA)**, signed in 2001 (hereinafter referred to as ‘the Agreement’). The AA was signed on 25 June 2001 and entered into force on 1 July 2004. It provides for the reciprocal liberalisation of trade in goods, with elements of asymmetry in favour of Egypt.

In October 2008, the EU and Egypt signed an **Agreement providing for liberalisation in agricultural, processed agricultural and fisheries goods**, which entered into force on 1 June 2010 and extended the list of agricultural products covered by the original Agreement.

In November 2010, the EU and Egypt signed a Protocol establishing a Dispute Settlement Mechanism (DSM) for which Egypt’s ratification process is still pending.

Egypt also signed the **Regional Convention on pan-Euro-Mediterranean preferential rules of origin** on 9 October 2013 and notified it on 23 April 2014. The main objective of the Convention is to define common rules of origin in the PEM area. On 7 December 2023, the country voted in favour of the revision of this PEM Convention that modernises the rules of origin. The revised Convention will enter into force on 1 January 2025.

In November 2011, the Commission received a Council mandate authorising it to negotiate a Deep and Comprehensive Free Trade Area (DCFTA) with Egypt. While interested in enhancing bilateral cooperation on trade and investment, Egypt has shown limited interest in a full-fledged DCFTA so far.

Since 2020, the EU and Egypt are engaged in a **regular trade dialogue on market access challenges**, focusing on enhancing the implementation of FTA commitments, elimination of trade irritants as well as improving transparency of the legal framework for business.

In March 2024 the EU and Egypt signed a **Joint Declaration establishing the bilateral Strategic and Comprehensive Partnership**. In this framework the EU and Egypt will enhance co-operation to fully implement and unleash the full potential of the bilateral Free Trade Area of the Association Agreement. The EU will also support Egypt's ongoing efforts to enhance its business and investment environment facilitating trade and investment flows in line with its international obligations, in particular those in relation to the EU

2023 continued to be a very challenging year for Egypt’s economy due to the macroeconomic effects caused by Russia’s war of aggression against Ukraine and the conflict in Gaza and Israel. Egypt continued to experience severe shortages of foreign currency making the importation of goods as well as the payment of dividends extremely difficult. In 2023, the Central Bank of Egypt (CBE) continued its exceptional measures of allocating foreign exchange reserves to priority imports notably food, feed, pharmaceuticals and industrial inputs albeit all these categories still experienced delays and bottlenecks at customs and Egyptian ports. Other imports – e.g. luxury items or consumer goods such as motor vehicles – show significant

decreases. Import difficulties continued and this will only change once the macroeconomic situation stabilises.

2. MAIN IMPLEMENTATION ISSUES

The implementation of the trade-related provisions of the Agreement is pursued within the framework of the Association Council, the Association Committee, and the various subcommittees, including the **Subcommittee on Industry, Trade, Services and Investment**.

In 2023, the EU and Egypt intensified their **trade dialogue** through regular technical consultations to further remove barriers to trade affecting businesses and investors, thus building on progress achieved in 2022. While in 2023 there was no meeting of the **EU-Egypt Subcommittee on Industry, Trade, Services and Investment** (last one was on 18 October 2022 in Cairo) various bilateral technical meetings on the implementation of the Agreement took place. Moreover, the **Association Committee took place in June 2023** (and the **Association Council in January 2024**). The meeting focussed on discussing trade barriers currently affecting bilateral trade flows. Egypt confirmed its engagement to actively continue the - more technical - trade dialogues in parallel to the Subcommittee with the objective of advancing the removal of outstanding trade irritants.

(Partial) progress was achieved on a number of **market access** issues in 2023:

- The **mandatory use of a Letter of Credit (L/C)** as payment condition for almost *all* imports into the country was **lifted** as from 1 January 2023.
- The Egyptian authorities, following discussions under the Association Agreement, **agreed to lift a 10% “development fee”** from EU origin goods concerned. The import duties had been imposed by means of Regulation 31/2023 as part of a package of new taxes affecting several products of EU origin, notably fresh and dried fruit. The fee discriminated against imported fruits and did not apply to domestic production in contravention of the Association Agreement. Given the urgency of this matter, the Commission services immediately engaged with the Egyptian authorities to address the concerns. The EU Delegation will continue to closely monitor the situation.
- The EU continues to monitor the functioning of the registration system as amended following WTO consultations (**WTO dispute against Egypt: DS609 – Import Registration Requirements**), which now seems to no longer pose problems to European exporters.
- Partial progress was achieved in 2023 on Egypt’s new halal certification requirements applying since October 2021. **Egypt has notified the new Halal standards to the WTO**. Moreover, the suspension of the application of the standard to dairy products was extended several times and most recently again until 31st December 2024. Efforts continue to address remaining problems related to the new certification rules and the appointment by the government of a single certifier globally (IS EG Halal). In this respect, Egypt accepted to allow other certifiers to certify exports of halal products to Egypt by publishing a Decree in December 2023 (GOVS Decree 1-2023) which opens

the way for more certifiers to register themselves with the Egyptian authorities. The Commission will monitor its application to ensure that more than one certifiers are available to European exporters.

- Regarding the **taxation of cosmetics' imports**, Egypt acknowledged that taxing only imports would be discriminatory and in violation of the EU-Egypt Association Agreement. While the discriminatory fee is not applied in practice, Egypt is now reconsidering the way forward, e.g., extending the tax to also include domestic cosmetics or eliminating it all together.

At the same time, a number of **market access barriers continue to exist** in Egypt and were subject to discussions in the relevant committees under the EU-Egypt Association Agreement:

- Blockages of EU shipments of certain goods (especially timber wood but also now of peat and peat moss) due to their allegedly **excessive radioactivity levels** – even though these levels are well within the standard of the International Atomic Energy Agency (IAEA). Technical discussions were held in December 2023 to clarify the situation.
- Egypt's new measures (including field visits) for the import of **seed potatoes** notified to the WTO; the new mechanism might have an effect comparable to a quantitative restriction. Technical discussions continued in 2023 (including a farm-to-fork workshop in Cairo in May 2023) to clarify the rules; in the meantime, Egypt has suspended the requirement for field visits in the EU exporting countries.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ASSOCIATION AGREEMENT BETWEEN THE EU AND LEBANON

1. THE AGREEMENT

The EU and Lebanon on 17 June 2002 signed an **Association Agreement**⁴⁶ creating a Free Trade Area (FTA). Its economic and trade provisions were provisionally applied as from 2003, based on an Interim Agreement, which entered into force on 1 March 2003. The Association Agreement (hereinafter referred to as ‘the Agreement’) entered into force on 1 April 2006. The Agreement **liberalised two-way trade in industrial goods** with an asymmetrical transition period of 12 years in favour of Lebanon. The phased-in liberalisation of industrial products by Lebanon started in 2008 and was completed in 2015.

In regard to agri-food trade, the Agreement as of its provisional application, **granted tariff-free access to the EU market** for most Lebanese agricultural and processed agricultural products (i.e. 89% of products enter tariff and quota free), with only 27 agricultural products facing a specific tariff treatment, mostly Tariff Rate Quotas (TRQs). On the other hand, agricultural liberalisation by Lebanon has been more limited.

In 2010, the EU and Lebanon signed an additional protocol on a **Dispute Settlement Mechanism**, which entered into force on 1 September 2018.

In 2014, Lebanon signed the **Regional Convention on Pan-Euro-Mediterranean preferential rules of origin** (PEM Convention). The country notified its ratification in October 2017 and formally joined on 1 December 2017⁴⁷. On 7 December 2023, the country adopted the revision of this PEM Convention that modernises the rules of origin applicable in the PEM area. It will enter into force on 1 January 2025.

Lebanon is still in the process of applying to join the WTO, which the EU continues to support, including by technical assistance, in light of the needs of the Lebanese government.

2. MAIN IMPLEMENTATION ISSUES

Additional custom duties raised in 2019 (and updated in October 2020) continued to be in place throughout 2022. They include a temporary additional duty of 3% on most imports and additional duties on imports of about 18 groups of products. Eight of them affect imports from the EU, with duties ranging from 7% to 20%. These trade barriers have been raised several times at the highest level vis-à-vis the Lebanese authorities, as they do not appear to be in line with the Agreement, since they affect selected goods and differentiate between trading partners.

The national budget for 2022 included the extension of the additional 3% custom duty introduced in 2019 for another 10 years, plus a new 10% import duty on products having a

⁴⁶ <https://ec.europa.eu/world/agreements/downloadFile.do?fullText=yes&treatyTransId=3121>

⁴⁷ For more information see https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list/paneuromediterranean-cumulation-pem-convention_en

locally produced substitute. The government has compiled a first list of products which could be produced in Lebanon and to which this additional 10% import duty would be applied. The government has signalled that it is currently preparing a second list for luxury goods. The government has been alerted of the possible infringement of the Association Agreement.

However, since November 2022, without agreement on a new president, Lebanon has continued to function with a caretaker government. Mostly for this reason, and despite a continuous deterioration of the economic situation in Lebanon, there have been no significant decisions concerning trade, and little dialogue with the EU on trade matters. Neither the **SubcommitteeSubcommittee on “Industry, Trade and Services, Customs”** nor the EU-Lebanon **Joint Working Group on Trade and Investment** met since December 2019.

Discussions continued during 2023 about the **possible adoption by Lebanon of the PEM transitional Rules of Origin** (the revised rules of the PEM Convention, applicable on a bilateral basis pending the adoption of the revised PEM Convention by all contracting parties). Lebanon finally referred the issue to its Ministry of Justice, who ruled that a specific law would need to be adopted by Parliament before Lebanon can sign these rules, which is likely to provoke a considerable delay.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND JORDAN

1. THE AGREEMENT

The **Association Agreement** (hereinafter called ‘the Agreement’) creating a **Free Trade Area** between the EU and Jordan was signed in 1997 and entered into force in 2002. It liberalised two-way trade in goods, with asymmetrical transition periods in favour of Jordan, whereby Jordan phased in tariff reductions over a 12 year period. Tariff dismantling has been completed.

The EU and Jordan upgraded the Agreement in 2006 concluding an **additional Agreement on trade in agricultural and processed agricultural products**. Today all Jordanian agricultural products can enter the EU duty free with the exception of virgin olive oil and cut flowers, which are under tariff rate quotas (TRQs), while agricultural liberalisation on the Jordanian side is substantial, but not complete. A Protocol establishing a bilateral Dispute Settlement Mechanism was added to the Agreement in 2011 but is not operational pending the establishment of the list of individuals to serve as arbitrators.

Jordan is a member of the **Regional Convention on pan-Euro-Mediterranean preferential rules of origin** (PEM Convention). Jordan signed it in 2011 and notified its ratification in 2013. In 2016 the EU and Jordan agreed on a simplified Rules of Origin scheme, modified in 2018, granting Jordanians further flexibilities in regard to rules of origin linked to employment of Syrian refugees and implementation of decent work standards. As of 1 September 2021, Jordan and the EU started to apply in parallel the PEM transitional rules of origin (the revised rules of the PEM Convention, applicable on a bilateral basis pending the adoption of the revised PEM Convention by all contracting parties).

2. MAIN IMPLEMENTATION ISSUES

The **Subcommittee on trade, industry and services** last met on 6 June 2023, after two years of break.

Despite the break, the EU side had continued to raise **outstanding issues** in official meetings under the Agreement, including in written correspondence and technical meetings, notably the **need for predictability and information-sharing regarding the legislative and administrative measures**, which may have an impact on trade. The EU side also reiterated the importance for EU importers that import requirements and enforcement measures are transparent and that sufficient time is granted to producers, certifiers and the administration itself to adapt to any new rules.

3. ACTIVITIES OF SPECIFIC INTEREST

Under the **simplified Rules of Origin initiative**, adopted in 2016 and amended in 2018, Jordanian exporters of 52 product groups can benefit from the same rules of origin as those

applied by the EU in respect to the Least Developed Countries, provided that certain conditions are met as regards to **employment of Syrian refugees**. The situation in 2023 was as follows:

- According to the latest information, 17 companies have subscribed to the scheme and 12 of them exported their products to the EU for a total value of about €164.52 million in 2021 (NB: latest figures available), specially to France, Spain, Cyprus, Belgium, Hungary, and the Netherlands. Textile and garments are the main exports to the EU under the scheme, because garment manufacturers are generally large producers, and such trade incentives have a large impact on their bottom-line profitability.
- Since the date of entry into force of the RoO scheme, 254.658 work permits have been issued to Syrian workers in different economic activities.
- Nevertheless, the simplified Rules of Origin scheme has not yet translated into further investments in the sectors benefiting, except for the textile and garment industry that benefits from an established infrastructure and networks under the US-Jordan FTA. Despite the fact that most Jordanian exporters meet the conditions for preferential access, there appear to be challenges on the supply side, for Jordanian companies to respond to the market access opportunities. These challenges include difficulties in collecting the necessary market intelligence of the European export market and value chain, the lack of the required EU quality certifications, the limited matchmaking opportunities with European buyers, the high transport costs and the difficulty of finding qualified Syrian workers in order to meet the employment requirements.

In conclusion, it remains a challenge to advocate for employers to hire more Syrian workers on their production lines, or make necessary investments, when the benefits of the RoO are not fully realized nor perceived. Raising awareness about the scheme remains complicated, and increased coordination is still needed to make sure that relevant reforms are in place to implement the decent work agenda in Jordan.

The **EU continues to support Jordan in its efforts to improve its export performances by boosting its general export capacity** and competitiveness and achieving a closer integration into global value chains and to make better use of preferential access to the EU market. Trade-for-Development is a key element of the Partnership Priorities (2021-2027)⁴⁸. Through its bilateral programming, the EU also supports private sector development, job creation and the business legislative framework and reforms.

Furthermore, the EU continues working with the ILO and the Jordanian Government to ensure **decent working conditions** in companies exporting to the EU.

⁴⁸ <https://data.consilium.europa.eu/doc/document/ST-3304-2022-ADD-1/en/pdf>

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND MOROCCO

1. THE AGREEMENT

The EU and Morocco established a **Free Trade Area** (FTA) as part of the EU-Morocco **Association Agreement** (the “Agreement”), signed in 1996, which entered into force on 1 March 2000. While the EU liberalised trade in industrial products from the start, Morocco benefited from a transitional period of 12 years. Since March 2012, trade in industrial products is now entirely liberalised, while market opening for agricultural products is also substantial.

The EU and Morocco also signed an agreement on **additional liberalisation of trade in agricultural products**, processed agricultural products, fish and fisheries products, which entered into force in October 2012. A number of EU products remain subject to tariff rate quotas⁴⁹ when exported to Morocco, while for the other products the full liberalisation was completed on 1st October 2020. Only a few Moroccan products are still subject to tariff rate quotas when imported into the EU.

An amendment was introduced to Protocols 1 and 4 of the Association Agreement by exchange of letters between the EU and Morocco dated 25 October 2018 extending the tariff preferences of the EU-Morocco Agreement to goods originating in Western Sahara.⁵⁰ The amendment entered into force on 19 July 2019.

Morocco also signed the **Regional Convention on pan-Euro-Mediterranean preferential rules of origin** (PEM Convention) on 18 April 2012 and ratified it in May 2019. The revised rules of the Convention were adopted by unanimity of all Contracting Parties, including Morocco, on 7 December 2023. The revised Convention will begin to apply as of 1 January 2025.

A protocol establishing a Dispute Settlement Mechanism was agreed upon by the EU and Morocco and entered into force in 2012 but is not operational pending the establishment of the list of individuals to serve as arbitrators.

Negotiations in view of an Agreement for the Protection of Geographical Indications (GIs) were concluded in 2015. Ratification by Morocco is still pending.

Negotiations for a *Deep and Comprehensive Free Trade Agreement* started in 2013 and were put on hold at the request of Morocco. The Joint Statement of the EU–Morocco Association Council of June 2019 referred to the aim of creating an area of economic convergence and social cohesion.

⁴⁹ Tariff rate quotas (TRQs) allow products imported within a certain quota to enter the European Union's market at a lower tariff rate than for quantities outside the quotas. They allow more variety to consumers whilst also encouraging non-EU countries to open up their markets to European goods. TRQs aim at mitigating impacts on sensitive sectors such as beef, rice or sugar.

⁵⁰ [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22019A0206\(01\)](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22019A0206(01))

2. MAIN IMPLEMENTATION ISSUES

Morocco has made trade - and exports in particular – an essential element of its economic development. It progressively integrated global value chains, notably in sectors such as automotive industry and aeronautics, and in particular with the European Union. In 2023, trade between Morocco and the EU grew to its highest level ever (with EU having a trade surplus) and Morocco is EU's biggest trading partner in Africa. The EU and Morocco in 2021 launched a Green Partnership, consolidating their cooperation on protecting the environment, conserving biodiversity and fighting climate change.

Nevertheless, with its "*Industrial Recovery Plan 2021- 2023*", Morocco confirmed its focus on import substitution in its industrial and trade policies, aiming at reducing imports, while actively supporting domestic production. This takes the form of the pursuit of an active industrial policy via an "industrial project bank", aimed at **supporting projects with the potential of substituting imports with domestic products**, the promotion of local integration through the investment charter, as well as **mandatory domestic preferences in public procurement** and the compulsory use of goods of Moroccan origin in public procurement for all goods.

Meetings of the **Subcommittee on trade, industry and services** and the **Subcommittee on internal market** were held in April 2023 after a two years' break (the previous respective meetings had taken place in July 2020; the one before in December 2013).

- The EU raised a number of market access issues vis-à-vis Morocco, including the **system of conformity assessment** for imported products, **market access for pharmaceutical and cosmetic products**, **mandatory domestic preferences in public procurement** in addition to long standing trade barriers. (NB: Morocco applies since **2020 compulsory third party certification** for compliance with Moroccan standards to a wide range of industrial products, with adverse effects for EU exports. Only five private international companies are designated to carry out the checks on imported products subject to technical regulations. Conformity assessments need to be undertaken mostly in the country of origin of the goods, and for a more limited range of products upon their entry into Morocco. Domestic products are subject to a much lighter regime of conformity checks. European operators have reported difficulties with the new system mainly related to additional costs and delays and different interpretations of the applicable requirements by the conformity assessment companies).
- The EU also raised the issue of **state aid/subsidy control rules**, as foreseen by Article 36 of the Association Agreement. It was agreed to organise a number of follow-up technical meetings.

In 2023, a number of **additional irritants surfaced**:

- Morocco **suspended the accreditation of several of the private international companies** designated to deliver conformity assessments for several months, creating additional difficulties, costs and delays for European exporters. These suspensions were however lifted again.
- While the 10-year safeguard measure on wire rods and reinforcing bars ceased to apply, Morocco **extended the safeguard measures on hot rolled steel plates** and welded steel

pipes. Those measures add to the ongoing ones on cold rolled steel sheets and plated or coated sheets and coated wood boards.

- The country also **continued to apply anti-dumping duties on PVC**, including from some EU companies.
- In February 2024, Morocco **initiated a safeguard investigation** on imports of coated wood fibre boards.

European General Court ruling on Western Sahara & Sustainable Fisheries Agreement⁵¹ - state of play

On 15 March 2024 the European Commission issued its fourth staff working document on the impact and benefits for the people of Western Sahara⁵² of extending tariff preferences provided under the EU-Morocco Association Agreement to products originating in Western Sahara (covering 2022 data). The report finds that exports to the EU decreased from EUR 681 million in 2021 to EUR 590 in 2022, while the implementation of the agreement allowed local producers to save EUR 44.4 million in customs duties upon import of the goods into the EU in 2022. Levels of local employment continue to show a trend of moderate increase. This is due to the favourable economic conditions of Western Sahara including the granting of tariff preferences under the Agreement.

Background:

On 29 September 2021 the General Court of the EU annulled two Council decisions relating to international agreements with Morocco:

- the agreement between the EU and Morocco extending tariff preferences to products originating in Western Sahara;
- the Sustainable Fisheries Partnership Agreement.

The Council and the Commission both lodged appeals in December 2021. Pending a final judgement, the Court ruling allows for the effects of the Council decisions to be upheld, i.e. the agreements continue to apply between the Parties.

⁵¹ <https://curia.europa.eu/jcms/upload/docs/application/pdf/2021-09/cp210166en.pdf>

⁵² <https://taxation-customs.ec.europa.eu/system/files/2023-03/TAXUD-2023-00033-00-00-EN-TRA-00.DOCX.pdf>

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ASSOCIATION AGREEMENT BETWEEN THE EU AND TUNISIA

1. THE AGREEMENT

A **Free Trade Area (FTA)**, as part of the **EU-Tunisia Association Agreement** hereinafter ‘the Agreement’), was signed on 17 July 1995 and entered into force on 1 March 1998. This provided for reciprocal liberalisation of trade in goods. Since the day of entry into force of the Agreement, Tunisia is free to export to the EU all industrial products covered by the Agreement tariff-free, while it benefited from a transitional period of 12 years for imports from the EU, which ended in 2010. The FTA thus established the principle of **two-way trade free of any trade tariffs for industrial goods**.

As regards **agricultural, agri-food and fisheries products**, the FTA foresees liberalisation **for selected products**, with the EU granting tariff-free quotas for a number of products. Contrary to other countries in the region (e.g. Morocco or Egypt), the EU and Tunisia have not yet negotiated an agricultural top-up and hence market access on both sides is more limited than is the case with most other Southern Mediterranean partners.

The EU and Tunisia signed a bilateral Protocol in 2009 on the establishment of a Dispute Settlement Mechanism (which entered into force in September 2011), however, it is not yet operational pending the establishment of the list of individuals to serve as arbitrators.

Tunisia also signed the **Regional Convention on Pan-Euro-Mediterranean preferential rules of origin** on 16 January 2013. In December 2023, Tunisia voted in favour of the revised rules of the Pan- Euro- Mediterranean Convention on rules of origin, which will enter into force on 1 January 2025. In this context, a bilateral derogation on textiles was granted by the EU.

While negotiations on a *Deep and Comprehensive Free Trade Agreement* (DCFTA or “Accord de libre échange complet et approfondi” ALECA in French) remain to be on hold the EU and Tunisia in July 2023 signed a **memorandum of understanding** suggesting that the parties will “implement measures to promote and enhance the modernisation of the framework for trade and investment relations between the European Union and Tunisia in order to improve market access conditions”. This is important to meet common challenges, notably in the field of resilient value chains, climate change and quality job creation.

Egypt is an observer in the CBAM Expert Group (since June 2024). Regular dialogues with industry and public administrations are held to pave the way towards decarbonisation of production and trade.

2. MAIN IMPLEMENTATION ISSUES

In 2023, several **market access issues remained** unresolved. They mainly concern the following type of restrictions: i) mandatory licences for import of certain products, which were subject of several meetings and exchange of letters with Tunisian authorities; ii) systematic **technical controls on imports** without risk analysis and technical specifications that can impose restrictive conditions on the product and/or the importer; iii) **burdensome customs**

measures (such as the request for an export declaration or a free sale certificate by EU operators); iv) sectorial market access limitations on pharmaceuticals and tyres.

A deficit can also be noted on Tunisia's implementation of the **state aid/subsidy control rules** as foreseen by Article 36 of the Association Agreement, which are needed to secure a level playing field.

Finally, the objective of liberalisation of **public procurement** set in Article 41 of the Association Agreement has not been taken forward yet. By contrast, the decree-law 2022-68 of November 2022 increased the thresholds for local content requirement and national preference in public procurement.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE INTERIM ASSOCIATION AGREEMENT BETWEEN THE EU AND PALESTINE

1. THE AGREEMENT

The **Interim Association Agreement** creating a Free Trade Area (FTA) between the EU and Palestine⁵³ (hereinafter called ‘the Interim Association Agreement’) was signed in 1997 and entered into force on 1 July 1997. The Interim Agreement **liberalised two-way trade in industrial goods** by providing duty-free and quota-free access for industrial goods traded in both directions, with some **limited liberalisation of agricultural products** by both parties. The latter was an asymmetrical liberalisation to the extent that the EU dismantled its tariffs on the first day of the agreement while Palestine had a phased reduction of tariffs.

The Association Agreement was first updated in 2005 and a more **significant update was signed in 2011 to further liberalise trade in agricultural**, processed agricultural products (PAPs), fish and fishery products. **The EU removed all tariffs and quotas on agricultural products and PAPs imported into the EU for a period of ten years, which is renewable.** Palestine continues to maintain a number of tariffs and quotas on selected agricultural and PAP imports from the EU.

Products from Israeli settlements in Palestinian territory do not benefit from the preferential tariff preferences under the EU-Palestine Interim Association Agreement or the EU-Israel Association Agreement.

Palestine is a member of the **Regional Convention on pan-Euro-Mediterranean preferential rules of origin** (PEM Convention), which it signed in 2013 and notified the EU of its ratification in 2014. The EU and Palestine began applying the Transitional rules of origin in parallel with the PEM Convention on 1 September 2021. In 2021, an amendment of Protocol 3 of the Interim Association Agreement was adopted concerning the definition of the concept of “originating products” and methods of administrative cooperation, in order to introduce the modernised rules of the PEM Convention.

2. MAIN IMPLEMENTATION ISSUES

The **Joint Economy Committee** in charge of the follow-up of the Paris Protocol (agreement dealing with trade related issues under the Oslo Accord) has not met since 2009. The Palestinian Authority undertook efforts with **limited results to re-activate the committee**, pending a positive response from the Israeli side.

⁵³ This designation shall not be construed as recognition of a State of Palestine and is without prejudice to the individual positions of the Member States on this issue.

The last meeting of the **EU-Palestinian Subcommittee on Trade** was held on 16 November 2022 where trade relations were discussed both in bilateral and regional context, notably focussing on how the EU could facilitate trade talks between Israel and the Palestinian Authority, either in bilateral or trilateral format.

The Interim **Association Agreement is far from reaching its full potential**, hindered by restrictions imposed by the Israeli authorities. Moreover, Palestinian trade also faces competitiveness issues and has often difficulties in meeting the standards required on the EU market.

The EU continues to support the expansion of Palestinian trade within the broader Euro-Mediterranean region and remains committed to engage with both the Israeli and the Palestinian sides to improve the conditions of Palestinian trade. Some concrete progress was achieved with the introduction of a pilot project for containerised transport between the West Bank and Jordan via the Allenby bridge, a project that was supported by the EU Delegation in Jerusalem.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT BETWEEN THE EU AND ISRAEL

1. THE AGREEMENT

EU-Israel relations are governed by an **Association Agreement** (hereafter named “Agreement” or “AA”) that has been provisionally applied since 1996 and fully entered into force in 2000. The terms of the Agreement provided for full elimination of customs duties applicable to industrial products and partial liberalisation for agricultural products creating a **Free Trade Area (FTA)**. The EU and Israel had already had an FTA from 1975, eliminating duties on industrial products and over 80% of agricultural tariff lines. The AA improved the provisions on rules of origin and included a series of further reciprocal agricultural concessions. However, the FTA does not include commitments on services and investments, regulatory convergence or modern trade rules. Products produced in the Israeli settlements located within the territories brought under Israeli administration since June 1967 are not entitled to benefit from preferential tariff treatment under the EU-Israel Association Agreement.

The EU and Israel subsequently **upgraded the FTA by signing agreements, which further liberalised trade in agricultural products, notably in processed agricultural products and fish and fishery products**. The first agreement was signed in 2003 and the second is in force since 2010. The latter further increased reciprocal market access in agro-food products and is based on the “negative list approach” (i.e. all agro-food trade is liberalised on both sides apart from a limited number of sensitive lines on either side). For the sensitive agricultural products such as fruit and vegetables, sugar, etc., market access on both sides is provided in the form of duty free quotas. Moreover, the EU maintains its entry price system, but with an ad valorem duty component set at 0%.

Discussions for a Dispute settlement protocol under the FTA took place in December 2016 on the occasion of the EU-Israel trade-subcommittee, but have *not* been finalised. There are currently no discussions on resuming this process.

Israel is a member of the **Regional Convention on Pan-Euro-Mediterranean preferential rules of origin** (PEM Convention), which it signed in 2013 and notified the EU of its ratification and entry into force in 2014. On 7 December 2023, Israel also voted in favour of the revision of the PEM Convention that modernises the rules of origin applicable in the PEM area. The revised Convention will enter into force on 1 January 2025.

In 1999, the EU and Israel signed a “**Good Laboratory Practice**” (GLP) agreement, ensuring the high quality, validity and reliability of health and environmental data generated during the testing of cosmetics, industrial chemicals, pharmaceuticals, food additives, animal feed additives, pesticides by means of mutual recognition of OECD principles of good laboratory practice (GLP) and compliance monitoring programmes.

The EU and Israel also have in place an **Agreement on Conformity Assessment and Acceptance of industrial products (ACAA) on pharmaceuticals**, in force since January

2013, which facilitates trade on both sides, as it recognises each partner's certification of conformity of pharmaceutical products without the need for re-testing at import.

2. MAIN IMPLEMENTATION ISSUES

Following a break through in 2022 in the area of **medical devices** (i.e. Member States acceded in and post 2004 and Luxembourg are now “recognised” to qualify for fast-track authorisation procedure in Israel), a legislative amendment to solve the issue is currently discussed in the Knesset. Since the adoption of the legislative amendment by the Knesset has been delayed, the government extended the ongoing pilot project until end of 2024 and will continue to do so until the new legislation is in place.

No significant roll back of commitments in the FTA has been recorded; however there are **a number of persistent trade irritants**, among those:

- The lack of data protection for biological medicines;
- The rigid regime of kosher certification for imported meat.

The last meeting of the **EU-Israel subcommittee on industry, trade and services** was held on 15 February 2023, where trade relations were discussed in both bilateral and regional context. The EU and Israel also exchanged views on existing trade irritants, as well as on some cross cutting issues, e.g. reduction of carbon emissions, and IPR.

Eastern countries – Deep and Comprehensive Free Trade Areas

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE DEEP AND COMPREHENSIVE FREE TRADE AREA BETWEEN THE EU AND UKRAINE

1. THE AGREEMENT

The **Deep and Comprehensive Free Trade Area (DCFTA)** between the EU and Ukraine, the trade part of the Association Agreement⁵⁴, provisionally entered into force on 1 January 2016 while the full Association Agreement formally entered into force on 1 September 2017.

This information sheet constitutes the assessment of the trade-liberalisation measures under Article 6 of Regulation (EU) 2023/1077.

Following Russia's unprovoked and unjustified war of aggression against Ukraine, the latter was **granted EU candidate status** in June 2022. In December 2023, the **EU agreed to open accession negotiations with Ukraine**.

Furthermore, the EU adopted **new autonomous trade measures (ATMs) on 30 May 2022**⁵⁵ temporarily suspending all duties and trade defence measures on imports from Ukraine.

- The ATMs were extended in June 2023 for another year.⁵⁶ Between 2 May and 15 September 2023 the Commission took exceptional and temporary preventive measures under the ATM regulation on imports of wheat, maize, rapeseed and sunflower seed from Ukraine. These temporary and targeted measures were adopted due to logistical bottlenecks concerning these products in Bulgaria, Hungary, Poland, Romania and Slovakia and prevented the placing on the market of these products in those five Member States while still allowing for transit.
- The latest renewal of the Autonomous Trade Measures⁵⁷, which entered into force on 6 June 2024 includes a strengthened safeguard mechanism that allows for quick remedial action to be taken in case of significant disruptions to the EU market or the markets of one or more Member States. In addition, an emergency brake applies to eggs, poultry, sugar, oats, maize, groats, and honey, which will be automatically triggered if import

⁵⁴ The EU-Ukraine Association Agreement was published in OJ L 161, 29.5.2014, p. 3–2137. <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX%3A22014A0529%2801%29>

⁵⁵ Regulation (EU) 2022/870 of the European Parliament and of the Council of 30 May 2022 (OJ L 152 of 3.6.22, p. 103)

⁵⁶ Regulation (EU) 2023/1077 of the European Parliament and of the Council of 31 May 2023 on temporary trade-liberalisation measures supplementing trade concessions applicable to Ukrainian products under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part.

⁵⁷ See Commission Implementing Regulation (EU) 2024/1671 of 6 June 2024; Commission Regulation (EU) 2024/1825 of 1 July 2024; Commission Regulation (EU) 2024/1827 of 1 July 2024; Commission Regulation (EU) 2024/1999 of 19 July 2024

volumes reach the average yearly imports recorded between 1 July 2021 and 31 December 2023.

Since the entry into force in 2016 of the AA and its DCFTA, bilateral trade more than doubled and surpassed EUR 62 billion in 2023. EU-Ukraine trade maintains high volumes despite Russia's war of aggression against Ukraine and the EU remains an essential route for Ukraine exports, including to third countries with the help of EU Solidarity Lanes. Total bilateral trade was EUR 62bn in 2023, up from EUR 58bn in 2022 and EUR 52bn in 2021.

EU's most imported product categories from Ukraine by value are cereals (23% of total values of imports in Q1-Q3 2023), oils (9%), ores (9%), iron and steel (8%), oil seeds (7%), electrical machinery (7%) and wood products (6%). The EU is a crucial market for Ukrainian exports, supporting the Ukrainian economy. Ukraine is by now the third largest source of imports of agricultural products into the EU, behind Brazil and the United Kingdom and ahead of the United States. The EU's most exported product categories to Ukraine are mineral fuels (17% of total values of exports in Q1-Q3 2023), motor vehicles (10%), machinery (9%), electrical machinery (9%), pharmaceutical products (4%), plastics (4%), arms and ammunitions (4%).

A regular monitoring table on imports from Ukraine, and in particular under **TRQs otherwise applicable under the DCFTA** is available on DG TRADE's website⁵⁸. The monitoring shows considerable increases in 2023 of annual import quantities for some products such as poultry, eggs, sugar and wheat. These increased exports have a positive socio-economic impact on Ukraine. The impact of these imports on the Union market is being monitored closely. No adverse effects were observed on the EU market as a whole, but it is possible that Ukrainian imports can have adverse effects, which are more localised. Many stakeholders have brought to the attention of the Commission such possible impacts on local and regional markets, also having socio-economic impacts on the local farming communities.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market access: Progress and outstanding issues

Ukraine's **regulatory approximation** to the EU acquis continued to progress well despite the difficult situation caused by Russia's war of aggression against Ukraine.

Overall implementation of the DCFTA was discussed during the **8th EU-Ukraine Association Committee** in Trade Configuration (ACTC), held on 30 November 2023 in hybrid form (in Brussels and online).

The "**Priority Action Plan for enhanced implementation of the EU-Ukraine DCFTA in 2023-2024**" served as a roadmap to accelerate and monitor the full implementation of the DCFTA, and with a view to facilitating and increasing Ukraine's access to the EU internal market:

⁵⁸ [EU trade relations with Ukraine \(europa.eu\)](https://euparl.europa.eu/media/default.do?app=press&lang=en&id=12345678)

- Ukraine made solid progress towards an **Agreement on Conformity Assessment and Acceptance of industrial products (ACAA)**. In a joint effort, the pre-assessment phase with eight expert missions was finalised. The EU has highlighted that progress is needed to implement all expert recommendations from the pre-assessment stage, including on market surveillance and metrology, as well as the need to suspend the moratorium on market surveillance and product safety inspections.
- The agreed list of rules applicable to **Telecommunications Services** (Appendix XVII-3 to the Association Agreement) was amended in April 2023 to include the EU legislation relevant for roaming. When Ukraine will align to this legislation it will pave the way for Ukraine to join the EU's Roam Like at Home Area.
- Progress was also made on a number of **customs related**⁵⁹ **issues**, notably the decision of the customs subcommittee to adopt the transitional PanEuroMed rules of origin which will have concrete benefits for EU and Ukrainian exporters. Work also progressed on the approximation of the Ukrainian Customs Code to the EU customs acquis and on the Authorised Economic Operators (AEOs) programme implementation, with a view to negotiating a mutual recognition agreement in the years to come.
- In regard to **public procurement**, the EU and Ukraine completed the process of recognition of phases 1 and 2 of the public procurement roadmap in Annex XXI-A, adopting Decision 2/2023 and Decision 3/2023 of the EU-Ukraine Association Committee in Trade Configuration positively assessing Ukraine's implementation of phases 1 and 2.
- In the area of **SPS**⁶⁰, Ukraine continued to implement the SPS strategy, particularly as regards animal welfare, which is of particular interest for stakeholders. The long-standing issue of **unified export certificates on mechanically separated poultry meat (MSM)** for exports from all EU Member States to Ukraine was solved in the spring of 2023, facilitating EU exports to Ukraine.

Mutual engagement continued in the following areas:

- The 20th **Intellectual Property Rights Dialogue (IPR)** took place on 19 October 2023, taking stock of Ukraine's progress in the area, notably the entry into force of the copyright law in January 2023 and the adoption of the Intellectual Property enforcement law in March 2023, as well as the institutional reform in the end of 2022. As regards **Geographical Indications (GIs)**⁶¹, cooperation continued in order to ensure alignment of Ukraine's GI system with EU norms and standards.

⁵⁹ The 7th Customs Subcommittee took place on 28 November 2023.

⁶⁰ The 6th SPS Subcommittee took place on 29 November 2023.

⁶¹ The 6th GI Subcommittee took place on 28 November 2023.

- In the **field of competition** including State aid, significant progress has been made during the last years to improve the Ukrainian legislation and enhance the powers and independence of Ukraine's Antimonopoly Committee. However, the Law on State aid remains suspended during the martial law.
- As regards the **wood export ban**, a long-standing trade irritant on which the EU had initiated bilateral **dispute settlement** in 2019, a panel published its final ruling in December 2020 and found Ukraine's 2015 temporary export ban incompatible with Article 35 of the Association Agreement. In this context Ukraine referred to ongoing legislative work on this issue.

2.2 Trade and sustainable development: Progress and outstanding issues

In the context of the above mentioned Priority Action Plan, the 6th **Ukraine – EU Trade and Sustainable Development Subcommittee** was held on 9 March 2023 via videoconference Brussels-Kyiv. Ukraine noted that the impact of Russia's war of aggression has made Trade and Sustainable Development areas even more pressing, for example as regards energy efficiency and forestry. The EU provided an update on trade and sustainable development policy, following its June 2022 TSD Communication. The subcommittee noted the importance of civil society participation and the contribution of the EU and Ukrainian Domestic Advisory Groups.

- Regarding **labour matters** the EU highlighted the importance of upholding labour rights, even in times of war. Regarding the modernisation of labour relations, the Parties agreed on the importance of ensuring alignment with the applicable EU acquis and international labour standards, including in the draft laws on labour and on occupational health and safety. The need to ensure full compliance with ILO Conventions on labour inspections was also discussed. Moreover, the Parties agreed on the need to improve social dialogue and on the importance of ensuring compliance with international labour standards on freedom of association and collective bargaining.
- The EU reaffirmed its support to Ukraine in facing the substantial **environmental and climate impact** of Russia's war of aggression against Ukraine. The Parties discussed how the environment is a major victim of the aggression and that mapping environmental damage will be necessary for the reconstruction. The Parties updated each other on European Green Deal initiatives and on Ukraine's efforts to reduce emissions and its work on framework legislation for environmental protection.

On 14 March 2023, the parties debriefed the **Civil Society Forum** on the issues discussed during the last meeting of the TSD Subcommittee.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE DEEP AND COMPREHENSIVE FREE TRADE AREA BETWEEN THE EU AND GEORGIA

1. THE AGREEMENT

The **Deep and Comprehensive Free Trade Area** (DCFTA) of the EU-Georgia **Association Agreement**⁶² (AA) entered into force on 1 July 2016, after having been applied on a provisional basis since 1 September 2014.⁶³ This information sheet constitutes the fifth report on the implementation of the EU-Georgia DCFTA, in line with the reporting requirements of the Regulation implementing the anti-circumvention mechanism provided for in the EU-Georgia Association Agreement.⁶⁴

Following Russia's unprovoked and unjustified war of aggression against Ukraine, Georgia was **granted EU candidate status** in December 2023, on the understanding that Georgia takes the relevant steps as set out in a Commission recommendation.

The Government of Georgia adopted in December 2020 its **third Action Plan for the implementation of the DCFTA 2021-2023**⁶⁵. This report outlines the priorities of the Association Agenda in different sectors (including for example Technical Barriers to Trade, SPS measures, customs or IPR) and the planned activities related to each priority with indicators, responsible implementing institutions and timeframe for implementation.

Georgia is a member of the **Convention on pan-Euro-Mediterranean preferential rules of origin** ("PEM Convention") and applies the transitional set of rules of origin applicable alongside the rules of the PEM Convention on a bilateral basis with the EU since 1 September 2021. On 7 December 2023, the country adopted the revision of this PEM Convention that modernises the rules of origin applicable in the PEM area. It will enter into force on 1 January 2025.

Georgia officially became a Contracting Party to the **Energy Community Treaty** on 1 July 2017.

⁶² The EU-Georgia Association Agreement was published in OJ L 261, 30.08.2014. <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L:2014:261:FULL&from=EN>

⁶³ When it comes to DCFTA application to breakaway regions Abkhazia and South-Ossetia, the EU gives its full support to Georgia's territorial integrity. However, in accordance with Article 429 (Territorial application) of the Association Agreement, conditions enabling effective implementation of the DCFTA, and notably de facto government control over those territories, would need to be created in either Abkhazia or South Ossetia for the DCFTA to apply to those regions, which is not the case at present.

⁶⁴ Regulation (EU) 2016/401 of the European Parliament and of the Council of 9 March 2016 implementing the anti-circumvention mechanism provided for in the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part (OJ L 77/2016). According to its Article 4, the Commission shall submit an annual report on implementation of this Regulation and Title IV (DCFTA) of the Association Agreement. The report shall, inter alia, include information about the application of the anti-circumvention mechanism and set out a summary of the statistics and the evolution of trade with Georgia.

⁶⁵ [DCFTA AP 2021-2023 ENG.pdf](#)

2. MAIN IMPLEMENTATION ISSUES

2.1 Market Access: Progress and outstanding issues

The **10th Association Committee in Trade Configuration** was held in Tbilisi on 12-13 December 2023.

In 2023 Georgia made **progress** in several areas of **legal approximation**:

- In the area of **SPS** legal approximation is in good track, however on the process of allowing for exports of queen bees and aquaculture to the EU, no further updates have been received.
- In the area of **technical barriers to trade**, the new Market Surveillance Agency (MSA), established in 2020, continues **institutional development and has started implementation of market surveillance activities** regarding the technical regulations adopted in line with DCFTA approximation process. To support the legal approximation process of Georgia, the National Agency of Standards and Metrology of Georgia (GEOSTM) strives to ensure the adoption of EU harmonised standards according to the DFCTA. This work has contributed to GEOSTM becoming an affiliate member to CEN (Commission for European Normalisation) / CENELEC (European Committee for Electrotechnical Standardisation) on 24 November 2022 and is working towards increasing its alignment rate.
- In the area of **IPR**, the Georgian Government continued its efforts to **reform the intellectual property protection and enforcement system**, especially concerning the patent law, the law on appellations of origin and GIs, the law of trademarks and the law on copyright.
- In the area of **energy policy**, Georgia, since joining the Energy Community in 2017, is approximating its energy acquis according to the Energy Community work programme. Georgia continues to develop the related framework, methodologies and regulations relating to the implementation of the Energy Efficiency Law, Law on Energy Performance of Buildings and Law on Energy Labelling.
- In the area of **customs and trade facilitation**, there is good cooperation with well-advanced implementation of the customs code and electronic systems, including the New Computerised Transit System (NCTS). The system is one of the main conditions for the accession of the country to the Common Transit Convention, which is expected on 1st December 2024. Georgia is also continuing its approximation of its customs legislation to the EU acquis. Georgia is working on the development for the national programme of Authorised Economic Operators (AEO) and additional companies have joined the programme in 2023. Georgia was one of the first countries where the modernised transitional Pan-Euro-Med Rules of Origin were applicable from 1

September 2021. Georgia and EU signed the Agreement on the accession to the EU customs and Fiscalis programmes in 2022.

- In the area of **services**, the approximation in the context of the DCFTA experienced some delays. On postal services, Georgia has been notified of new EU acts adopted since 2013, however progress on alignment has been slow. With regard to telecommunication services, the first steps to amend Annex XV-B have been initiated, notably to include the roaming acquis. Once amended, work towards the transposition in the Georgian legislation will start.

2.2 Trade and sustainable development: Progress and outstanding issues

Issues related to TSD were also discussed during the **10th Association Committee in Trade Configuration** in December 2023 following up on the **7th TSD Subcommittee** under the DCFTA in December 2022 by video conference.

Georgia provided an up-date on the status of the actions foreseen in its **action plan for the period 2021-2023**⁶⁶, showing progress in the implementation of the TSD chapter commitments.

In regards to **environment protection related commitments**:

- Georgia adopted the **National Climate Change Strategy 2030** and its Action Plan 2021-2023, that identifies measures and actions that support the development of the Georgian economy and infrastructure in a way which sets Georgia on a pathway to meet its international obligations and national ambitions for climate change mitigation. Georgia is party to the Montreal Protocol on substances that deplete the ozone layer and the parliament ratified the Kigali amendment to the Montreal protocol in June 2023.
- Georgia is in the process of adopting the **Law on Biodiversity**, in line with CITES and respective EU directives with a draft having been endorsed by the government in December 2023.
- Several **decrees regarding forest management, record keeping and monitoring were adopted**, for example the “The list of Forest Forming Wood Species”, “The Criteria and Indicators of Sustainable Forest Management” and the new national forest programme.
- **Georgia submitted its long-term low emission development strategy** and is preparing to send its 5th National Communication to the UNFCCC.

⁶⁶ https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/e0de67a3-2fd4-44ad-972b-daf8b0901035?p=1&n=10&sort=modified_DESC

With regard to **labour issues**:

- Georgia continued **strengthening the labour inspections system**, through new recruitments, training and capacity building.
- The Parties also discussed measures to ensure **health and safety** at work and the importance to ensure effective social dialogue and the promotion of collective bargaining.
- The EU encouraged Georgia to pursue efforts to complete **alignment of the legal framework to ILO fundamental Conventions** 100 (Equal Remuneration) and 111 (Non-discrimination).

3. MONITORING IN SPECIFIC AREAS

An **anti-circumvention mechanism** applies to several agricultural goods i.e. beef, pork, sheep and poultry meat, dairy products, eggs and albumins, mushrooms, cereals, malt, starches and sugars as well as to processed agricultural products such as sweetcorn, processed sugars and cereals and cigarettes. For none of the products under the anti-circumvention mechanism the respective trigger levels were exceeded in 2023, due to the low trade levels for those products in the analysed period.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE DEEP AND COMPREHENSIVE FREE TRADE AREA BETWEEN THE EU AND MOLDOVA

1. THE AGREEMENT

The **Deep and Comprehensive Free Trade Area** (DCFTA) between the EU and Moldova is the main economic pillar of the **Association Agreement** (AA) and has been provisionally applied since 1 September 2014 (it fully entered into force on 1 July 2016). The DCFTA comprises two main components: trade liberalisation (in the form of a Free Trade Agreement) and regulatory approximation to the EU acquis.

The DCFTA applies to the entire territory of the Republic of Moldova (i.e. including Transnistria) since 1 January 2016, as per Decision No 1/2015 of the EU-Republic of Moldova Association Council. The EU monitors the implementation of these arrangements and its adherence by both Chisinau and Tiraspol on a yearly basis, and progress is assessed in the framework of the annual Association Committee in Trade Configuration.

Moldova is a member of the **Convention on pan-Euro-Mediterranean preferential rules of origin** (“PEM Convention”) and applies the transitional set of rules of origin applicable alongside the rules of the PEM Convention on a bilateral basis with the EU since 16 November 2021. On 7 December 2023, the country adopted the revision of this PEM Convention that modernises the rules of origin applicable in the PEM area. It will enter into force on 1 January 2025.

This information sheet constitutes the report on the implementation of the EU-Moldova DCFTA, in line with the reporting requirements of the Regulation implementing the anti-circumvention mechanism provided for in the EU-Moldova Association Agreement.⁶⁷ It also constitutes the assessment of the implementation of the trade-liberalisation measures as per article 6 of Regulation (EU) 2023/1524⁶⁸.

Following Russia’s unprovoked and unjustified war of aggression against Ukraine, **Moldova was granted EU candidate status** in June 2022 and in December 2023 **the EU agreed to open accession negotiations with Moldova**.

Furthermore, the EU adopted **autonomous trade measures (ATMs)** on 18 July 2022 to temporarily increase the size of the tariff-rate quotas (TRQs) for seven agricultural products⁶⁹

⁶⁷ Regulation (EU) 2016/400 of the European Parliament and of the Council of 9 March 2016 implementing the anti-circumvention mechanism provided for in the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Moldova, of the other part (OJ L 77/53 of 23.3.2016). According to its Article 14, the Commission shall submit an annual report on implementation of this Regulation and Title V (DCFTA) of the Association Agreement. The report shall, inter alia, include information about the application of the anti-circumvention mechanism and set out a summary of the statistics and the evolution of trade with Moldova.

⁶⁸ Regulation (EU) 2023/1524 of the European Parliament and of the Council of 20 July 2023 on temporary trade liberalisation measures supplementing trade concessions applicable to products from the Republic of Moldova under the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Ukraine, of the other part (OJ L 185, 24.7.2023, p. 1–6)

⁶⁹ Plums, cherries, apples, table grapes, grape juice, tomatoes, and garlic.

for a period of one year. These ATMs were extended for another year on 20 July 2023 and enhanced to suspend temporarily all outstanding tariffs (TRQs and the entry price system) under the DCFTA. All other Moldovan exports to the EU are already tariff and quota free. By the end of 2023, exports of three of the products covered by the ATMs (tomatoes, garlic and grape juice) remained at zero; but exports of plums, cherries, apples and grapes increased, demonstrating the economic value of the ATMs for Moldova, although in absolute terms the volumes exported by Moldova remained limited, except for plums⁷⁰.

The social impact of the trade-liberalisation measures in the EU and Moldova can be assessed to be very modest, considering the relatively limited scope and volumes of additional exports they have generated. Politically, on the other hand, the ATMs have been important for Moldova to demonstrate to its population the value of its European choice, and support its gradual integration into the EU internal market.

2. MAIN IMPLEMENTATION ISSUES

2.1. Market Access: Progress and outstanding issues

In 2023, the EU and Moldova agreed a *Priority Action Plan (PAP)* which identifies immediate actions that can be undertaken in the period up to the end of 2024 to accelerate the implementation of the DCFTA and enhance access to the EU internal market.

Moldova has made some progress in the regulatory approximation process in different fields of the EU acquis, especially on **TBT, SPS, customs and telecom services**. Such approximation needs to be accompanied by effective enforcement by independent and transparent institutions, which is challenging in some areas, as well as by the necessary secondary legislation.

In 2023, Moldova took **further steps to approximate its legislation** to the EU acquis and comply with the commitments under the DCFTA.

Implementation of the DCFTA was discussed during the **10th EU-Moldova Association Committee in Trade Configuration (ACTC)**, which was held in Chisinau on 5-6 October 2023, noting progress made on several issues:

- As regards **TBT**, Moldova reported steps towards a possible future Agreement on Conformity Assessment and Acceptance of Industrial Products (ACAA) in the field of electrical and electronic equipment and electromagnetic compatibility (EMC). A preliminary legal assessment began in 2023, to be followed by an assessment of the quality infrastructure.
- In the area of **SPS**, Moldova continued its approximation to the EU acquis. The EU authorised imports of table eggs and processed poultry meat from Moldova at the start of 2023 and further work is ongoing to import fresh poultry meat in the near future.

⁷⁰ In 2023, Moldova exported 60 000 tonnes of plums to the EU, 2 800 tonnes of fresh cherries, 13 000 tonnes of apples, and 33 000 tonnes of grapes.

- In regards to **public procurement**, Moldova has adopted legislation on low value procurement, which is a welcome step forward, although the thresholds for direct award are high. The law on public-private partnerships (PPPs) is not aligned with the EU acquis. On the other hand, there is ongoing effort for further alignment of the concessions' legislation with the EU concessions' Directive. On e-procurement, following concerns raised by the EU, Moldova is planning to redesign the whole system.
- In the area of **customs**, Moldova's new Customs Code, based on the Union Customs Code, entered into force on 1 January 2024. Effective implementation, notably in Moldova's Free Economic Zones (FEZ), will be important. The EU's aligned customs code has not been fully implemented yet in FEZs despite Moldova's commitment to full alignment by 1st September 2024 under the EU-Moldova Association Agreement. While the FEZ law has been amended to align with the new customs code it still does not provide for an effective implementation starting in September 2024. Moldova needs to make progress on the deployment of the New Computerised Transit System phase 5 in order to be able to join the Common Transit Convention by Q2 2025. It should be noted that Moldova has played a positive role in assuring that the Ukraine-Moldova-Romania green lane is functioning.
- On Telecommunications **Services**, substantial progress has been made to align with the EU telecoms aquis. In particular, good progress has been made on roaming: a voluntary roaming agreement between operators came into force on 1 January 2024 and the first step has been taken towards a long-term solution with the ACTC Decision to update the telecoms annex of the DCFTA to include the roaming aquis. Several actions still need to be undertaken by Moldova in order to make progress on the mutual recognition of electronic identities and electronic signatures.
- **On postal services:** Moldova has made good progress regarding alignment with the EU Regulation on cross-border parcel delivery services and the postal and courier services annex of the DCFTA has been updated by an ACTC Decision to include the latest EU aquis.

Limited progress was made by Moldova on **IPR** since plans to align with the EU aquis on trademarks have been announced. However, enforcement of the new Law on Copyright and Related Rights has raised some concerns regarding insufficient remuneration for holders of copyrights and related rights under the newly accredited Collective Rights Management Organisations in Moldova.

2.2 Trade and Sustainable Development: Progress and outstanding issues

As it embarks on the **accession process**, Moldova will use the DCFTA implementation to build administrative capacity and reform its legal framework on sustainability.

In the meeting of the **TSD Subcommittee** on 16 March 2023 **three environment-related topics** were discussed: deforestation, management of waste and decarbonization. In addition, the subcommittee considered the essential role of labour inspections for the effective implementation of labour rights and decent working conditions, tackling undeclared work, and ensuring a competitive business environment:

As regards labour matters, the EU welcomed progress on the **labour inspections** system since the previous TSD Subcommittee, and stressed the importance of continuing to strengthen it in line with the requirements of applicable ILO Conventions. The parties also agreed on the importance of **duly involving and consulting social partners** in the development of labour legislation and of strengthening occupational health and safety. Moreover, the discussion underlined the need to pursue efforts to **combat child labour** as well as informal and undeclared work.

Engagement with civil society took place before and after the TSD committee. The **joint statement by the DAGs** inter alia drew attention to the need of speeding up the adoption of a policy document in the field of occupational safety and health and occupational diseases, in accordance with international commitments and to aligning national legislation with ILO conventions No 81 and No 129 on labour inspections to further boost the status and capacity of the State Labour Inspectorate. In addition the statement emphasized the importance of a revision of land management and the water directive and the importance of a precise and unambiguous forest policy.

In **February 2024**, Moldova provided up-dates on a number of measures related to the **environment**, such as the approval of the eco-labelling regulation and the management of end-of-life vehicles regulation, ongoing work on the draft Climate action law, the new forest Code and the measurement, reporting and verification (MRV) regulation. On **labour**, Moldova reported, among others, about its work on policy and legislative initiatives in the area of health and safety at work, legal amendments of July 2023 to encourage social dialogue, and progress in the fight against child labour.

3. MONITORING IN SPECIFIC AREAS

An **anti-circumvention mechanism** applies to several agricultural goods (including pig and poultry meat, dairy products, eggs, sugar and some cereals such as wheat, barley and maize) as well as to processed agricultural products such as sweet corn, processed sugars, dairy and cereals and cigarettes. In 2023, Moldova exceeded the thresholds for wheat (188%) and processed cereals (148%) and the thresholds for maize and sweet corn exceeded 80%, but provided satisfactory explanations for the respective levels.

Western Balkans – Stabilisation and Association Agreements

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE TRADE PILLAR OF THE EU-KOSOVO* STABILISATION AND ASSOCIATION AGREEMENT

1. THE AGREEMENT

The EU and Kosovo signed a **Stabilisation and Association Agreement (SAA)** on 27 October 2015. The SAA is the prime instrument of the EU's overall policy towards the Western Balkan countries' Stabilisation and Association process. Kosovo submitted an application for EU membership in December 2022.

The **SAA** - including the trade-related part - entered into force on 1 April 2016 and foresees:

- Upgrading the existing trade relations by gradual establishment of a free trade area over a period lasting a maximum of 10 years.
- Almost unrestricted market access to the EU for goods produced in Kosovo: upon entry into force of the SAA, the EU has abolished all customs duties that had applied to Kosovo, with the exception of a few product lines in the agricultural sector, which are subject to specific duties or tariff-quotas. NB: Kosovo has abolished the customs duties on a number of tariff lines (industrial, agricultural and fishery products), while for the rest it will reduce the duties progressively over 10 years.
- Kosovo's commitment to ensure the **gradual approximation of its laws with the EU acquis** in a number of important areas, such as public procurement, standardisation, consumer protection, working conditions and equal opportunities. The SAA also provides for a gradual liberalisation in the areas of rights of establishment, supply of services and movement of capital and it includes provisions on competition matters, state aid, and intellectual property rights.

The **EU and Kosovo are applying the rules of origin of the PEM Convention since 1 April 2016**. Since 15 October 2022 the **EU and Kosovo are applying on bilateral basis the Transitional rules of origin** in parallel with those of the PEM Convention. On 7 December 2023, the country adopted the revision of this PEM Convention that modernises the rules of origin applicable in the PEM area. It will enter into force on 1 January 2025.

Kosovo continues to benefit from **Autonomous Trade Measures (ATMs)** introduced under Regulation 2020/2172⁷¹, which provides additional market access for certain fruits, vegetables and wines, thereby allowing nearly all Kosovan exports to enter the EU without customs duties or limits on quantities. The current ATM Regulation is due to expire at the end of December 2025.

⁷¹ Regulation (EU) 2020/2172 of the European Parliament and of the Council of 16 December 2020 amending Council Regulation (EC) No 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process

The Commission was informed in November 2019 of Kosovo's plans to submit an application for WTO observer status.

2. MAIN IMPLEMENTATION ISSUES

Implementation of the SAA is progressing and has yet to reap its full benefits. **Administrative capacity** and the weak level of cooperation and coordination among institutions remain a challenge.

In 2023, **progress** was made in the implementation of the SAA's trade related commitments in the vehicles' sector, where **Kosovo adopted the general administrative procedure related to the implementation of the amendments made to the Law on Vehicles**. All additional homologation requirements for imported used vehicles have therefore now been lifted, thus resulting in the recognition by Kosovo of all new vehicles with EU conformity certificates as well as all used cars allowed for traffic in the EU.

The lack of **legislation on losses of petroleum (through evaporation) during transportation** is a longstanding concern among EU investors, as such losses are not deducted by Kosovo's authorities and thus not taken into account when they calculate customs duties and taxes.

In June 2023, Kosovo's Ministry for Internal Affairs (MoI) issued a "**temporary operational security measure**" blocking the entry into Kosovo of Serbian goods and postal parcels. This measure appears not to be in line with Kosovo's commitments under the Central European Free Trade Agreement (CEFTA) and **goes against the spirit of the SAA**. The measure was imposed by Kosovo following the arrest of three Kosovo Police officers by the Serbian authorities in mid-June 2023. The ban continues to apply to finished products, but excludes raw materials, semi-finished products, mineral fertilizers, animal feed, machinery, and equipment.

ANNUAL INFORMATION SHEET ON IMPLEMENTATION OF THE TRADE PILLAR OF THE EU-SERBIA STABILISATION AND ASSOCIATION AGREEMENT

1. THE AGREEMENT

The EU and Serbia signed a **Stabilisation and Association Agreement (SAA)** on 29 April 2008. The SAA is the prime instrument of the EU's overall policy towards the Western Balkan partners' Stabilisation and Association process.

The **SAA entered into force in its entirety on 1 September 2013**, whereas the trade-related part of the SAA entered into force -through an Interim Agreement- on 1st February 2009 for Serbia, and on 8 December 2009 for the EU. This Agreement established a free-trade area over a transitional period of six years.

- The SAA covers products in all Chapters of the Harmonised System. Only a few exceptions, concerning a limited number of agricultural and fishery products were not fully liberalised and are still subject to preferential quantitative concessions (Tariff Rate Quotas).
- The SAA also includes provisions concerning competition and state aid, investment and related payments, a high level of protection of intellectual property rights and strengthened co-operation in customs matters as well as in social and labour market policies. Since the entry into force of the full SAA in 2013, a number of additional disciplines have been implemented concerning legislative approximation in many areas including standardisation, as well as provisions regarding services and establishment.

Under Stabilisation and Association process, Western Balkan partners are granted a **clear perspective to become EU Member States**. Since the **opening of Serbia's accession negotiations in January 2014**, 22 out of 35 chapters have been opened, including chapter 30 on external relations which covers with the Common Commercial Policy, all chapters in cluster 1 on the fundamentals and all chapters in cluster 4 on the Green agenda and sustainable connectivity. Chapters 25 (Science and research) and 26 (Education and culture) have provisionally been closed. In June 2021, Serbia accepted the revised enlargement methodology. The overall pace of negotiations will continue to depend, in particular, on the pace of rule of law reforms and on the normalisation of Serbia's relations with Kosovo.

Serbia benefits from **Autonomous Trade Measures (ATMs)** introduced under Regulation 2020/2172⁷², which provides additional market access for certain fruits, vegetables and wines, thereby allowing nearly all Serbian exports to enter the EU without customs duties or limits on quantities. The current ATM Regulation is due to expire at the end of December 2025.

The EU and Serbia are applying the **PEM Convention since 1 February 2015** and the **transitional rules** as of 6 December 2021.

⁷² Regulation (EU) 2020/2172 of the European Parliament and of the Council of 16 December 2020 amending Council Regulation (EC) No 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process

Serbia started negotiating its accession to the WTO in 2004. The EU continues to support Serbia's efforts but the negotiation process has been stalled for several years.

2. MAIN IMPLEMENTATION ISSUES

Serbia has generally made **good progress** in implementing the trade provisions of the SAA since its entry into force. However, Serbia has a tendency to introduce *ad hoc* temporary measures without prior consultations with the Commission, contrary to what is stipulated by the SAA. A number of **trade restrictions were introduced in the course of 2022 on products in the agricultural and energy sectors** in non-respect of the provisions of the SAA, some of which remained in force in **2023**:

- export ban on milk and butter products (from September 2022 until 31 January 2023);
- export ban on certain raw wood products (from 26 May 2022 until 31 October 2022, and from 5 November 2022 until 31 January 2023);
- export quotas for different types of raw wood (from 5 August 2022 until 28 February 2023);
- export restrictions on wood pellets (from 1 December 2022 until 31 January 2023);
- export ban on Eurodiesel EN 590 (from 30 June 2022 until 31 March 2023); and export ban on natural gas (from 17 October 2022 until 28 February 2023).

In addition, Serbia in 2023 continued to manage wine quotas in line with its changes adopted in December 2020 and in December 2022, respectively. The new system changed the previous allocation principle (i.e. first come/first served system) into a system where the import quota is allocated over 4 quarters and the allocation per trader is restricted to 15% of the available quota in each of the first three quarters. The new system risks harming market access by EU exporters and imposing additional costs, and continues to monitor the situation.

In addition, **new irritants surfaced in 2023 and early 2024**:

- changes to the import duties envisaged in the SAA applying to a large number of milk and dairy products (from February 2023 until 31 October 2023);
- amendments to further increase the level of special import duties for certain groups of dairy products, mainly milk and sour cream, yoghurt and related products, whey and butter (from July 2023 until 31 October 2023);
- quantitative import restrictions on sunflower oil and margarine and an import ban on wood pellets.

Serbia continued to raise concerns regarding the impact of the **EU's steel safeguard measures**.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE TRADE PILLAR OF THE EU-BOSNIA AND HERZEGOVINA STABILISATION AND ASSOCIATION AGREEMENT

1. THE AGREEMENT

The **Stabilisation and Association Agreement** (SAA) between the EU and Bosnia and Herzegovina signed a on 16 June 2008 and entered into force on 1st June 2015. The SAA is the the legal basis for relations with the country within the Stabilisation and Association process. The European Council granted the status of EU candidate country to Bosnia and Herzegovina on 15 December 2022, and on 21 March 2024 decided to open EU accession negotiations with Bosnia and Herzegovina.

The trade-related part of the SAA entered into force already through an Interim Agreement on 1st July 2008. This Agreement established a free-trade area over a transitional period of five years. The Agreement covers products in all Chapters of the Harmonised System. Regarding agricultural products, the agreement is largely asymmetrical. EU agricultural imports from Bosnia and Herzegovina are almost completely liberalised (with very few exceptions). On the other hand, EU agricultural exports to Bosnia and Herzegovina remain subject to tariffs and tariff rate quotas (TRQs).

The Agreement also includes provisions concerning competition and state aid, investment and related payments, a high level of protection of intellectual property rights and strengthened co-operation in customs matters. Since the entry into force of the SAA on 1 June 2015, a number of additional disciplines have been implemented concerning, notably, government procurement, legislative approximation in many areas including standardisation, as well as provisions regarding services and establishment.

Bosnia and Herzegovina benefits from **Autonomous Trade Measures** (ATMs) introduced under Regulation 2020/2172⁷³, which provide additional market access for certain fruits, vegetables and wines, thereby allowing nearly all products from Bosnia and Herzegovina to enter the EU without customs duties or limits on quantities. The current ATM Regulation is due to expire at the end of December 2025.

The EU and Bosnia and Herzegovina apply the PEM Convention since 9 December 2016 and the Transitional rules as of 11 December 2023.

Bosnia and Herzegovina started negotiating its accession to the WTO in 1999. The EU continues to support Bosnia and Herzegovina's efforts to conclude WTO accession negotiations.

⁷³ Regulation (EU) 2020/2172 of the European Parliament and of the Council of 16 December 2020 amending Council Regulation (EC) No 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process

2. MAIN IMPLEMENTATION ISSUES

Bosnia and Herzegovina has made **reasonable progress** in implementing the SAA provisions since their entry into force.

In June 2022, Bosnia and Herzegovina introduced a 3-month export ban for certain wood products, without sufficient justifications nor notifying or consulting the Commission in advance as required under the SAA. This was again prolonged in May 2023. The measure expired on 31 July 2023, following a series of consultation meetings with the authorities.

At the same time, Bosnia and Herzegovina's **excise duties on beer** remains a long-standing trade irritant. Since 2014 the law allows reduced excise duties (0.20 BAM) for breweries with a production of less than 400,000 hl (average past 3 years).⁷⁴ Since 2018, the country's biggest brewery, BanjaLucka Pivara, is also charged the normal excise rate (0.25 convertible mark) – however, all other breweries in Bosnia and Herzegovina benefit from the reduced rate.

This point has been on the agenda of every SA subcommittee on trade, most recently in 2023, when the authorities mentioned plans to lower the threshold to 90.000 hl, (which would comply with the EU acquis).

Another **trade irritant** was introduced in 2022 with the removal of various medicines produced by EU companies from the official lists of medicines, which can be prescribed and dispensed by health insurance funds in certain cantons. This is openly presented in Bosnia and Herzegovina as support for local producers and is a discrimination against EU producers, in breach of the SAA. The European Commission has written to the authorities asking for the measure to be removed and repeatedly raised the issue at the trade subcommittee in 2022 and 2023. The issue was also addressed at the last SA subcommittee on internal market and competition, where the authorities announced that each canton concerned was in the process of adopting new lists to include EU medicines and therefore remove the discrimination. The Commission will continue to monitor the situation and follow up, as necessary.

⁷⁴ The EU also allows reduced excise duties for small brewers under EU Directive 92/83/EEC but the ceiling is only 200,000 hl/year.

ANNUAL INFORMATION SHEET ON IMPLEMENTATION OF THE TRADE PILLAR OF THE EU-MONTENEGRO STABILISATION AND ASSOCIATION AGREEMENT

1. THE AGREEMENT

The EU and Montenegro signed a **Stabilisation and Association Agreement (SAA)** on 15 October 2007. The SAA is the prime instrument of the EU's overall policy towards the Western Balkans' Stabilisation and Association process.

The SAA entered into force on 1 May 2010, although the trade-related part of the SAA already entered into force through an Interim Agreement on 1 January 2008. The SAA established a free-trade area over a transitional period of five years. From the date of the Interim Agreement, the EU granted permanent liberalisation of 97.3% of tariff lines, representing almost duty free treatment to all imports from Montenegro. By 2013, Montenegro had liberalised 95% of its tariff lines, representing 99% of EU imports during the three years preceding the entry into force of the agreement. The SAA covers products in all Chapters of the Harmonised System. Only a few agricultural and fishery products are not fully liberalised and subject to preferential quantitative concessions (TRQs).

The SAA also includes provisions concerning competition and state aid, investment and related payments, a high level of protection of intellectual property rights and strengthened co-operation in customs matters. Since the entry into force of the full SAA in 2013, a number of additional disciplines have been implemented concerning legislative approximation in many areas including standardisation, as well as provisions regarding services and establishment. Under Stabilisation and Association process, all Western Balkan countries are granted a clear perspective to become EU Member States.

Accession negotiations with Montenegro were opened in June 2012. To date, 33 negotiating chapters have been opened, of which three have been provisionally closed, including the Chapter on External Relations (Common Commercial Policy). Overall progress in the accession negotiations depends on progress in the area of rule of law, in line with the requirements set out in the Negotiating Framework as well as the revised methodology formally accepted by Montenegro at the Intergovernmental Conference held on 22 June 2021. Progress towards meeting the interim benchmarks set in the rule of law Chapters 23 and 24 will be key to achieve further progress in the negotiations overall. No further chapters will be provisionally closed before this milestone is reached.

Montenegro benefits from **Autonomous Trade Measures (ATMs)** introduced under Regulation 2020/2172⁷⁵, which provide additional market access for certain fruits, vegetables and wines, thereby allowing nearly all Montenegrin exports to enter the EU without customs duties or limits on quantities. The current ATM Regulation is due to expire at the end of December 2025.

⁷⁵ Regulation (EU) 2020/2172 of the European Parliament and of the Council of 16 December 2020 amending Council Regulation (EC) No 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process

The EU **and Montenegro are applying the PEM Convention since 1 February 2015** and the **transitional rules** as of 9 February 2022.

Montenegro has been a member of the WTO since 29 April 2012.

2. MAIN IMPLEMENTATION ISSUES

Montenegro continues to make **good progress** in implementing the SAA since its entry into force. There are no significant trade barriers.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE TRADE PILLAR OF THE EU-ALBANIA STABILISATION AND ASSOCIATION AGREEMENT

1. THE AGREEMENT

The EU and Albania signed a **Stabilisation and Association Agreement (SAA)** on 12 June 2006. The SAA constitutes the framework of relations between the European Union and the Western Balkan countries for the implementation of the Stabilisation and Association Process. This process is the European Union's policy towards the Western Balkans, established with the aim of eventual EU membership. On **19 July 2022, EU accession negotiations officially began with Albania**. The first step in the accession negotiations process, the analytical examination of the EU acquis or the 'screening', was launched on the same date and has progressed smoothly.

The full SAA entered into force on 1 April 2009, although the trade-related part of the SAA already entered into force through an Interim Agreement on 1 December 2006. The SAA established a free-trade area over a transitional period of ten years. As regards the EU, in 2006, 98.7% of its tariff lines were already duty-free, representing 100% of the value of imports from Albania. By 2010, Albania had liberalised 92.7% of its tariff lines for imports from the EU.

- The SAA covers products in all Chapters of the Harmonised System. Regarding agricultural products, the agreement is largely asymmetrical. EU agricultural imports from Albania are almost completely liberalised (with very few exceptions). In this regard, Albania expressed during the last Subcommittee meetings on Agriculture and Fisheries their wish to improve their existing market access under the SAA for certain fish and fishery products tariff rate quotas (TRQs). On the other hand, EU agricultural exports to Albania remain subject to tariffs and TRQs. On the other hand, EU agricultural exports to Albania remain subject to tariffs and TRQs.
- The SAA also includes provisions concerning competition matters, investment and related payments, a high level of protection of intellectual property rights and strengthened co-operation in customs matters. Since the entry into force of the full SAA on 1 April 2009, a number of additional disciplines have been implemented concerning, notably, government procurement, legislative approximation in many areas including standardisation, as well as provisions regarding services and establishment.

The SAA and its Interim Agreement, applied since 2006, have allowed progressive trade liberalisation and mutual duty-free access for most goods.

Since 2000 Albania has also been benefiting from the '**Autonomous Trade Measures**' introduced under Regulation 2020/2172⁷⁶, which provide additional market access for certain fruits, vegetables and wines, thereby allowing nearly all Albanian exports to enter the EU

⁷⁶ Regulation (EU) 2020/2172 of the European Parliament and of the Council of 16 December 2020 amending Council Regulation (EC) No 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process.

without customs duties or limits on quantities. The current ATM Regulation is due to expire at the end of December 2025.

The **EU and Albania are applying the PEM Convention since 01.05.2015** and the **Transitional rules** as of 01.09.2021.

Albania has been a member of the WTO since 8 September 2000.

2. MAIN IMPLEMENTATION ISSUES

Albania continues to make **good progress** in implementing the SAA provisions since their entry into force.

There are **no significant trade barriers**. However, it has been established that Rakia produced in Albania is subject to a rate of excise which is less than 25% of the rate applied to all other spirituous beverages, including EU imports. The Commission will address this issue with the Albanian authorities in the context of the accession negotiations and in the annual subcommittee on Trade, Industry, Customs and Taxation.

More information is also still needed regarding an economic cooperation agreement concluded between *Albania and the United Arab Emirates*, which seems to exempt certain strategic projects from all public procurement and competition rules, including a project to develop the **Durres port**. This would need to be clarified in case future investments would require EU funding under the Western Balkans Investment Platform (WBIF) of the EU's Economic and Investment Plan for the Western Balkan countries. Albania has given the Commission assurances that the projects and procedures included in the Agreement with the United Arab Emirates will be in line with the obligations of the SAA. However, Albania has failed to explain how Article 6 of the Agreement will be applied in practice, and how compatibility with Article 74 of the SAA will be ensured.

In the area of **procurement** an potentially problematic amendment introduced in February 2024 to the Public Procurement Law creates the possibility of concluding direct agreements in a number of areas following a decision of the Council of Ministers, for a 3-year period raises. Another recent amendment in the area of concessions provides for the retroactive application of changed guarantee requirements to already launched procedures, an issue which is going to be followed-up.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE TRADE PILLAR OF THE STABILISATION AND ASSOCIATION AGREEMENT BETWEEN THE EU AND NORTH MACEDONIA

1. THE AGREEMENT

The EU and North Macedonia signed a **Stabilisation and Association Agreement (SAA)** on 9 April 2001. The SAA constitutes the framework of relations between the European Union and the Western Balkan countries for the implementation of the Stabilisation and Association Process. This process is the European Union's policy towards the Western Balkans, established with the aim of eventual EU membership. On **19 July 2022, EU accession negotiations officially began with North Macedonia**. The first step in the accession negotiations process, the analytical examination of the EU acquis or the 'screening', was launched on the same date and has progressed smoothly.

The SAA entered into force on 1 April 2004, although the trade-related part of the SAA already entered into force through an Interim Agreement on 1 June 2001. Trade liberalisation between the EU and North Macedonia was completed over a period of ten years. The SAA covers products in all Chapters of the Harmonised System.

- Regarding agricultural products, the agreement is largely asymmetrical. EU agricultural imports from North Macedonia are almost completely liberalised (with very few exceptions). On the other hand, EU agricultural exports to North Macedonia remain subject to tariffs and Tariff Rate Quotas (TRQs).
- The SAA also includes provisions concerning competition matters, investment and related payments, a high level of protection of intellectual property rights and strengthened co-operation in customs matters. Since the full entry into force of the SAA, a number of additional disciplines have been implemented concerning, notably, government procurement, legislative approximation in many areas including standardisation, as well as provisions regarding services and establishment.

North Macedonia benefits from **Autonomous Trade Measures (ATMs)** introduced under Regulation 2020/2172⁷⁷, which provide additional market access for certain fruits, vegetables and wines, thereby allowing nearly all exports from North Macedonia to enter the EU without customs duties or limits on quantities. The current ATM Regulation is due to expire at the end of December 2025.

The EU and North Macedonia are applying the PEM Convention since 1 May 2015 and the Transitional rules as of 9 September 2021.

North Macedonia has been a member of the WTO since 4 April 2003.

⁷⁷ Regulation (EU) 2020/2172 of the European Parliament and of the Council of 16 December 2020 amending Council Regulation (EC) No 1215/2009 introducing exceptional trade measures for countries and territories participating in or linked to the European Union's Stabilisation and Association process.

2. MAIN IMPLEMENTATION ISSUES

North Macedonia has made good progress in implementing the SAA since its entry into force. There were no trade restricting measures in place in 2023.

United Kingdom, Switzerland, Norway, Türkiye

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-UNITED KINGDOM TRADE AND COOPERATION AGREEMENT

1. THE AGREEMENT

The **EU-United Kingdom Trade and Cooperation Agreement** (“TCA”) concluded between the EU and the United Kingdom sets out preferential arrangements in areas such as trade in goods and services, digital trade, intellectual property, public procurement, air transport and aviation safety, road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and sustainable development (LPFS) as well as respect for fundamental rights.

The TCA was signed on 30 December 2020, was applied provisionally as of 1 January 2021 and entered into force on 1 May 2021. The Commission presented a third annual report on the implementation and application of the TCA on 21 March 2024.⁷⁸ The Parties continued to meet in the joint bodies established by the TCA to supervise and facilitate its implementation. The Commission published the agendas and the minutes of the Trade Specialised Committee meetings and the Trade Partnership Committee⁷⁹.

The **main benefits of the trade part of the agreement** can be summarised as follows:

Goods:

- Zero tariffs or quotas on goods, as long as the rules of origin are met.
- Traders can self-certify the origin of goods and enjoy full bilateral cumulation, while cumulation with products originating in third countries is not allowed.
- Mutual recognition of trusted traders programmes ensures lighter customs formalities and smoother flow of goods.
- Common definition of international standards and possibility to self-declare conformity of low-risk products to facilitate for producers to export to both markets.

Services:

While the TCA framework for services is significantly below the freedoms of establishment or to provide services within the single market, the TCA does include ambitious commitments to the benefit of the EU in trade in services and investment, for example:

⁷⁸ See third implementation report on the EU- United Kingdom-TCA; published on 21.3.2024 COM(2024) 127 final; [EU-UK Trade and Cooperation Agreement annual report 2023 - European Commission \(europa.eu\)](https://commission.europa.eu/strategy-and-policy/relations-non-eu-countries/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement/annual-report-2023)

⁷⁹ https://commission.europa.eu/strategy-and-policy/relations-non-eu-countries/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement/meetings-eu-uk-partnership-council-and-specialised-committees-under-trade-and-cooperation-agreement_en

- Comprehensive coverage: all modes of services supply and investment, in almost all economic sectors;
- Market access on services and investment beyond the level achieved in other trade agreements;
- Specific regulatory provisions for a number of services sectors, such as for example delivery services, telecommunications services, international maritime transport services, and for the first time, a regulatory chapter on legal services resulting in a clearer presentation of our existing commitments;
- Best practice rules on licensing and qualifications;
- A mechanism to agree on arrangements for the mutual recognition of professional qualifications;
- Rules on temporary stay of persons for business purposes, in line with the highest standards of EU services agreements.

Intellectual property

There are commitments going beyond multilateral treaties in the area of IPR covering a wide range of various types of IPRs, including copyright and related rights, trade marks, designs, plant varieties, trade secrets, etc. The chapter also contains strong civil, administrative and border enforcement provisions.

Public procurement

The TCA incorporates the WTO's Agreement on Public Procurement (GPA) rules and includes additional market access, beyond the GPA commitments, including privately-owned procuring entities with monopoly rights in all utility sectors, procuring entities operating gas and heat networks, as well as some additional services. EU-owned companies established in the United Kingdom cannot be discriminated, even for small procurement (national treatment below the GPA threshold). The agreement also incorporates additional public procurement standards (e.g. enhanced use of electronic means, acceptance of self-declarations, sustainable procurement and single portal for all tenders).

Level playing field and sustainable development:

Given their geographic proximity and close economic ties, as well as the scope and the depth of the TCA, the EU and the United Kingdom agreed to robust commitments to ensure a level playing field and to contribute to sustainable development.

More specifically, these provisions mean that:

- The high levels of protection applicable at the end of the transitional period in the areas of labour and social standards, environment, and climate cannot be lowered by the Parties in a manner affecting trade or investment.
- Commitments to address anti-competitive practices or discriminatory and abusive behaviour by state-owned enterprises.
- Robust and comprehensive rules to prevent and address distortions created by subsidies.
- Specific standards and rules in the area of direct taxation as well as a joint political declaration to counter tax avoidance and to harmful tax regimes and practices.

- A wide-ranging set of commitments building on the EU's most ambitious precedents ensure that trade supports sustainable development.

The enforcement of the level playing field provisions in the TCA is based on the following mechanisms mainly:

- Effective implementation domestically, including regarding the implementation of subsidy principles, the creation of an independent subsidy control authority and the control of their legality by courts; as well as appropriate administrative and judicial proceedings in the areas related to labour and social standards, environment and climate;
- Appropriate and effective governance and dispute settlement mechanisms for solving disputes between the EU and the United Kingdom, including through the horizontal dispute settlement mechanism or tailored panel of experts;
- Unilateral remedial measures to react quickly to trade/investment distorting subsidies and the possibility to apply unilateral rebalancing measures in the case of significant divergences in the areas of labour and social, environment or climate protection, or of subsidy control.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market access: Progress and outstanding issues

The consequences of the United Kingdom's decision to leave the EU Customs Union and Single Market **inevitably created barriers** to trade that did not exist before.

In 2023, the **Commission continued to monitor the implementation of the United Kingdom's commitments** across the entire agreement, with a particular focus on matters related to level playing field and sustainable development, notably as regards United Kingdom's new subsidy control framework, developments related to the environment, including the chemical sector, labour enforcement in the United Kingdom, the United Kingdom's Emission Trade Scheme, as well as freeports.

Among others, the Commission also continued to **monitor the implementation by the United Kingdom of its new Border Target Operating Model** published in August 2023⁸⁰. The responsibility for implementing the Border Target Operating Model and electronic certification for imports into Great Britain lies with the United Kingdom and the Commission is helping EU stakeholders to prepare for the new import requirements. The EU side has repeatedly raised the issue of **delays in introducing electronic certification** by the United Kingdom in various meetings of the Trade Specialised Committees and proposed interim solutions to ease the burden on EU exporters to the United Kingdom. At the Trade Specialised Committee on

⁸⁰ <https://www.gov.uk/government/publications/the-border-target-operating-model-august-2023>

Technical Barriers to Trade (which met on 18th October 2023) the parties agreed to close the review exercise under Article 7 of Annex 15 of the TCA.

Progress was also made on a limited number of issues flagged by stakeholders in the area of **trade in goods**, related to import requirements that will affect a wide range of EU exports, notably on conformity assessment (certificates and labelling requirements) and rules of origin for batteries and E-vehicles:

- On 24 January 2024, the **United Kingdom** announced that it intends to legislate to **recognise the CE marking indefinitely** for an additional range of product regulations. This will include the 18 regulations previously announced as well as three additional regulations: Ecodesign for Energy-Related Products 2010 Regulations, the Explosives Regulations 2014, and the Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2012.
- In December the **EU-UK Partnership Council adopted a Decision to extend the existing rules of origin for electric vehicles and batteries** for three years, i.e., **until 31 December 2026**. The latter had been designed in 2020 to provide incentives for investment in the EU's battery manufacturing capacity. However, unforeseen circumstances– including the consequences of Russia's aggression against Ukraine, COVID-19 impact on supply chains, and increased competition from new international subsidy support schemes – had led to a situation where the scaling-up of the European battery ecosystem has been slower than initially anticipated. In view of these circumstances, and considering the concerns raised by the European automotive, battery and chemical industries as well as trade unions, the existing rules had to be extended. This is a one-off extension that cannot be prolonged and in parallel, the EU is stepping up its efforts to support the production and development of more batteries in the EU. This includes the recently announced funding mechanism of up to €3 billion to boost the EU's battery manufacturing industry.

In the area of **services, investment and digital trade**, implementation continues to be overall smooth. At the **Trade Specialised Committee on 9 October 2023**⁸¹:

- The **review concerning the implementation of the cross-border dataflows provision was completed** (Article 201).
- The Commission/DG TRADE once again raised the issue of the **United Kingdom's Sponsorship Scheme**. The EU considers the scheme problematic for the EU service suppliers, covered by the Mode 4 commitments. In concrete terms, the EU expressed its concern that the United Kingdom's sponsorship system is a strong disincentive for UK companies when considering the hiring of EU services suppliers to provide

⁸¹ [dc828808-85b3-44c9-adbd-2f9667dbe931_en \(europa.eu\)](https://ec.europa.eu/press/press.do?method=detail&id=dc828808-85b3-44c9-adbd-2f9667dbe931_en)

contracted services in the United Kingdom. DG TRADE continues to follow the issue closely.

2.2 Level playing field and Trade and Sustainable Development: Progress and outstanding issues

The third meeting of the **Trade Specialised Committee on Level Playing Field for Open and Fair Competition and Sustainable Development** took place on 4 October 2023, discussing *inter alia* issues related to subsidy control, competition, labour and social standards, environment and climate and other instruments for trade and sustainable development.

On subsidy control, the United Kingdom adopted the **Subsidy Control Act 2022**, which entered into force in January 2023, and which constitutes the main legal framework of the subsidy control system of the United Kingdom. The EU is closely following the enforcement of the United Kingdom's subsidy control regime and whether it will deliver an effective system of subsidy control as required by the EU-United Kingdom TCA.

United Kingdom Freeports and Investment Zones remain areas of interest but also concern for the EU, due to their potential effect on trade or investment. At the Trade Specialised Committee, the EU noted that there would still be issues of the United Kingdom's Freeports policy that remained unclear, notably as regards the impact on trade and investment, the scrutiny of the subsidy measures granted to Freeports by the Subsidy Advice Unit and the application of cumulation rules.

Another area of interest remains the United Kingdom's system of carbon pricing, in concrete terms, the **United Kingdom's Emissions Trading System (ETS)**. The Union is following closely any possible divergences between the EU and the United Kingdom's Emission Trading systems, as well as any impact on the price of the United Kingdom's ETS allowances. During the Trade Specialised Committee, the EU expressed concerns about the United Kingdom's ETS reform of July 2023 and the significant drop in prices of the United Kingdom's ETS allowances.

In the area of **labour and social standards**, EU stakeholders raised concerns on the **Strikes (Minimum Services Levels) Act 2023**. The Act allows employers to issue 'work notices' which specify the minimum services levels required and to be followed by trade unions. The Act empowers the Secretary of State to make regulations setting out the minimum services levels required in six specified sectors during strikes: health services; fire and rescue services; education services; transport services; decommissioning of nuclear installations and management of radioactive waste and spent fuel; and border security.

- During the Trade Specialised Committee, the EU expressed concerns on the compliance of the Strikes (Minimum Service Levels) Act 2023 with the labour commitments of the EU-UK TCA, as regards compliance with Article 387 TCA and Article 399 TCA.

- The Strikes (Minimum Services Levels) Act was also raised by the EU DAG for the EU-United Kingdom TCA, which claimed that the measure is not compliant with Articles 387 TCA and Article 399 TCA. This point was raised by the Union in the Trade Specialised Committee on Level Playing Field for Open and Fair Competition and Sustainable Development based on the EU DAG's concerns.

Regarding the **environment**, more specifically in the area of chemicals' regulation, the UK is implementing its own **UK REACH**. This issue was raised during the Trade Specialised Committee and in the Trade Partnership Committee where the Union noted divergences on the timeline and implementation of UK REACH as compared to EU REACH.

The **EU DAG for the EU-United Kingdom TCA** is providing advice on the whole of the agreement. The DAG is also being consulted on inputs for the Trade Specialised Committees Agenda. Four meetings took place in 2023 where members discussed, *inter alia*, issues relating to the implementation of the goods, services and level playing field chapters of the EU-United Kingdom TCA.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-SWITZERLAND TRADE AGREEMENT

1. THE AGREEMENTS

The EU-Swiss trade relations are among the deepest worldwide outside the context of a customs union/internal market. For Switzerland, the EU is by far the most important trading partner. For the EU, Switzerland is the fourth overall trading partner, number three for services trade.

The cornerstone of EU-Swiss trade relations is the EU-Switzerland **Free Trade Agreement** (hereinafter, the “FTA”) that entered into force on 1 January 1973⁸², **the oldest trade agreement signed by the EU**.

Given that the **Principality of Liechtenstein**⁸³ and Switzerland constitute a Customs Union and the fact that the Principality of Liechtenstein expressed the desire for all the provisions of the EU-Swiss Free Trade Agreement to apply to it, an additional agreement⁸⁴ was adopted to extend the full validity of the EU-Swiss FTA to the Principality of Liechtenstein.

The FTA concerns goods but lacks provisions on services, investment, intellectual property rights (IPR), government procurement or social and environmental values. No dispute settlement mechanism is foreseen beyond the regular annual dialogue in Joint Committee meetings. Since 1999, the EU and Switzerland concluded a number of additional agreements which are relevant from a trade perspective:

- The **Free Movement of Persons Agreement**⁸⁵ allows for the provision of services, limited in time, through natural persons posted in Switzerland as well as for the establishment of self-employed persons;
- The Mutual Recognition Agreement in relation to **conformity assessment**⁸⁶ ensures that, in 20 regulated sectors, the conformity assessment provided by one party is recognised by the other, which facilitates trade between the parties.
- The **Public Procurement Agreement**⁸⁷ builds on the WTO Government Procurement Agreement.
- The Agreement on trade in **agricultural products**⁸⁸ includes sanitary and phytosanitary rules, as well as tariffs and tariff rate quotas for agricultural products, except for cheese that is fully liberalised.
- A protocol on **processed agricultural products** (protocol 2), which was added to the Free Trade Agreement in 2004. It includes a mechanism whereby in practice

⁸² <https://eur-lex.europa.eu/legal-content/en/ALL/?uri=OJ:L:1972:300:TOC>

⁸³ Liechtenstein’s trade relationship with the EU is further enhanced through its EEA membership and access to the EU single market.

⁸⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A21972A0722%2804%29>

⁸⁵ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A22002A0430%2801%29>

⁸⁶ http://trade.ec.europa.eu/doclib/docs/2013/december/tradoc_152006.pdf

⁸⁷ [https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:22002A0430\(06\)](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:22002A0430(06))

⁸⁸ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.L_.2002.114.01.0132.01.ENG

Switzerland receives compensation for the very significant price differential of basic agricultural products – which serve as inputs to processed agricultural products – between the EU and Switzerland.

- The Agreement on **Customs facilitation and security** (as modified in 2021).⁸⁹

The current legal arrangements governing trade relations between the EU and Switzerland, the EU's fourth largest trading partner world-wide do not live up to the standards governing modern and comprehensive trade agreements concluded by the EU and Switzerland/EFTA, respectively. A modernisation of the FTA is therefore needed to unlock the potential for further bilateral trade.

Between 2014 and 2018, both parties negotiated an **Institutional Framework Agreement (IFA)** to streamline the operation of 5 of the 7 existing bilateral agreements between Switzerland and the EU, covering: the Agreement on the Free Movement of Persons; the Agreement on Air Transport; the Land Transport; the Agreement on Trade in Agricultural Products and the Mutual Recognition Agreement. However, on 26 May 2021, the Federal Council took the decision to **unilaterally terminate the negotiations**.

Following the **Swiss Federal Council's** announcement in February 2022 of its approach for negotiations with the EU, the two sides engaged in exploratory talks. **In December 2023 the EU and Switzerland reached a Common Understanding**, which sets out a broad and balanced package of measures that will support the modernisation and further development of bilateral relations between the EU and Switzerland. The **elements** set out in the Common Understanding ensure the protection of the rights of EU citizens in Switzerland as well as fair competition between EU and Swiss companies operating in the same markets.

The package includes:

- Institutional solutions necessary for the smooth functioning of the existing and future internal market related agreements (including the Mutual Recognition Agreement) in which Switzerland participates, including dynamic alignment, uniform interpretation and application and dispute settlement with a role for the Court of Justice;
- State aid to ensure a level playing field;
- A way forward on the free movement of persons and posting of workers. It identifies ways to protect the rights of EU citizens and workers, including by ensuring non-discrimination between citizens of different Member States;
- An agreement that would form the basis for Switzerland's regular contribution to social and economic cohesion in the EU;
- An agreement that would provide for the association of Switzerland to Union programmes, including Horizon Europe. The Common Understanding also provides a way forward for transitional arrangements that would enable Swiss entities to apply for grants under some Union research programmes before the negotiations are concluded on the understanding that the association process will be completed swiftly;

⁸⁹ [EUR-Lex - 02009A0731\(01\)-20210315 - EN - EUR-Lex \(europa.eu\)](#)

- Provisions for the relaunch of negotiations on agreements on electricity, food safety and health;
- Practical ways forward (*modus vivendi*) for EU-Swiss bilateral relations for the duration of the negotiations.

Negotiations on the package started in March 2024. While the negotiations will not include the modernisation of the 1972 FTA, the Council considers that, in case Switzerland expresses an interest in enlarging the agreed scope, it would be in the interest of the EU to cover other areas, such as scoping, modernisation and evolution of the EU-Switzerland Free Trade Agreement of 1972.

The **EU-Switzerland Customs Security Agreement** of 2009 was amended on 12 March 2021. The agreement was updated to maintain a high level of security and safety at the external borders and to keep the equivalence of the customs security measures in trade with third countries. The amended agreement reflect key developments of the EU legislation relevant to the risk management and security, mainly as regards the deployment of the Import Control System 2 (ICS2) of the EU. ICS2 is an essential EU instrument for managing entry security and safety border controls in the customs field, supporting the EU's customs pre-arrival security and safety programme. It enables Member States' Customs to better assess risks on the basis of common information and thus better protect the EU and its citizens against hazardous or dangerous imports and from illegal trade.

The **EU and Switzerland are applying the PEM Convention since 1 February 2016** and the **Transitional rules** as of 1 September 2021.

2. MAIN IMPLEMENTATION ISSUES

The 70th meeting of the **EU-Switzerland Joint Committee** under the FTA took place in Brussels on 23 November 2023. Both sides discussed issues related to *inter alia* market access, processed agricultural products, relations with main trading partners, as well as continued cooperation in the fields of intellectual property and customs.

In 2023, some **progress** was made on implementation, notably on:

- Adapting the **reference prices of basic agricultural products** needed in the context of the price compensation mechanism for processed agricultural products (protocol 2 to the FTA) with the entry into force of the adaptation of Protocol 2 on 1 July 2023.
- The **conclusion of the technical work on the shared methodology for the calculations of reference prices**, which will facilitate work on annual adjustments. However, the EU remains dissatisfied with the unbalanced nature of Protocol 2 which was negotiated many years ago and should in its view be modernised.

By contrast, a number of **implementation issues** notably in the **agricultural sector**, the **services** sector and **state aid** remain problematic and some remaining issues regarding public procurement are to be followed up.

Concerns remaining in the area of public procurement

- Following the January 2021 revision of the Federal Law on Public Procurement (LMP), EU Member States complain about a lack of transparency in the terms and conditions of the contract award procedures. The new provisions introduce the obligation for the contracting authority to examine tenders on the basis of economic, ecological and socially sustainable award criteria and give priority to the "most advantageous" tender instead of the "most economically advantageous", contrary to what was the case before. EU business representatives acknowledge the importance of ecological and socially sustainable award criteria noting that these should not be used as a pretext to unjustifiably discriminate against European market players.
- The **revised Federal Act for Public Procurement** also introduced a **price level clause** ("Preisniveaunklausel") to take into account the different price levels in the countries in which the service is provided. A price level calculator was set up to support the new criteria. Five cantons have included such provision into cantonal law. Even though this clause has so far not been used, the EU raised the issue during the annual joint committee meeting under the Public Procurement Agreement on 5 July 2022 and on 29 June 2023. The Swiss delegation stated that the application of the criterion will be in compliance with the international commitments of Switzerland and that it is expected that this criterion will not be used for procurement covered under the GPA and the EU-CH Public Procurement Agreement. The issues need to be followed-up at federal and cantonal level.

Concerns remaining in the area of agriculture:

- One of the market access barriers in agriculture for EU companies is the **certification of organic food** in Switzerland. There exists only one certification body for organic food in Switzerland, which is currently the private organization Biosuisse, whose label (the "Biosuisse Bud") is highly recognized by consumers. However, the awarding of the Biosuisse label lacks transparency in many respects, so that, even when equivalent, few EU products meet the required conditions to acquire the label. In addition, the strict content requirements of the Biosuisse label for food products mean that suppliers of organic raw materials from the EU are indirectly disadvantaged compared to Swiss suppliers.
- The EU addressed these issues at the last Joint Committee meeting under the Agreement on Trade in Agricultural Products on 24 November 2023, when Switzerland was asked to provide information on whether Biosuisse is aligned with the Code of Good Practice

for the Preparation, Adoption and Application of Standards set out in Annex 3 to the WTO TBT Agreement.

Remaining issues in the services sector

- The so-called “**flanking measures**” that the Swiss put in place to accompany the implementation of the EU-Switzerland Free Movement of Persons Agreement (FMOPA)⁹⁰ are a long-standing trade issue, as the EU considers them burdensome and disproportionate and incompatible with the FMOPA. For example, Switzerland imposes obligations on EU businesses, who want to supply a service in Switzerland, including an 8-days pre-announcement obligation, a deposit requirement and an obligation to contribute to control costs.
- Solutions have been discussed in the exploratory talks and will be taken forward in the upcoming negotiations to be launched in 2024.

The lack of a level playing field as regards state aid persists:

- The FTA does contain state aid rules but these are not respected by Switzerland. The other existing agreements between the EU and Switzerland (with the exception of the Air Transport Agreement) do not include effective state aid rules.
- In the upcoming negotiations, provisions on State aid are to be included in existing agreements on air and land transport, in the electricity agreement as well as in future agreements related to the internal market.

⁹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A22002A0430%2801%29>

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-NORWAY TRADE AGREEMENT

1. THE AGREEMENT

The Free Trade Agreement (**FTA**) between Norway and the EU entered into force on 1 July 1973. It applies to goods only and is one of the oldest trade agreements signed by the EU.

Although still in force, it has been superseded in many respects by the **Agreement on the European Economic Area (EEA)**, which entered into force on 1 January 1994 and brings together the EU Member States and the three EEA EFTA States — Iceland, Liechtenstein and Norway — in the internal market. The EEA Agreement ensures the free movement of goods, services, capital and persons between Norway and the EU and is the backbone of EU-Norway cooperation. Members of the EEA fully apply the whole *acquis communautaire* related to the "four freedoms" through dynamic incorporation of the relevant legislative acts into the Protocols and Annexes of the EEA Agreement via Joint Committee Decisions.

The EEA Agreement does *not cover the common agricultural and fisheries policies*, which means that agricultural and fisheries products are not in free circulation between the EU and Norway. Preferential trade in agricultural products between the EU and Norway is ruled by Article 19 of the EEA Agreement and provides duty free access for 36 tariff lines and a number of tariff rate quotas. Processed agricultural products are covered by a dedicated protocol to the EEA Agreement but are also not in free circulation.

Negotiations on a limited number of tariff-rate quotas for exports of fisheries products from Norway to the EU started in summer 2022 in conjunction with negotiations on Norway's financial contribution to economic and social cohesion in the EEA ("financial mechanism"). **The negotiations were concluded in November 2023, with a small increase in real terms of the financial contribution** and a near status quo in quantities in terms of access for Norwegian fisheries products.

The EEA Agreement encloses the rules of the **PEM Convention** since 19 May 2016. The EEA Agreement was updated with the application of the **Transitional rules** as of 1 September 2021

The **EU-Norway Customs Security Agreement of 2009** ensures that Norway applies the same security and safety measures that are in force in the EU. Hence, trade between these countries and the EU is exempt from the requirement to lodge entry and exit summary declarations. Norway also applies equivalent standards for the Authorised Economic Operators, including security and safety standards and facilitation measures in respect of security-related customs controls. **On 15 March 2021, the agreement was amended** to maintain a high level of security and safety at the external borders and to keep the equivalence of the customs security measures in trade with third countries. The amended agreement reflects key developments of the EU legislation relevant to the risk management and security, mainly as regards the deployment of the Import Control System 2 (ICS2) of the EU, and thus better protects the EU and its citizens against hazardous or dangerous imports and from illegal trade.

2. MAIN IMPLEMENTATION ISSUES

The **main** implementation issues continue to be processed agricultural products (PAPs) and **geographical indications (GIs): EU exports of processed agricultural products⁹¹ remain below their potential due to high customs tariffs** and this has been a long-standing trade barrier.

2023 has **not seen any progress on liberalisation of trade in processed agricultural products** within the framework of Article 2 (2) and Article 6 of Protocol 3 to the EEA Agreement, and therefore high customs tariffs on those products remain the main long standing trade barrier. Despite Norway's commitment in the 2019 Joint Working Group on processed agricultural products to consult with relevant authorities on the possibility to resume these negotiations, there has been no positive development in this area.

- On the contrary, Norway decided to switch the method of calculation of import duties from a specific duty to ad valorem basis for five categories of vegetables (iceberg lettuce, celeriac, salad beetroot, swedes, and potatoes). This primarily affects EU exporters, who are by a large extent the main suppliers of the Norwegian market.
- A new issue has emerged for Lithuanian Dziugas cheese. Dziugas faces an MFN import tariff of 277% whereas similar cheeses of other EU Member States, the UK, and Switzerland origin (for example Grana Padano, Parmigiano Reggiano, Appenzeller) are subject to a preferential duty rate (27.15 NOK/kg).
- As regards processed agricultural products, Norway has repeatedly expressed its wish to keep Protocol 3 unchanged and has been unwilling to make any commitments towards further liberalization, because of the perceived positive results of the Protocol for Norway.

Negotiations on Geographical Indications launched in 2013 between the EU and Norway still **remain suspended** (since April 2016). The Council of the European Union in its Conclusions of June 2022 called again on Norway to “resume the negotiations on the protection of geographical indications, which is an important element of international trade in agricultural products and foodstuffs”.

⁹¹ Trade in processed agricultural products is regulated by Protocol 3 to the EEA agreement and to a certain extent by Protocol 2 to the 1973 FTA. Protocol 3 of the EEA foresees the possibility to levy customs duties based on the cost of the basic agricultural products in the EU and in Norway.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE EU-ICELAND TRADE AGREEMENT

1. THE AGREEMENT

The Free Trade Agreement (**FTA**) between Iceland and the EU entered into force on 1 April 1973. It applies to goods only and is one of the oldest trade agreements signed by the EU.

Although still in force, it has been superseded in many respects by the **Agreement on the European Economic Area (EEA)**, which entered into force on 1 January 1994 and brings together the EU Member States and the three EEA EFTA States — Iceland, Liechtenstein and Norway — in the internal market. The EEA Agreement ensures the free movement of goods, services, capital and persons between Iceland and the EU and is the backbone of EU-Iceland cooperation. Members of the EEA fully apply the whole *acquis communautaire* related to the "four freedoms" through dynamic incorporation of the relevant legislative acts into the Protocols and Annexes of the EEA Agreement via Joint Committee Decisions.

The EEA Agreement does *not cover the common agricultural and fisheries policies*, which means that agricultural and fisheries products are not in free circulation between the EU and Iceland. Preferential trade in agricultural products between the EU and Iceland is ruled by bilateral agreements taken within the framework of Article 19 of the EEA Agreement. Processed agricultural products are covered by protocol 3 to the EEA Agreement but are also not in free circulation.

Negotiations on a limited number of tariff-rate quotas for exports of fisheries products from Iceland to the EU started in summer 2022 in conjunction with negotiations on Iceland's financial contribution to economic and social cohesion in the EEA ("financial mechanism"). This reflects the practice of past cycles of the financial mechanism. **Negotiations ended in November 2023 with a small increase in real terms of the financial contribution** and an increase for in duty foregone for Icelandic export of fishery products.

The EU and Iceland are applying the PEM Convention since 1 May 2015 and the Transitional rules as of 1 September 2021.

2. MAIN IMPLEMENTATION ISSUES

The **main** implementation issue is processed agricultural products (PAPs) and **high customs tariffs**.

2023 has not seen any progress on liberalisation of trade in processed agricultural products within the framework of Article 2 (2) and Article 6 of Protocol 3 to the EEA Agreement, and therefore high customs tariffs on those products remain the main long standing trade barrier.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE CUSTOMS UNION AND TRADE AGREEMENTS WITH TÜRKİYE

1. THE AGREEMENT

In 1963 the European Economic Community (i.e. the EU's predecessor) and Türkiye signed an **Association Agreement** (the 'Ankara Agreement'), in which both parties agreed to progressively establish a **Customs Union** over a period of several years. An Additional Protocol was signed in November 1970, setting out a timetable for the abolition of tariffs and quotas on industrial goods circulating between the parties. The final phase of the Customs Union was completed on 1 January 1996, with the implementation of the EU-Türkiye Association Council Decision No 1/95, which is currently in force.⁹²

The Customs Union ensures the free movement of all industrial goods and certain processed agricultural products between the EU and Türkiye. It also requires Türkiye to align with the EU's Common Customs Tariff, commercial policy, competition policy and intellectual property rights, as well as with the EU's technical legislation related to the scope of the Customs Union.

In addition, the EU and Türkiye concluded two **further bilateral preferential trade agreements**: The Agreement between the European Coal and Steel Community (ECSC) and Türkiye on trade in products covered by the Treaty establishing the ECSC established a **Free trade agreement for coal, iron and steel products** in 1996, along with relevant competition rules. Association Council Decision No 1/98 (amended by Decision No 2/2006) provides for **preferential concessions on trade in certain agricultural and fishery products**.

Following the adoption of the revised **PEM Convention**, on 7 December 2023, a technical update of the Customs Union bridging legislation (Decision No 1/2006) will be required to align it to the new rules of origin applicable as of 1 January 2025.

Building on previous European Council Conclusions, upon the invitation by the European Council in June 2023, the High Representative and the Commission in November 2023 published a communication on the "*State of Play of EU-Türkiye Political, Economic, and Trade Relations*". The communication made the following recommendations regarding EU-Türkiye trade relations:

- Resume discussions on the draft negotiating framework for the **modernisation of the EU-Türkiye Customs Union**, as proposed by the Commission⁹³, on the understanding that Türkiye keeps **addressing the circumvention** of EU restrictive measures against Russia via its territory rapidly and efficiently and continues to **resolve trade irritants**.

⁹² [http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21996D0213\(01\):EN:HTML](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:21996D0213(01):EN:HTML)

⁹³ On 21 December 2016, the European Commission adopted a Recommendation for a Council Decision authorising the opening of negotiations with Türkiye on an Agreement on the extension of the scope of the bilateral preferential trade relationship and on the modernisation of the Customs Union. However, in the context of the deteriorating EU-Türkiye relationship the Council discontinued its deliberations in 2017.

- In particular, Türkiye should implement effective measures to **stop the re-export of Common High Priority (“battlefield”) items**.
- On this basis, and in a broader environment conducive to the resumption of Cyprus settlement talks, the Council should **adopt the negotiating directives and authorise the Commission to open negotiations** for the modernisation of the Customs Union.
- Set up a **new High-level Dialogue on Trade**, with the aim to tackle the remaining bilateral trade irritants and discuss further areas of cooperation.

The April 2024 European Council took note of the Joint Communication and held a strategic debate on EU-Türkiye relations⁹⁴.

2. MAIN IMPLEMENTATION ISSUES

Following the March 2021 European Council Members’ invitation⁹⁵, reiterated by the June 2021 European Council, the European Commission intensified talks with Türkiye to address difficulties in the implementation of the Customs Union, including ensuring its effective application to all Member States.

Since early 2022, there has been constructive engagement by Türkiye resulting in **a decrease in registered trade barriers from 26 in early 2021 to 15 currently**. Progress has also been made in addressing several of the remaining barriers.

- Specifically, in 2023, the significant barrier on the **Localisation and Prioritisation Measures for pharmaceuticals** was resolved. In addition, Türkiye phased out **the discriminatory treatment of EU tractors** and resolved the remaining barriers on **cosmetics** by eliminating the discrimination between the EU and Turkish operators.
- In April 2024 the burdensome pre-conditions for export registration of **copper scrap** were removed.
- In addition, the Commission was able to remove from its market access database the following **obsolete barriers**: Vehicle Emergency Calls System; COVID-19 export authorisation requirements on PPEs, their materials, and disinfectants; Furniture, New Labelling Requirements as well as certain market access issues for alcoholic beverages.

During the **EU-Türkiye High-Level Trade Working Group** meeting, chaired by Director-General for Trade of the European Commission and Deputy Trade Minister for Türkiye, in October 2023, Türkiye committed to deploy further efforts towards the removal of another **five trade barriers – the EU priority issues**. During the second meeting of the High-Level Trade Working Group in February 2024 progress in addressing **the five priority barriers** was reviewed:

⁹⁴ <https://www.consilium.europa.eu/media/m5jlwe0p/euco-conclusions-20240417-18-en.pdf>

⁹⁵ See statement of the members of the European Council of 25 March, stressing the need to implement the current Customs Union to all Member States: <https://www.consilium.europa.eu/media/48976/250321-vtc-euco-statement-en.pdf>

1. **Resolved:** Burdensome pre-conditions for export registration of **copper scrap** have been removed.
2. Elimination of export taxes on **hides, skins, and wet-blue leather**. State-of-play: the relevant Turkish authorities have been consulting their domestic stakeholders on the lifting of the measure (requires the Presidential decree preceded by a consultation).
3. Opening and transparent administration of the **preferential quotas for live bovine and beef meat for EU operators**. State-of-play: Türkiye has unblocked the imports of EU beef on preferential terms at the beginning of 2024. The Commission monitors the implementation, including the transparency aspect.
4. Determining the priority issues to be addressed regarding **conformity assessment procedures** and the implementation of the risk based **TAREKS system**. Developing a Roadmap to systematically address possible difficulties faced by EU operators. State-of-play: The Roadmap was developed, and its initial milestones were achieved.
5. Work on a prioritised list of EU products that can be exempted from the scope of **import surveillance regime** and to explore alternative ways to solve specific problems encountered by EU companies. State-of-play: The list has been forwarded to Türkiye, and the exchange is ongoing.

The High- Level Dialogue on July 8, 2024, led by Executive Vice-President and Commissioner for Trade Valdis Dombrovskis and the Minister of Trade of Türkiye Ömar Bolat reviewed the progress in removing the barriers, identified new priority barriers and mapped out the path on for their resolution. The new priority barriers are: Import licenses for retreaded tyres, surveillance by registration of textiles and Spirit Banderols⁹⁶.

The Commission continues raising the need to resolve the **remaining barriers** in bilateral meetings and at the Customs Union Joint Committee:

- Resource Utilization Support Fund;
- Remaining Barriers on Pharmaceutical Products Artificial Exchange Rate and the non-recognition of the EU's GMP;
- Additional Duties and GSP liabilities;
- Government procurement (Domestic preferences, off-sets);
- Local content requirements in Renewable Energy;
- Deficient IPR enforcement;
- Import regime regarding the agricultural component of sweetcorn.

The **non-discriminatory implementation** of the **Additional Protocol to the Association Agreement** towards all Member States including the Republic of Cyprus also remains a critical difficulty in the implementation of the Customs Union.

⁹⁶ Türkiye claims to have resolved the spirits banderols barrier. The Commission is in the process of consulting this with the stakeholders.

WTO case against Türkiye on pharmaceutical products (DS583)

In 2019 the EU initiated WTO dispute settlement against Türkiye: the panel was composed on 17 March 2020.

The Panel's ruling of 28 April 2022 upheld all of the EU's claims against Türkiye. In particular, the Panel ruled that Türkiye cannot require foreign producers of pharmaceutical products to move their production to the country in order for those pharmaceuticals to be eligible for reimbursement by social security schemes in Türkiye.

Türkiye appealed the panel's ruling on 25 April 2022. The appeal arbitration proceedings pursuant to Article 25 of the DSU were based on an ad hoc appeal arbitration agreement between the EU and Türkiye.

In July 2022, the Award of Arbitrators was made public and marked a clear win for the EU. The appeal arbitrators confirmed the Panel's ruling and that Türkiye must remove its discriminatory practices (localisation and prioritisation measures) in the pharmaceutical sector.

In August 2022, Türkiye stated its intention to implement the recommendations of the Award of the Arbitrators and requested a reasonable period of time to do so. In January 2023, the EU and Türkiye agreed that the reasonable period of time for Türkiye to implement the recommendations of the Award of the Arbitrators would expire on 25 April 2023.

Türkiye published its Status Report on implementation on 28 April 2023. Türkiye also communicated three other amendments to the Status Report, the latest on 21 July 2023. The WTO dispute has been successful in reversing Türkiye's policies of localisation and prioritisation of pharmaceutical products. Nevertheless, the EU is continuing to monitor the situation.

PART IV: AFRICAN, CARIBBEAN AND PACIFIC COUNTRIES

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) BETWEEN THE EU AND GHANA

1. THE AGREEMENT

Pending an Economic Partnership Agreement (EPA) with the West African region, Ghana concluded a **stepping stone EPA** or interim EPA (iEPA) **with the EU in December 2007**.⁹⁷ The EPA was signed on 28 July 2016 and entered into provisional application on 15 December 2016. The EU-Ghana interim EPA will be replaced by the regional EU-West Africa EPA once the latter enters into force.⁹⁸ By the end of 2023, all EU Member States and 15 out of 16 West African countries have signed the regional EPA; Nigeria's signature is still outstanding.

The EPA immediately offers to Ghana duty free and quota free access to the EU market, whereas Ghana opens only partially to EU imports, over transitioning periods. Ghana's HS2017 updated market access offer foresees that 78% of tariff lines will be progressively liberalised over the period 2020-2029. The next tariff dismantlement is due on 1 January 2024 and it will cover machinery and appliances products.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market access: Progress and outstanding issues

The **5th meeting of the Ghana-EU EPA Committee** was held on 15 and 16 November 2023, in Brussels, bringing together the Parties' Senior Officials who took stock of progress on the implementation of the EPA and discussed the perspectives to upgrade their trade and investment relations.⁹⁹

The Parties welcomed the progress made on EPA implementation. Between 2016 and 2022 total trade flows increased by 44% (from EUR 4.3 to 6.2 billion). During the same period EU companies invested around EUR 1 billion in Ghana.

The **Parties expressed interest in further upgrading their relationship** in the areas of investment facilitation and sustainable development. In particular the Parties discussed the possibility to engage in the negotiations on a Sustainable Investment Facilitation Agreement (SIFA), which could complement the EPA (as a separate agreement) and help improve the transparency and predictability of investment measures, simplify procedures, and strengthen public-private dialogue. The SIFA would also be an opportunity to formalise the joint efforts

⁹⁷ The official name of the Agreement ("stepping-stone Agreement") reflects the fact that the initial and ultimate objective for economic partnership in West Africa is a comprehensive, regional Agreement. It is also called "interim EPA".

⁹⁸ The regional Economic Partnership Agreement was signed in December 2014 by the European Union and 13 West African Countries. In 2018, Gambia and Mauretania signed the Agreement, which means that only Nigeria's signature is still missing. The Agreement will enter into provisional application when the 16 West African Countries sign it and 2/3 (11 out of 16) of these countries ratify it.

⁹⁹ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/4c011c8e-152f-4add-8e19-86411bf3de07/details>

in the field of sustainable cocoa, by integrating into the agreement the important elements covering economic, environmental and social aspects of the cocoa production. Further exchanges on a scoping paper are ongoing.

At the **Ghana-EU EPA Committee**, the EU and Ghana also exchanged views on the latest policy developments concerning various trade-related issues, including Trade and Sustainable Development (TSD), trade in services, investment, and digital trade. They also exchanged views on the status of the African Continental Free Trade Area (AfCFTA) and its negotiation, ratification and implementation, along with discussions on e-commerce and critical raw materials. The EU announced the organisation of the EU-Ghana Business Forum and ongoing work on investment mapping. The Parties also reviewed support measures under EU financial instruments and discussed dispute settlement procedures under the EPA. Ghana provided updates on compliance with EU requirements for honey and the registration of Geographical Indications. The EU provided updates on the regional EPA and Parties exchanged information on market access schedule implementation and on progress made on the monitoring and evaluation report of the Agreement. They also discussed the Samoa Agreement that replaces the Cotonou Agreement as framework for the relations between the EU and the Organisation of African, Caribbean and Pacific States-OACPS), and preparations for the 13th WTO Ministerial Conference (MC13).

The third **Special Committee on Customs and Trade facilitation** took place on 22 February 2024 where parties discussed recent developments on customs legislation, customs reforms, and procedures; it also addressed issues on Rules of Origin and exchanged contact point for mutual administrative assistance.

The EU and Ghana agreed to hold the next EU-Ghana EPA Committee meeting in Accra in 2024.

2.2 Trade and sustainable development

The iEPA with Ghana does not include a TSD chapter. Nevertheless, sustainability issues were also part of the recent EPA Committees, including the meeting in 2023 with a dedicated session on sustainable cocoa and exchanges on policy developments related to TSD.

The **Samoa Agreement** that replaced the Cotonou Agreement as the framework for the EU relationship with the ACP countries **includes robust commitments on TSD**. It also creates the basis for further collaboration on these issues.

The Sustainable Cocoa Initiative

In 2023 the EU and Ghana continued a **dialogue on sustainability of the cocoa supply chain and worked on the implementation of the Roadmap for sustainable cocoa** adopted by stakeholders in 2022. In this context, a dedicated Focus Group on Traceability and Standards

met three times during 2023 (in March, July and October) and discussed traceability systems in Ghana, Côte d'Ivoire and Cameroon, the African Regional Standard for sustainable cocoa (ARS-1000) and state of play of the implementation of the EU Deforestation-free Products Regulation.

On 22 April 2024, at the World Cocoa Conference in Brussels, a high level event will take place to take stock of progress made with the implementation of the Roadmap.

In 2023 the joint priority of the parties was to continue support activities by the four implementing partners of the **Sustainable Cocoa Programme** (i.e. GIZ, FAO, European Forest Institute and JRC), managed by Brussels. The Ghana Cocoa Board (COCOBOD) requests for support are well targeted and focus on traceability, which the sector will need in light of EU legislation on sustainability (i.e. the Deforestation-free Products Regulation¹⁰⁰, which entered in force on 23 June 2023 and the incoming EU Corporate Sustainable Due Diligence Directive¹⁰¹), in particular due-diligence requirements. Among other activities, the EU assisted the COCOBOD with the piloting and roll-out of some elements of its Cocoa Management System, with the development of a deforestation risk monitoring system and land-use mapping.

The Sustainable Cocoa Initiative - Background

Ghana, Côte d'Ivoire and Cameroon together account for 62% of extra-EU imports of cocoa and cocoa preparations in 2022, for a value of EUR 7.4 billion in 2022. The cocoa trade represents 12% of EU27 total imports from Cameroon, 44% of EU27 total imports from Ghana and 65% of EU27 total imports from Côte d'Ivoire. While cocoa beans are duty-free on a MFN basis, exports of processed cocoa (butter, paste and powder) benefit from EPA preferences. All three countries take advantage of the quota free-duty free regime of the interim EPA for cocoa and its transformed products since 48% for Ghana, 33% for Côte d'Ivoire and 35% for Cameroon of the exported cocoa to EU consists of processed products.

In September 2020, the European Commission launched a **Sustainable Cocoa Initiative** with a focus on Côte d'Ivoire, Ghana and Cameroon. The objective of the multi-stakeholder dialogue is to foster **progress in the elimination of child labour** in cocoa supply chains, enhancing the protection of forests in cocoa-producing regions, and ensuring a living income for cocoa farmers. The **dialogue brings together key stakeholders** from the cocoa value chain including government representatives from the producing countries, EU Member States, European

¹⁰⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>

¹⁰¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022PC0071>

Parliament, EU chocolate business representatives, retailers, farmers, and non-governmental organisations.

The “Cocoa Talks” have allowed for meaningful exchanges on sustainable cocoa production and trade, between stakeholders – the EU, Côte d'Ivoire, Ghana, the chocolate industry, cocoa traders, farmers organizations, and civil society.

In 2023 the parties continued a **dialogue on sustainability of the cocoa value chain** and focused on the implementation of a **Roadmap for sustainable cocoa** that includes concrete time-bound actions to improve the sustainability of the cocoa supply chain in West Africa.¹⁰²

2.3 Technical assistance and cooperation

The programme ‘Compete Ghana’¹⁰³, which has been supporting the EPA implementation between the EU and Ghana between 2020 and 2024, was completed in early 2024. It helped to improve Ghana’s economic governance and business environment and to maximise the benefits of the EPA for Ghana. The programme, funded under the 11th European Development Fund (EDF), has been providing technical assistance to the Ministry of Trade and Industry (MoTI) in the following areas:

- Capacity building to help Ghana comply with the commitments of the EU-Ghana EPA;
- Support in setting up the institutional framework (e.g. EPA committees);
- Support in monitoring and evaluating the impact of the EPA implementation with the involvement of the private sector;
- Capacity building to raise awareness of the EU Ghana EPA and its advantages, including through a dialogue between the public and the private sector and with civil society.

More specifically, the Compete Ghana programme with the support of three Key Experts and a Team of Non-Key Experts has strengthened Ghana’s administrative capacities in the setup of an EPA Secretariat and in the implementation of the Accompanying Measures Strategy.

¹⁰² [EU, Côte d'Ivoire, Ghana and the cocoa sector endorse an Alliance on Sustainable Cocoa \(europa.eu\)](https://europa.eu/eu-press/press-releases/2024/04/24/eu-cote-divoire-ghana-and-the-cocoa-sector-endorse-an-alliance-on-sustainable-cocoa)

¹⁰³ Budget of €4,1 million The project did not target any particular sector but rather focuses on building up Ghana’s capacity to implement the EPA and to engage on EPA-related matters, on improving competitiveness at firm level and on mainstream regional policies in favor of industrial competitiveness.

The possibility of having a second phase of the programme was explored at the EPA Committee in Brussels in November 2023.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) BETWEEN THE EU AND THE SOUTHERN AFRICAN DEVELOPMENT COMMUNITY (SADC)

1. THE AGREEMENT

The EU-SADC Economic Partnership Agreement (EPA), between the EU and six countries from the Southern African Development Community (SADC): Botswana, Eswatini, Lesotho, Mozambique, Namibia and South Africa, was signed on 10 June 2016. It entered into provisional application on 10 October 2016 for all Parties to the Agreement, except for Mozambique, for which it entered into provisional application on 4 February 2018. 2023 marked **the seventh year of provisional application** of the Agreement for all its Parties, the fifth for Mozambique.

On **26 July 2022**, the **EU-SADC EPA Joint Council** adopted Decision No 2/2022 approving the launching of **accession negotiations with Angola**. Formal negotiations for Angola's accession to the EPA are expected to be launched as soon as Angola is ready.

Since the day of application of the EPA, all SADC EPA States -except for South Africa- receive duty free and quota free treatment for all their goods (except arms and ammunition) imported into the EU. South Africa receives such treatment for 94.4% of tariff lines for its exports to the EU and an additional 3.2% of tariff lines benefit from reduced tariffs or from preferential tariff rate quotas. The Southern African Customs Union (SACU), comprising Botswana, Eswatini, Lesotho, Namibia and South Africa, grants duty free and quota free treatment to 84.9% of tariff lines for products exported by the EU to the region. An additional 12.9% of EU exports benefit from partial liberalisation (reduced tariffs or tariff rate quotas). Mozambique (a Least Developed Country and not a member of SACU) liberalises a smaller percentage of exports from the EU. The final wave of liberalisation will take place in 2025 (for Mozambique in 2028).

On Rules of Origin, **SACU States** (i.e., Botswana, Eswatini, Lesotho, Namibia and South Africa) **have fulfilled the requirements to apply diagonal cumulation**, and **since 1 June 2023 may apply diagonal cumulation with all SADC EPA States** and with certain ACP countries signatories of the ACP Joint Undertaking for the purpose of implementing provisions of cumulation in the EPAs.

The **EU-SADC EPA is the first and only regional EPA in Africa to be fully operational** (all partners are implementing the tariff cuts foreseen by the EPA). Since the 2019 meeting of the EU-SADC EPA Joint Council, the institutional framework of the EPA is fully in place and operational, and committees established under the EPA meet annually. The Agricultural Partnership is in the process of finalising its operational rules.

As from 1 January 2019, **all SADC EPA States apply the reduction in EPA customs duties for goods coming from the EU**. Between 2022 and 2024, Mozambique¹⁰⁴ further advanced with its EPA-related tariff liberalisation commitments. The final wave of liberalisation will take place in 2025 (2028 for Mozambique).

In February 2024, the **10th EU – SADC Trade and Development Committee** endorsed its **first EPA joint monitoring report**.¹⁰⁵ The report was published in March 2024. The Parties agreed to start discussing the list of indicators and the timeline for the second EPA joint monitoring report in the coming months.

In addition, the Commission in the beginning of 2023 launched an independent **EPA ex-post evaluation study** by an external contractor. Its outcomes (draft final report published in March 2024¹⁰⁶ and final report expected in the fourth quarter of 2024) will feed into the **joint review process**.¹⁰⁷ TSD has been an important element of the evaluation, in particular how to make better use of the provisions related to the dialogue on TSD, which appears to be underutilised.

Outside the scope of the EU-SADC EPA, the **EU and Namibia** signed on 8 November 2022 a **Memorandum of Understanding (MoU) establishing a strategic partnership on sustainable raw materials value chains and renewable hydrogen**. At the Global Gateway Forum in October 2023 the EU and Namibia officially launched a Roadmap for 2023-25. While the MoU sets the vision, defines the areas of cooperation and provides a political framework for the enhanced cooperation, the Roadmap represents the actions to advance the goals of the Partnership. The Roadmap is a living document with regular updates to reflect progress made, and new opportunities will be identified in the course of its implementation. To be noted that recent statements concerning minerals export bans risk impacting negatively Namibia's investment attractiveness on the mineral sector.

In addition, the **Sustainable Investment Facilitation Agreement (SIFA) with Angola** (candidate to join the EPA in the coming years) was **adopted in the plenary of the European Parliament in February 2024**. This was followed by Council adoption on 4 March. The EU then notified Angola on 5 March 2024 that its internal procedures had been completed, and Angola will do the same following a Presidential Decree paving the way for its entry into force (expected in September 2024). The EU-Angola SIFA is the first agreement of this kind, which will make it easier to attract and expand investments while integrating environment and labour rights commitments. This agreement will help boost sustainable investment, and the EU will provide technical support to put the agreement into practice. Pursuing such agreements is part of the broader EU strategy to step up engagement with African countries, with the goal to unlock economic potential, foster economic diversification, and promote inclusive and sustainable growth.

¹⁰⁴ The other SADC EPA States already migrated to the Harmonized System nomenclature in 2021.

¹⁰⁵ The monitoring report is based on statistics mostly and responds to a set of indicators to measure EPA performance.

¹⁰⁶ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/1c07ec29-14ef-4458-b89f-1fe2dcec04c5/details?download=true>

¹⁰⁷ The joint review is based on a discussion among the parties on the functioning and impact of the EPA across different areas.

2. MAIN IMPLEMENTATION ISSUES

In February 2024, the meeting of the **Trade and Development Committee (TDC)** and committees established by the EPA took place. The **TDC** addressed several outstanding issues, in particular the following:

- the update of the list of Arbitrators to be appointed under the EU-SADC EPA dispute settlement mechanism;
- the interpretation of Articles 33 and 35 of the EPA on the applicability of multilateral and agricultural safeguards;
- the need for progress in the involvement of non-State actors in the monitoring of the EPA implementation; and the way ahead, in terms of scope and objectives, in the process of review of the EPA.

Trade irritants (see further below) were raised on several occasions, both in the above meetings and in bilateral contacts – the EU and South Africa also held a dedicated meeting on market access on the margins of the TDC.

2.1 Market access: Progress and outstanding issues

Trade defence remains an area of concern, especially concerning South Africa acting on behalf of SACU countries:

- In the course of 2023, all SACU countries kept in place **anti-dumping duties on frozen chicken** from Denmark, Ireland, Poland and Spain imposed on 1 August 2022 and definitive measures on frozen potato chips from Belgium, Germany and the Netherlands imposed on 17 May 2023 for a duration of 5 years.
- On 29 January 2024, after carrying out a review (during which the EU submitted written comments and participated in an oral hearing), SACU's International Trade Administration Commission (ITAC) decided to create a **temporary rebate of ordinary customs duties** (not applicable to anti-dumping duties) on imports of frozen poultry meat (with and without bone). The EU was advocating for termination, or at the very least suspension, of anti-dumping duties in view of shortages on the local market. The rebate of ordinary customs duties does not benefit EU exporters, as poultry is liberalised under the EPA.

Another area with **important trade barriers continues to be SPS**, where following avian influenza outbreaks in several Member States during 2022, South Africa's **lack of recognition of regionalisation** brought EU's exports to South Africa to a complete standstill. The same applies for EU exports of pork meat from Member States affected by African Swine Fever. As regards the recognition of the disease-free status (once outbreaks are stamped out) following self-declaration to the World Organisation for Animal Health (OIE), in 2023 South Africa re-opened market access for poultry from Spain, Ireland and the Netherlands. However, there are significant delays for authorisation of imports of other meat products from the EU (not affected by avian influenza African swine fever or Foot-and-Mouth Disease), as well as requests on genetic material and some fruits.

Other areas of concern include:

- public procurement, with South Africa applying **extensive local content requirements in public tenders as well as in private contracts with State Owned Enterprises**;
- **local content and local ownership requirements** in place in Botswana;
- **import restrictions for agricultural commodities** which are widespread in the region, with variable economic impact for EU exports;
- **bans on exports of scrap metal** applied by South Africa and Botswana.

The **Special Committee for Customs and Trade Facilitation (SCCTF)** took place ahead of the TDC Committee and discussed recent developments on customs legislation, customs reforms, and procedures; it also addressed issues on Rules of Origin, in particular the update of Annex II and Annex II(a) of Protocol I to the 2022 version of the WCO Harmonized System, the state of play of the implementation of diagonal cumulation by SADC EPA States and the interest to discuss the possibility to use self-certification as only proof of origin within the EPA, as a customs and trade facilitation measure.

The **Agricultural Partnership** discussed operational rules and areas of cooperation and the recent developments in the agricultural policies.

The EU and South Africa in their bilateral **Special Committee on Geographical Indications (GI) and trade in wines and spirits** discussed updates in the respective GI legislation and on the protection of specific GIs (Greek Feta, Karoo Lamb, Cognac/Brandy de Jerez), and also followed up on their longstanding discussion on authorised oenological practices and protection of EU “traditional terms”.

2.2 Trade and sustainable development

The EU-SADC EPA includes a **chapter on cooperation on Trade and Sustainable Development**.

At the meeting of the **Trade and Development Committee (TDC)** of February 2024 discussions focussed on trade and environment and climate change related issues. SADC EPA States also reiterated their concerns about the **impact** that **EU’s Green Deal** related initiatives could have on their exports to the EU. South Africa’s steel industry is expected to be impacted by the EU’s Carbon Border Adjustment Mechanism (CBAM), while Mozambique expects an impact on its leading sector exporting to the EU, aluminium.

Apart from the EU-SADC EPA, the **Samoa Agreement** (that replaced the Cotonou Agreement as the framework for the EU relationship with ACP countries) includes robust commitments on trade and sustainable development, also creating a basis for further collaboration on these issues.

2.3 Technical assistance and cooperation

In the course of 2023, the EU continued **engaging with the SADC EPA States, offering technical assistance** to help improve the implementation of the EU-SADC EPA. Support is

oriented towards the resolution of issues in the interest of the EU side and the better implementation of the EPA in favour of SADC EPA States and includes the following:

- **EPA implementation support programmes** worth EUR 6 million each in Botswana, Namibia, Eswatini, Lesotho and Mozambique; and EUR 10 million in South Africa. In the latter country, this support programme aims to unlock challenges related to quality infrastructure and technical capacity in agricultural value chains and to increase response to opportunities under the EPA by emerging exporters of agricultural products and those with recognised GIs.
- The **Trade Facilitation Programme**, a EUR 15 million regional programme, aims to increase intra-regional trade by strengthening capacities for streamlining border processes and monitoring and resolving non-tariffs and technical barriers to trade; and by promoting the implementation of the EU-SADC EPA. The programme is supposed to end in 2024, but SADC asked for a one year prolongation (until March 2025), which is in the process of being assessed.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) BETWEEN THE EU AND CÔTE D'IVOIRE

1. THE AGREEMENT

Pending an **Economic Partnership Agreement** (EPA) with the West African region, Côte d'Ivoire concluded a stepping stone or **interim EPA** (iEPA) with the EU in December 2007.¹⁰⁸ The interim EPA was signed on 26 November 2008 and entered into provisional application on 3 September 2016. The EU-Côte d'Ivoire interim EPA will be replaced by the regional EU-West Africa EPA once the latter enters into force.¹⁰⁹ By the end of 2023, 15 out of 16 West African countries had signed the regional EPA, with only Nigeria's signature still outstanding.

The EPA immediately offers to Côte d'Ivoire duty free and quota free access to the EU market, whereas Côte d'Ivoire opens only partially to EU imports, over transitioning periods. Côte d'Ivoire is the **first country in West Africa that started liberalising its market for trade with the EU** and applying reciprocity to the market access enjoyed in the EU. The liberalisation of the first 1115 products was applied from 1 January 2019. The second round of tariff liberalisation took effect on 1 January 2021, and covered another 1190 products. The liberalisation process of 88% of tariff lines will be completed by 1 January 2029. Côte d'Ivoire's HS2017 updated market access offer and schedule is published on Directorate-General for Trade website.¹¹⁰

In 2023, EU companies continued to benefit from the **first and second rounds of tariff liberalisation of products** with significant EU exports, such as medicines (mixed or unmixed products for therapeutic or prophylactic purposes), light oils and preparations of petroleum or bituminous minerals with specific characteristics, fertilisers, category of aeroplanes and other powered aircraft, vaccines (human and veterinary medicine), road tractors for semi-trailers, printed books, laboratory reagents.

Besides, in 2023, **Côte d'Ivoire finalised the transposition of its market offer** in HS2022 (pending publication).

The **third tariff dismantlement** will be implemented in the course of 2024, and it covers mainly machinery, electronics, and electrical equipment, optical, photographic,

¹⁰⁸ The official name of the agreement ("stepping-stone agreement") reflects the fact that the initial and ultimate objective for economic partnership in West Africa is a comprehensive, regional agreement. It is also called "interim EPA".

¹⁰⁹ The Economic Partnership Agreement was signed in December 2014 by the European Union and 13 West African Countries. In 2018, the Gambia and Mauretania signed the Agreement, to date only Nigeria is yet to sign the EPA. The Agreement will enter into provisional application when all the 16 West African Countries sign it and 2/3 (11 out of 16) of these countries ratify it.

¹¹⁰ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/d0c1c2fc-efe7-4dfb-8101-70af86417152/details>

cinematographic, measuring, checking, precision, medical or surgical instruments and apparatus, plastic and rubber products.

The **6th EPA Committee** was held on 12 and 13 October 2023, in Abidjan, Côte d'Ivoire.¹¹¹ The Parties discussed ways to reinforce trade relations and exchanged views on the recent policy developments on services, investment (liberalisation and facilitation) and e-commerce. The parties *explored the possibility to engage in the negotiations of a Sustainable Investment Facilitation Agreement (SIFA)*. They also exchanged on the perspectives and options forward on the regional EPA between the EU and West Africa. Besides, the Parties discussed further the EPA implementation and support measures. The 2nd meeting of the Special Committee on Customs and Trade Facilitation (SCCTF) took place on 12 October and discussed customs specific issues related to the implementation of the EPA. The parties agreed on the text of the rules of procedure applicable to the special committee. The meeting of the SCCTF was preceded by a two-day capacity-building for the Ivorians customs on rules of origin. The capacity building was highly appreciated by the Ivorian side.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market access: Progress and outstanding issues

Some **outstanding trade barriers** continue to exist between the EU and Côte d'Ivoire, such as **tax discrimination on imported spirits**.

- For several years Côte d'Ivoire has maintained discriminatory taxation on imported spirits, which are subject to an excise tax of 25% or higher applied to locally manufactured beverages.
- The EU considers this regime discriminatory and has raised the topic three times within the WTO's Agriculture committee (in November 2020, in March 2022 and in June 2023), asking for justifications, which Côte d'Ivoire has yet to provide. The question has also been raised in the two most recent EPA Committees.

2.2 Trade and sustainable development

The interim EPA with Côte d'Ivoire does not include a dedicated chapter on TSD. Nevertheless, sustainability issues were also part of the recent EPA Committees, including the meeting in 2023 with a dedicated session on sustainable cocoa and exchanges on policy developments related to trade and sustainable development.

The **Samoa Agreement** that replaced the Cotonou Agreement as the framework for the EU relationship with ACP countries includes robust commitments on TSD. They also create a basis for further collaboration on these issues.

¹¹¹ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/5714c6b1-a7b9-42c7-a73a-f5e5e5fa159a/details>

The Sustainable Cocoa Initiative

In 2023, the EU and Côte d'Ivoire continued their work on the implementation of the **Roadmap for Sustainable Cocoa** adopted by stakeholders in 2022. The dedicated Focus Group on Traceability and Standards met in March, July and October. It discussed traceability systems in Ghana, Côte d'Ivoire and Cameroon and the African Regional Standard for sustainable cocoa (ARS-1000). The Commission/DG ENV provided presentations concerning the EU Deforestation-free Products Regulation.¹¹²

In 2023 the joint priority of the Parties was to continue support activities by the four implementing partners of the **Sustainable Cocoa Programme** (i.e. GIZ, FAO, European Forest Institute and JRC). The request for support by the Conseil Café' Cacao (CCC, Côte d'Ivoire cocoa and coffee regulatory board) is well targeted and focus on traceability, which the sector will need in light of EU legislation on sustainability (i.e the Deforestation-free products Regulation¹¹³, which entered in force on 23 June 2023 and the incoming EU Corporate Sustainable Due Diligence Directive¹¹⁴), in particular their respective due-diligence requirements. Among other activities, the EU assisted the CCC with putting in place a national traceability system for cocoa beans, the availability of robust reference data for the management of deforestation risk (including the production of a national reference land-use map for 2020) and capacity-building for cooperatives.

On 22 April 2024, at the World Cocoa Conference in Brussels, a high level event was organised to take stock of progress made with the implementation of the Roadmap.

2.3 Technical assistance and cooperation

The EU budget for 2021-2027 together with EU Member States' resources, continues to support Côte d'Ivoire in implementing the iEPA, notably through Team Europe Initiatives, mainly through a package of EUR 450 million (EUR 113 million from the EU) to finance programmes in Côte d'Ivoire alone. The projects target the sustainability of the cocoa sector and other agricultural value chains, with a main component being the fight against deforestation and the preservation of biodiversity.

EU projects managed by the EU Delegation in Côte d'Ivoire, in close liaison with business stakeholders, continue to make an **important contribution towards improving business climate** and addressing key impediments in important sectors of the economy (hence advancing the implementation and effectiveness of the EPA):

- PAPED (*Programme d'appui à l'APE*) is a direct support to EPA implementation and aims to facilitate the transition from a customs-based taxation system towards one based on domestic taxation. For this purpose, during 2023, PAPE has trained Tax Authority Agents

¹¹² For more background information on the Sustainable Cocoa Initiative please see the dedicated box under the EU-Ghana EPA section.

¹¹³ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>

¹¹⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022PC0071>

in efficient tax exemption practices and conducted an assessment on the socioeconomic impact of tax and customs exemptions. In addition, PAPE has reached out to several private business and public administration to incentivise them in using the EPA by raising awareness and offer trainings on the procedures in place to benefit from it.

- The regional PACIR (*Programme d'appui au Commerce et à l'Intégration régionale*) supports private sector development. In 2023, five of its seven components were accomplished. Results delivered include Eurocham's White Paper on investment and business climate, assistance to businesses to access to financing and bank credits, awareness raised among private business on Corporate Social Responsibility (CSR), trainings addressing businesses in international trade rules and practices and the organisation of an EU-West Africa Business Forum. Two components are still ongoing. So far, they have delivered trainings to businesses on improved production and business administration practices, raised awareness among informal businesses on the benefits of joining the formal sector and trained private and public sector stakeholders on the new national labelling policy for cassava flour (attiéké).

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) BETWEEN THE EU AND CAMEROON

1. THE AGREEMENT

On 15 January 2009, Cameroon and the EU signed a **stepping-stone Economic Partnership Agreement (EPA) or interim EPA (iEPA)**. The European Parliament approved this agreement on 13 June 2013 and the Parliament of Cameroon ratified it on 22 July 2014. On 4 August 2014, the agreement entered into provisional application. Being a regional agreement, the EPA is open to the accession of other Central African countries.

The iEPA immediately provides Cameroon with duty-free quota-free access to the EU market for all products originating from Cameroon. This benefits, among others, exports of Cameroonian bananas, aluminium, processed cocoa products, plywood and other fresh and transformed agricultural products.

For its part, Cameroon is opening its market to EU imports gradually, over transitioning periods. **Cameroon will progressively reduce its tariffs on 80% of EU imports to reach 0% by 2029.** This targeted elimination of import tariffs will help Cameroon's local producers to develop their production and become more competitive, and indirectly, it will benefit local consumers.

To ensure the protection of certain **sensitive agricultural markets and industries**, but also to maintain fiscal revenues, the EPA allows Cameroon to maintain tariffs on 20% of goods originating from the EU (such as meat, wines and spirits, malt, milk products, flour, fruit and vegetables, wood and wood products, used clothes and textiles, paintings, and used tyres).

The first **joint monitoring report of the EPA**, covering the years 2014-2019, was adopted in 2021 and is publicly available.¹¹⁵ The second report is set to become available in 2024.

Further progress was made in 2023, on Cameroon's **tariff dismantling** under the EPA, which continues to be on track.¹¹⁶ It started in August 2016 for products listed in group 1 (1727 tariff lines), in 2017 for group 2 (985 tariff lines), and in 2021 for group 3. The two first groups mainly consist of essential items that are often used as inputs for industrial processes in Cameroon or consumer products that are not found on the local market, such as medicines and medical equipment, industrial and agricultural inputs, machines, chemicals, spare parts for vehicles, computers, and paper. The third group includes a number of products, such as cars, on which Cameroon and the Central African region have traditionally charged the highest duties.

As of August 2023, import duties for all products of group 1 and 2 are now fully removed and tariffs on products of group 3 are reduced by 40%. The Market Access Offer has been updated

¹¹⁵ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/f27fa117-7fdd-46ad-bb54-79b621d899c6/details>

¹¹⁶ Following a temporary unilateral suspension of EPA dismantlement by Cameroon in the wake of COVID-19 outbreak in 2020, the process returned to its initial schedule with a tariff cut in January 2021 and August 2021.

to reflect the latest international customs nomenclature HS2022 and is available on DG TRADE website.¹¹⁷ Cameroon and the EU are actively monitoring the effects of the agreement.

Awareness raising around the EPA and the **improvement of the business environment** in Cameroon, including conditions for foreign direct investment, are key for the EPA to deliver its full benefits. For that reason, in 2023 **the EU has been intensifying its communication and outreach efforts** and the EU and its Member States have also been supporting the creation of a **European Business Organization (EBO)**. The organization received an authorization of the government of Cameroon to operate under Cameroonian law in February 2023. Once fully operational, the EBO Cameroon is expected to contribute to attracting foreign investment and fostering a private-public dialogue in Cameroon to the benefit of all market operators.

2. MAIN IMPLEMENTATION ISSUES

2.1 Market access: Progress and outstanding issues

The **7th EPA Committee** was held on 5-6 July June 2023 in Yaoundé, Cameroon.¹¹⁸ During that meeting, the parties discussed the following topics among others:

- **Specific fiscal measures** (excise duties as well as a range of new export taxes) adopted by Cameroon on imported products, since 2020, in contradiction to EPA commitments, that are affecting trade and are imposed every year on an increasing number of products. The EU side called on the Cameroonian side to repeal these measures as rapidly as possible. Both sides agreed to reinforce their administrative cooperation on customs issues and to set up a subcommittee to deal with these questions.
- With regard to the protocol on rules of origin both sides agreed to speed up their internal procedures to ensure the protocol would be adopted as rapidly as possible.
- With regard to the study on the net fiscal impact of the EPA, both sides agreed to finalize it rapidly, notwithstanding disagreements on the methodology.
- The Committee exchanged views on the issues covered by the rendez-vous clauses in the EPA (e.g., trade in services and sustainable development), and agreed to organize technical information sessions on these matters.
- Both sides also discussed financial support for EPA implementation and decided to create a subcommittee on agricultural and rural development, in view of stepping up its dialogue on trade in agri-food products.

¹¹⁷ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/31a1603d-10ee-4c44-85e8-50c6d166e848/details>

¹¹⁸ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/53b015da-ac93-42f2-9d1f-6f6f81d44389/details>

2.2 Trade and sustainable development

The EPA with Cameroon does not currently include a dedicated chapter on trade and sustainable development.

The Parties continue to cooperate on matters related to trade and sustainable development through different channels. For instance, **Cameroon is party to a Voluntary Partnership Agreement**, which is a key component of the EU Forest Law Enforcement, Governance and Trade (FLEGT) Action Plan¹¹⁹.

The **Samoa Agreement** that replaced the Cotonou Agreement as the framework for the EU relationship with ACP countries includes robust commitments on trade and sustainable development, also creating a basis for further collaboration on these issues.

At the 7th **EPA Committee** the EU **informed about the upcoming EU requirements on company due diligence and deforestation** prevention, and the EPA Committee took the decision to operationalise the EPA subcommittee on agriculture and rural development to step-up the dialogue related to trade in agri-food products. Exchanges took place on the EU Deforestation- free Products Regulation and the role of the Sustainable Cocoa Initiative in facilitating compliance with the forthcoming EU legislation.

The Sustainable Cocoa Initiative

The EU and Cameroon are also engaged in a dialogue on sustainable cocoa.¹²⁰

Cameroon joined the **Sustainable Cocoa Initiative** in 2021 (initially as an observer, now as a full member) and conducted a parallel **dialogue at national level** to discuss a number of topics that are key to making the Cameroonian cocoa production more sustainable. Those included sustainable prices, traceability, forest management, child labour and standards. The last out of six technical meetings within the formal dialogue took place in March 2023. To take stock of the local cocoa dialogue, **12 actions on cocoa** were agreed in June 2023. Some of them have already started to be rolled out with the EU's support of EUR 2,5 million. These actions include, inter alia: the mapping of cocoa fields and their impact on forests, development of the "Technical Directive" designed to translate ARSO 1000 at national level, registration of cocoa producers and geo-referencing of cocoa parcels, training and communication activities on sustainability issues in the cocoa sector, study on the living income gap of cocoa producing households, development of a customizable digital traceability solution for SMEs and preparation of the relevant national databases.

In 2023 the EU and Cameroon continued their **dialogue on sustainability of the cocoa supply chain and worked on the implementation of the Roadmap on Sustainable Cocoa** adopted

¹¹⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52003DC0251>

¹²⁰ With 6% of the global cocoa market, Cameroon is currently the 4th most important cocoa producer in the world and cocoa represents 12% to the country's overall exports.

by stakeholders in 2022. In this context, a dedicated Focus Group on Traceability and Standards met three times during 2023 (in March, July and October) and discussed traceability systems in Ghana, Côte d'Ivoire and Cameroon, the African Regional Standard for sustainable cocoa (ARS-1000) and state of play of the implementation of the EU Deforestation Regulation.

On 22 April 2024, the **World Cocoa Conference** took place in Brussels to take stock of progress made with the implementation of the Roadmap.¹²¹

Further work is ongoing to ensure Cameroon's preparedness in the wake of the new EU anti-deforestation requirements, including in the context of the 12 action points on cocoa and in the framework of the Sustainable Cocoa Initiative. In 2023 the joint priority of the parties was to continue support activities in Cameroon by the four implementing partners of the **Sustainable Cocoa Programme** (i.e. GIZ, FAO, European Forest Institute and JRC), managed by Brussels. Technical assistance focused on traceability, to help the Cameroonian cocoa sector to prepare for and meet the requirements of EU regulation adopted in the context of the Green Deal (e.g., the Deforestation-free Products Regulation¹²², which entered in force on 23 June 2023 and the incoming EU Corporate Sustainable Due Diligence Directive¹²³).

2.3 Technical assistance and cooperation

The **EPA's accompanying measures** are also an important factor to help Cameroon and its companies to make better use of the Agreement. This is being achieved through the deployment of technical assistance and financial support, including the following:

- EU technical assistance to evaluate the fiscal impact of the Agreement for Cameroon and to reform the Cameroonian fiscal system in a way to compensate for the loss of customs revenues;
- EU-funded EPA accompanying measures to support the local private sector, for instance as regards the adaptation of their capacity to develop solid business plans and increase their competitiveness (e.g., through the €10 Million EU programme *Dispositif d'Appui à la Compétitivité du Cameroun*);
- Activities by the European Investment Bank (EIB) increasing the capacity of local commercial banks (e.g., a EUR 54 million credit line to increase access to finance for local business);
- EU programmes supporting the adaptation of local producers to the EU sanitary and phytosanitary standards (e.g., the EU-financed COLEAD Fit-4-Market+ programme and an FAO-implemented Fish4ACP programme);

¹²¹ For more background information on the Sustainable Cocoa Initiative please see the dedicated box under the EU-Ghana EPA section.

¹²² <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32023R1115>

¹²³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022PC0071>

- EU and Member States' programmes supporting the development of sustainable production capacities of Cameroon's agri-food and timber sectors (including through programmes, implemented by GIZ, such as ABC PADER, Green Innovation Centers Pro-CISA, Forest and Environment Project- ProFE);
- The EU programme to support regional integration and investment in Central Africa (fr. *PAIRIAC*) includes EPA-dedicated funds.

The EU is also actively supporting trade infrastructures. For example, the construction of bridges on Cross River with Nigeria and Logone with Chad are nearing completion and will facilitate regional trade.

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) BETWEEN THE EU AND THE EASTERN AND SOUTHERN AFRICAN REGION (ESA)

1. THE AGREEMENT

Pending a comprehensive Economic Partnership Agreement (EPA) with the full Eastern and Southern African (ESA) region, an **interim EPA (iEPA)** was signed in 2009 by four ESA countries (Madagascar, Mauritius, Seychelles and Zimbabwe). This iEPA is provisionally applied since 14 May 2012 by the EU and four EPA partners, while Comoros signed in 2017, ratified it in December 2018 and implements it since February 2019. These five countries are referred to as “ESA5”. Comoros, Zimbabwe and Seychelles have also ratified the EPA, while Mauritius and Madagascar provisionally apply it. Zambia had also initialled the iEPA and may decide to sign it in the near future. The agreement remains also open to other ESA countries.

The iEPA immediately offers duty-free and quota-free access to the EU market to ESA signatory countries, while providing for a gradual opening of ESA markets to EU imports, which can be done gradually according to transitioning periods.

Parties undertook further steps towards the development of a **common methodology aimed at finalising a monitoring and evaluation framework** for the iEPA, and consulted stakeholders from the public and private sector. This is an important step to define a joint understanding of progress made implementing the iEPA and to identify remaining challenges in order to be able to address them adequately.

Negotiations for the deepening of the Agreement progressed in 2023 and will continue in 2024.¹²⁴ Since the beginning of this process, **thirteen negotiation rounds took place**, eight of them by video conference due to the Covid-19 pandemic. In 2023, two negotiating rounds took place and the thirteenth round took place in March 2024. Once negotiated, the **modernised Economic Partnership Agreement** will include the following: modernised rules of origin; provisions on customs and trade facilitation; sanitary and phytosanitary measures; technical barriers to trade; trade in services, investment liberalisation and digital trade; transparency in public procurement; intellectual property rights; trade and competition; trade and sustainable development; partnership in agriculture; fisheries and aquaculture; dispute avoidance and settlement; institutional structure; and economic and development cooperation.

A **sustainability impact assessment**¹²⁵ looking into the impact of the new agreement has been conducted in parallel to the negotiations, with public consultations.

¹²⁴ In 2017, the then-four ESA partners (ESA4) implementing the Agreement requested to deepen it beyond trade in goods, in accordance with the ‘rendezvous clause’ embedded in the Agreement. In May 2019, the EU and ESA5 Countries (Madagascar, Mauritius, Seychelles, Zimbabwe and Comoros) agreed on a joint scoping paper that paved the way for the official launch of the negotiations in October 2019.

¹²⁵ https://policy.trade.ec.europa.eu/analysis-and-assessment/sustainability-impact-assessments_en

2. MAIN IMPLEMENTATION ISSUES

2.1 Market access: Progress and outstanding issues

The interim EPA offers duty-free, quota-free access for all imports from the ESA EPA States to the EU since 1 January 2008. The five ESA EPA States are in the process of opening their markets to EU imports in line with the individual tariff schedules of each ESA EPA State annexed to the interim EPA.¹²⁶

The **implementation of tariff dismantling schedules**, initially foreseen to start in 2012 (for ESA4), was **completed by Seychelles, Mauritius and Zimbabwe** on 1 January 2022 and by Madagascar on 1 January 2023, when the percentage of tariff lines fully liberalised for products originating in the EU reached 97.5% in Seychelles, 96.2% in Mauritius, 87% in Zimbabwe and 86% for Madagascar. Tariff commitments implementation encountered some difficulties in **Comoros**. A **catch-up scenario** was however agreed, and Comoros will complete its market access liberalisation schedule in the course of 2024, i.e., to reach the target of liberalising around 80% of their trade. The country needed two additional years (2024 instead of 2022) as it joined this agreement much later (in 2019) than the other four ESA partners.¹²⁷

In the context of **rules of origin implementation**, **Madagascar**, since 1st January 2023, and **Seychelles** since 1st July 2023 have ceased to issue movement certificates EUR.1 and are now using self-certification by exporters registered in the EU's **REX system**. **Mauritius** submitted a fifth consecutive request for derogation from the rules of origin for the importation into the EU of salted snoek manufactured from non-originating Barracouta. The EU, through the Commission Decision C(2023)7383 of 3rd November 2023, refused to grant the derogation.

The last **EPA Committee** was held in October 2022 and the next one is expected in the second quarter of 2024, where discussions will focus on agreeing on a monitoring and evaluation framework for the EPA, issues relating to both the current and the future deepened EPA and other issues of particular interest for ESA5 partners.

In 2023, parties undertook further steps towards the development of a **common methodology aimed at finalising a monitoring and evaluation framework** for the iEPA, and consulted stakeholders from the public and private sector. This is an important step to define a joint understanding of progress made implementing the iEPA and to identify remaining challenges in order to be able to address them adequately.

Dialogue with partner countries and EU development cooperation assistance are key elements to **support the implementation of the EPA**.

In 2023, the **EU Delegations** in the region maintained a **close dialogue with government and private sector on economic matters**, including on trade policy. In particular, missions to ESA5

¹²⁶ The ESA countries were not in a position to table a common regional market access offer and each country presented an individual offer based on its specificities.

¹²⁷ More details can be found here: http://trade.ec.europa.eu/doclib/docs/2012/march/tradoc_149213.pdf

countries allowed deepening the dialogue with authorities and private sector while also liaising with EU Member States on the ground. Other examples are:

- at ESA5 level, Market Access Team meetings in 2023, comprising EU Member States representatives and EU Business associations, were organised by the EU Delegation in Mauritius to **exchange information on trade policy and enquire on trade barriers**.
- In Comoros, the EU Delegation contributed substantially to strengthening the **public private dialogue**. Besides, the EU organized seminars on AfCFTA for the public and private sector. Dialogue continued with the Ministry for Economy, especially on the **tariff dismantling schedule** and the relevant **transposition of the tariff codes** that was completed end-2023.
- In Madagascar, the EU Delegation continued its close dialogue with both the private sector and the public authorities, in the framework of the CLIM-INVEST cooperation programme, with a focus on optimising the **public-private dialogue** and the role of **digitalisation** in the strengthening of the business environment.
- In Mauritius, a general **diagnostic of export bottlenecks for SMEs** and a related training needs analysis was carried with a view to provide support to individual companies.
- In Seychelles, the EU participated in an event to showcase the **incubators** achievements, in the validation workshop on the Seychelles **National Action Programme on Investment** and in the launch of the digitalized **Port Management System**.
- In Zimbabwe, the Zimbabwe International Trade Fair 2023 was an occasion to highlight the benefits and **opportunities offered by the iEPA** and discuss the **EU Deforestation-free products Regulation**. Discussions continue between DG SANTE and the National Plant Protection Organisation of Zimbabwe in view of resuming the export of citrus.

2.2 Trade and sustainable development

The iEPA does not include a dedicated chapter on trade and sustainable development. However, in the course of the ongoing negotiations to deepen the Agreement, the Parties are committed to an ambitious **Trade and Sustainable Development chapter**, in line with EU trade policy.

The Samoa Agreement that replaced the Cotonou Agreement as the framework for the EU relationship with ACP countries includes robust commitments on trade and sustainable development. They also create a basis for further collaboration on these issues.

2.3 Technical assistance and cooperation

In 2023 several **EU development cooperation programmes** linked to the EPA continued their activities. These programmes aim to facilitate tax and customs reforms, improve the business environment and improve ESA States' competitiveness:

- The **Fit For Market+** (FFM+) provides support to the horticultural sector in ACP countries, including ESA5, and aims to maintain and improve access to domestic, regional and international markets and enhances support capacities of competent authorities.
- The **11th European Development Fund** (2014-2020), whose related projects are still ongoing, earmarked EUR 10 million for each of the four initial signatory countries and EUR 6 million for Comoros to help them **implement the iEPA**.
- The APILE project¹²⁸ in Comoros aims at improving private sector competitiveness, strengthening the business environment and structuring the public-private dialogue. The PAGF project¹²⁹ in Comoros aims at enlarging the fiscal basis in order to compensate for customs revenues loss due to Comoros Tariff liberalisation in the context of the iEPA.
- Technical assistance to Mauritius planned in 2024 to implement a GI framework as well as technical support to the Mauritius Intellectual Property Office and private sector associations.
- The PADEIR programme in Madagascar,¹³⁰ focuses on facilitating exports and strengthening the competitiveness of the information, communications and technology (ICT), tourism, agribusiness (organic products) and textile sectors.
- The EU assisted the Seychelles in developing a standardisation strategy to improve transparency and openness in the standardisation processes. Besides, the creation of a private sector-led business incubator facilitated the emergence and growth of businesses.
- In November 2023 Zimbabwe came to the end of implementation of the EPA implementation programme, which in 2023 focused on trade facilitation projects (e.g. improving border traffic management systems).

¹²⁸ [APILE Project - Support to Industrialisation and Free Trade](#)

¹²⁹ [PAGF Project - Support Programme for Finances Management](#)

¹³⁰ [PADEIR Project - Support Programme for Development of Exports and Regional Integration](#)

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) BETWEEN THE EU AND CARIFORUM

1. THE AGREEMENT

The **Economic Partnership Agreement** (EPA) between the EU and CARIFORUM (“the Agreement”) is a regional trade and development Agreement between the EU and its Member States and 15 Caribbean countries. It entered into provisional application on 29 December 2008. By the end of 2023, the Agreement was provisionally applied by the EU and its Member States and by 14 Caribbean States¹³¹ while 26 EU Member States and 10 Caribbean States had ratified the EPA.¹³²

The Agreement includes provisions on trade in goods, trade in services, competition, innovation and intellectual property rights, government procurement and an important development component with the EU commitment towards fostering long-term sustainable economic growth in the Caribbean.¹³³ The EPA also has a number of specialized committees on agriculture and fisheries and customs and trade facilitation, the Services Committee set up officially in April 2024.

In general, the EPA has an asymmetric character. While the EU immediately offers duty-free and quota-free access to its market, the CARIFORUM partners have up to 25 years (until 2033) to complete import tariff cuts. They have excluded from these cuts around 17% of goods and services, which they consider sensitive.¹³⁴ The list includes fresh fruits and vegetables, most alcoholic beverages, some garments, a number of processed agricultural products, fish, meat, chemicals and furniture. Overall, only 25% of CARIFORUM's agricultural and fisheries products have been covered by liberalisation under the EPA.

In 2023, CARIFORUM partners progressed with the **implementation of their market access schedules for goods**. Currently six CARIFORUM States¹³⁵ report to complete a timely implementation of the full schedule of tariff liberalisation under EPA.

The EU is currently engaged with CARIFORUM in the **second five years' Joint Review process** of the EPA. The Review process should identify the key implementation challenges and provide joint conclusions and recommendations on the impact and future functioning of the EPA for the consideration of the next Joint Council.

¹³¹ Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. Haiti still needs to ratify the Agreement in parliament before applying it, due to domestic legal requirements.

¹³² On the Cariforum side, the ratification is pending by the Bahamas, Haiti, Jamaica, Suriname and Trinidad and Tobago; on the EU side, the agreement has not been ratified by Hungary only.

¹³³ More information: [Access2Markets The EU-CARIFORUM Economic Partnership Agreement \(europa.eu\)](https://europa.eu/Access2Markets)

¹³⁴ The Cariforum states submitted individual market access schedules and not one single regional offer. Hence figures and information provided here are an average over all 14 market access schedules.

¹³⁵ The Bahamas, Belize, the Dominican Republic, Guyana, Jamaica and Saint Lucia.

On the institutional side, the 7th Meeting of the **Consultative Committee** took place in Brussels in November 2023 focusing strongly on the green dimension.¹³⁶ The meeting of the **Trade and Development Committee** took place on 24 and 25 of April 2024 and the EU-CARIFORUM **Joint Council** in the second part of 2024. The Special Committee on Customs Cooperation and Trade Facilitation and the Special Committee on Agriculture and Fisheries did not meet during 2023.

For the Dominican Republic, **informal bilateral discussions** (“mesa del comercio” or “trade table”) are regularly held with the EU on all aspects of the trade dimension, including EU Green Deal legislation and support for its implementation.¹³⁷

2. MAIN IMPLEMENTATION ISSUES

2.1 Market access: Progress and outstanding issues

The currently ongoing implementation initiatives with the CARIFORUM Region under the EPA include:

- timely implementaton of tariff cuts by all CARIFORUM States and support to the implementation of the regulatory commitments under EPA;
- EU efforts to increase EPA utilization rates, transparency of applicable EPA rates and support to finalize the Harmonised System (**HS**) **transposition** (from 2002 to the 2022 HS nomenclature) of the market access offers by CARIFORUM, based on technical assistance offered by the EU. So far, HS transposition has been successfully finalised only by Dominican Republic;
- ongoing efforts to create the annual **Joint Monitoring Mechanism as mandated by EPA** – with a first pilot report to be avaialble early in 2024 based on the jointly available data;
- on-going negotiations on **Geographical Indications** (GIs);
- **review of the Rules of the Origin**, in standstill since 2021;
- establishment of a **Special Committee on Services**;
- increasing awariness and trasparency in the area of **TBT and SPS**;

¹³⁶ [Cariforum-EU Consultative Committee | EESC \(europa.eu\)](https://eesc.europa.eu/)

¹³⁷ Recent EU legislation such as the Regulation on Deforestation-free products directly affect Dominican Republic’s traditional agricultural exports such as organic products, cocoa and coffee.

- support to Intellectual Property Rights (IPR) enforcement and capacity based on cooperation tools.

The **Dominican Republic** is the most dynamic and economically the second most important partner in CARIFORUM considering total merchandise trade.¹³⁸ It is also the **most advanced in terms of EPA implementation and EPA performance**.

There are **some market access barriers** to solve by **Dominican Republic**, namely a discriminatory application of the VAT tax (ITBIS) on some imported food products (notably cheese, ham and canned vegetables). This issue was raised by the EU side in the relevant WTO Committees, such as the Market Access Committee and also under the WTO Trade Policy Review of the Dominican Republic in early 2023. There were concerns over the implementation of the fiscal control and traceability system for alcoholic beverages and tobacco (TRAFICO); however following interventions by the EU and Member States, Dominican Republic may consider abandoning the TRAFICO system for imported drinks. The application of a law requiring a local representation of foreign brands also persists as a problem.¹³⁹

With regards rules of origin, an implementation issue remains open with **Jamaica**, which is not accepting invoice declarations made out by EU approved exporters, thus limiting the choice of EU exporters on the proof of origin.

2.2 Trade and sustainable development

The EU-CARIFORUM EPA is the **first EU trade agreement with specific chapters on sustainable development and social aspects** (Chapters IV and V), which generally reaffirm the Parties' commitment to existing international conventions and agreements to conserve, protect and improve the natural environment, respect core labour standards, and to prioritise sustainable development. These commitments are further strengthened by a reference to the Samoa Agreement that replaced the Cotonou Agreement as the framework for the EU relationship with ACP countries, which includes robust commitments on trade and sustainable development.

In addition, in 2023, EU cooperation funds (see also further below) continued to support CARIFORUM states in implementing programmes related to sustainability, including with the Euroclima Programme which allowed for discussions at country level to identify concrete actions to be implemented, including in the area of climate adaptation, biodiversity and circular economy. Work has continued in Barbados, Dominica, Grenada, St. Vincent and the Grenadines in the field of renewable energy and **improvement of energy efficiency**. EU funds have also been geared towards water and solid waste management.

¹³⁸ The Dominican Republic accounts for 25.4% EU's trade with CARIFORUM. Its exports to the EU have increased steadily by more than 152% since the start of implementation in 2008 and bilateral trade has augmented 226% as a whole based on Eurostat data. Bilateral trade in 2023 reached to EUR 4.081 billion.

¹³⁹ [Access2Markets Barrier: Dealer Protection Law - discrimination \(europa.eu\)](https://ec.europa.eu/economy_finance/db_indicators).

2.3 Technical assistance and cooperation, promotion activities

While CARIFORUM States are facing important **capacity constraints**, some progress was achieved in 2023, notably on IPR legislative frameworks, TBT - especially conformity assessment and standards setting-, as well as the transparency of public procurement procedures. The EU development cooperation and support programmes played a key role in achieving these positive results.

Regional integration and support to improve the business climate remain important challenges and objectives for joint implementation work.

The findings of the **10-year Evaluation Study**¹⁴⁰ of the EU-CARIFORUM EPA and discussions held under the Review process led to the identification of **key implementation gaps and cooperation needs and capacity constraints** that should be further supported under the cooperation tools.

With regard to **TBT**, in 2023 the EU provided support to activities fostering new quality in several products' value chains (i.e. calibration of two regional laboratories, accreditation of conformity assessment bodies, certification of private sector entities in quality management, or the issuance new regional standards).

The EU also supported the implementation capacity of CARIFORUM States on **IPR and GIs** commitments under the CARIFI project implemented together with EUIPO.

In 2023 the **Commission engaged in activities** to raise awareness, provide business oriented information about the EPA, as well as to support business-to-business links, in particular under the two **tailored Policy Support Facility projects designed by DG TRADE together with the EU Delegations** in the region.

- The **EU Delegation in Barbados** together with DG TRADE implemented a regional FPI project aimed at raising EU business awareness. The project included the organisation of six sectoral business webinars and sectoral reports and brochures around specific trade and investment opportunities under the CARIFORUM EPA¹⁴¹.
- The **EU Delegation in the Dominican Republic in 2023** implemented a FPI-financed project to improve preference utilisation rates (PUR) by **EU exporters**. Moreover, since 2017, the Delegation organises the **EPA Awards Event** each year aimed at promotion of business opportunities under the EPA to European or Dominican companies for the

¹⁴⁰ Final report: https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159352.pdf

¹⁴¹ The results can be found on DG Trade website in the form of 6 sectoral reports and information brochures under: [EU trade relations with Caribbean countries \(europa.eu\)](https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159352.pdf)

best trade performance under EPA. Its 6th edition took place in December 2023 and included **an EPA prize category for fair trade**.¹⁴²

- With regard to business support and awareness building, **the EU Delegation in Barbados** continued to provide support to CARIFORUM exporters, business operators (especially MSMEs) and other stakeholders by raising awareness about EU rules on imports and EPA provisions with companies, Business Support Organisations, export agencies and local authorities by direct engagement in Investments and Business Fora and support to workshops regionally.

¹⁴² Video summary of the EPA awards event: <https://www.youtube.com/watch?v=sjeK6d0-9fs>
<https://www.youtube.com/watch?v=sjeK6d0-9fs> <https://www.youtube.com/watch?v=sjeK6d0-9fs>
<https://www.youtube.com/watch?v=sjeK6d0-9fs>

ANNUAL INFORMATION SHEET ON THE IMPLEMENTATION OF THE ECONOMIC PARTNERSHIP AGREEMENT (EPA) BETWEEN THE EU AND PACIFIC STATES

1. THE AGREEMENT

The EU is implementing an “**interim**”¹⁴³ **Economic Partnership Agreement (EPA or iEPA)** with Papua New Guinea since December 2009, with Fiji since July 2014 (i.e. the original signatories), and with Samoa and Solomon Islands since December 2018 and May 2020, respectively, following their accession to the Agreement. In 2023 **accession talks** progressed with Niue, Tonga and Tuvalu, while three more talks continue (Federated States of Micronesia, Timor-Leste, Vanuatu). Originally the EPA was supposed to be replaced by a comprehensive regional EPA with all Pacific States¹⁴⁴, however the negotiations were put on hold in 2016 mainly due to lack of progress and the withdrawal of Papua New Guinea from the negotiations. Currently, the preferred way forward is the geographical widening of the iEPA and later, increasing its scope.

The iEPA only covers trade in goods; it provides for **rules of origin for processed fisheries products** (mainly tuna), which are not provided for in any other EPA – the so-called “global sourcing” provision, which is intended to boost development in the region. This allows -upon notification- that fish brought on-shore by foreign vessels and further processed in a Pacific EPA country can be exported to the EU duty-free and quota-free, regardless of where the fish was caught. This significant concession by the EU has boosted investments in the tuna cooking and canning industry, creating tens of thousands of new jobs in Papua New Guinea (since 2009) and Solomon Islands (since 2020).

2. MAIN IMPLEMENTATION ISSUES

2.1. Market access: progress and outstanding issues

In 2023, all exports from Papua New Guinea, Fiji, Samoa and Solomon Islands continued to enter the EU market duty-free and quota-free on a permanent basis.

On the implementation of the **tariff liberalisation** under the interim EPA, taking full account of differences in development levels and sensitive sectors, Papua New Guinea has liberalised 88% of imports from the EU since 2008, Fiji undertook to liberalise 87% over 15 years, Samoa will liberalise 80% over 20 years and Solomon Islands will liberalise 83.5% over 18 years.

The **9th EU-Pacific Trade Committee** under the EU-Pacific interim Economic Partnership (iEPA) took place from 6-7 February 2024, in Apia, Samoa, bringing together Senior Officials

¹⁴³ The title “interim” has lost much of its meaning, as this EPA is being transformed into a definitive one, with more and more countries in the region choosing to **accede** to it rather than seeking to continue the regional negotiations as a block for a “full” EPA with all the 14 countries in the region.

¹⁴⁴ Regional negotiations involved 14 Island States: Fiji, PNG, Samoa, Solomon Islands, Tonga, Vanuatu (all 6 currently WTO members), Cooks Islands, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, Niue, Palau and Tuvalu (all 8 are neither WTO members nor observers). To note: **Timor-Leste** is part of the Small Pacific Islands group of ACP States, signatory to the Cotonou Agreement, but was not part of the regional EPA negotiations as it is not a member of the Pacific Islands Forum with which negotiations were carried out.

from Fiji, Papua New Guinea, Samoa, Solomon Islands and the EU (the Parties to the Agreement).¹⁴⁵ Owing to their notification of intent to **accede to the iEPA**, six Pacific States (namely Tuvalu, Niue, Tonga, Timor-Leste, Vanuatu and the Federated States of Micronesia) were invited to participate in the Committee meeting as observers.

During this EPA Committee, the Parties reviewed the following issues:

- the state of play of the ongoing **study on trade in services** and investment facilitation;
- recent developments in bilateral **trade in agriculture**;
- update to the Pacific **Regional Kava Development Strategy** (endorsed by the Pacific ACP Trade Ministers in October 2023), which *inter alia* seeks to improve the capacity to access the EU market and to promote Kava as geographical indication.

The EU and the Pacific EPA partners also agreed on the mechanism of a **Joint iEPA Monitoring and Evaluation (M&E)**, which aims *inter alia* to involve civil society in the M&E of iEPA implementation, including the achievement of trade and sustainable development objectives. The Parties agreed to prepare the first draft Joint Monitoring Report for consideration at the next Trade Committee in 2025.

In relation to **institutional matters**, the Parties endorsed the Proposal for a **Trade Committee Decision** amending the Agreement to take account of the accession of the six acceding Pacific States. Parties also exchanged views on:

- ways of **operationalising the Rules of Procedure (RoP)** of the Trade Committee taking account of the accessions;
- the draft Decisions for the RoP of the Dispute Settlement and Code of Conduct for Arbitrators and Mediators and the nomination of individuals with the view to establishing a **list of Arbitrators** under the iEPA;
- the adoption of the **iEPA Decision concerning technical amendments to Protocol II**¹⁴⁶.

Concerning broader issues, the Parties underscored the importance of the **Samoa Agreement**, under which they have committed to support the implementation and functioning of the existing iEPA and underlined the importance of the rules-based multilateral trading system and the need to collaborate to ensure a successful **WTO MC13**.

Finally, each Pacific iEPA Party presented its **National iEPA Implementation Plan of Actions**.

¹⁴⁵ <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/4796576b-3289-4def-b5d4-8cd9ed15f8ee/details>

¹⁴⁶ Protocol II concerns the definition of the concept of "originating products" and methods of administrative cooperation between the Parties.

2.2 Trade and sustainable development

The Pacific EPA does not include a chapter on trade and sustainable development (TSD). Nevertheless, the EU and the Pacific States are cooperating in the framework of the Samoa Agreement, which replaced the Cotonou Agreement as the framework for the EU relationship with ACP countries. The Samoa Agreement includes robust commitments on TSD which also create a basis for further collaboration on these issues.

The importance of the **Samoa Agreement** for trade and sustainability matters was reiterated by the Parties in the context of the **Trade Committee** of 6-7 February 2024, where the Parties also decided to discontinue the work on the **Joint Declaration on TSD**, as its content has been superseded by the provisions on TSD in the Samoa Agreement. These TSD provisions of the Samoa Agreement will guide the implementation of the iEPA, so that trade can play its role as a positive force for a green and just transition, with climate change being a matter of highest priority for the region.

2.3 Technical assistance and cooperation

Development cooperation is crucial in order to assist the Pacific States to meet some specific **EPA implementation needs** and to improve their capacity to export. The EU continued to play an active role to support trade relations with the Pacific, particularly through **four combined trade-related assistance actions** funded under the Pacific Regional Integration Support Programme (PRISE) and the Pacific-EU Marine Partnership Programme (PEUMP). Through these actions¹⁴⁷ implemented by international (UNCTAD) and regional organisations (Pacific Islands Forum Secretariat, Secretariat of the Pacific Community, Forum Fisheries Agency), Pacific States benefited from complementary activities supporting the implementation of the EPA and new accessions to it and better awareness of EU preferential trade schemes and market access requirements. Assistance (which may be extended until 2026) included the following amongst others in helping the Pacific countries:

- to formulate and implement **national EPA implementation plans** (Fiji, Papua New Guinea, Samoa, Solomon Islands) and accession proposals (Timor-Leste, Tonga and Tuvalu);
- to address **sanitary and phyto-sanitary requirements** (e.g. coconut, coffee, kava and turmeric value chains);
- to harmonise **customs operations** at regional and national levels (ASYCUDA and single windows), and identify non-tariff measures (TRAINS portal);
- to implement the EPA and **WTO trade facilitation** commitments.

¹⁴⁷ Namely: SPIRIT-Strengthening Pacific Intra-Regional and International Trade; SAFE-Safe Agriculture Trade Facilitation in the Pacific; IMPACT-Improving Pacific Islands Customs and Trade; and PEUMP SFM-Sustainable Fisherman engagement).

Annex

New barriers registered in 2023

Nr	A2M ID	Title	Country	Sector
1	17722	Non-acceptance of preferential origin statement	Algeria	Horizontal
2	17502	Cameroon import and export taxes	Cameroon	Horizontal
3	17662	Luxury Tax on vehicles, boats and aircraft	Canada	Automotive
4	17542	Export restrictions for artificial graphite products by China	China	Mining
5	17602	Excessive delays in the registration of pharmaceutical products by INVIMA	Colombia	Pharmaceuticals
6	17562	lack of application of the regionalisation principle for Avian influenza	Colombia	Agriculture and Fisheries
7	17762	Temporary restriction of import of certain medicines	Gabon	Pharmaceuticals
8	17742	Standards and labelling programme for tyres	India	Automotive
9	17702	EUR.1 certificate requirement for exports to Jordan	Jordan	Horizontal
10	17642	Revision of the Regulations on Alcoholic Beverages in Malaysia	Malaysia	Wines & Spirits
11	17442	Import and commercialisation prohibition of heated tobacco products	Mexico	Other Industries
12	17462	Requirement to sign and stamp origin declarations by customs authorities	Morocco	Horizontal
13	17982	Export ban on Norwegian Atlantic farmed salmon (production grade)	Norway	Agriculture and Fisheries
14	17582	Ban of EU live horses due to surra (Trypanosoma evansi (Surra) detection	South Africa	Agriculture and Fisheries
15	17622	Trade restrictions due to non-recognition of EUs regionalisation measures	Taiwan	Horizontal
16	17482	Mandatory licences for import of certain products	Tunisia	Agriculture and Fisheries

Barriers resolved (fully/partially/temporarily) in 2023

Nr	A2M ID	Title	Country	Sector	Progress
1	12700	Non-automatic import licences	Argentina	Other Industries	Resolved
2	14523	Backlog of market access applications	Australia	Agriculture and Fisheries	Partially resolved
3	15522	Registration and listing of establishments exporting food and drink products to China (Decree 248)	China	Agriculture and Fisheries	Resolved
4	10789	Longstanding and unjustified import ban on EU Bovine products thereof due to BSE.	China	Agriculture and Fisheries	Partially resolved
5	17942	cost of plant risk assessment and verifications	Colombia	Agriculture and Fisheries	Resolved

6	17202	lack of progress on export applications of fresh animal products, certificates and on the registration of list of pre-approved establishments (Pre-listing)	Costa Rica	Agriculture and Fisheries	Partially resolved
7	16222	taxation on imported beer	Costa Rica	Wines & Spirits	Resolved
8	17382	backlog of applications of plant products	Ecuador	Agriculture and Fisheries	Resolved
9	17522	Regionalization (lack of), country-wide bans imposed by Ecuador	Ecuador	Agriculture and Fisheries	Resolved
10	15796	Several measures on imports related to Covid-19	Egypt	Horizontal	Resolved
11	10709	Restrictions on imports of plants and plant products (alternatives to methyl bromide) - Slow and uncertain pre-shipments' process	India	Agriculture and Fisheries	Partially resolved
12	16144	Quality Control orders in the automotive sector (wheel rims, safety glass, two-wheeler helmets and Brake linings)	India	Automotive	Partially resolved
13	13542	Fees for desk evaluation and audit in relation to Member States export applications	Indonesia	Agriculture and Fisheries	Resolved
14	15324	Member States applications on beef and ban due to Bovine Spongiform Encephalopathy (BSE)	Japan	Agriculture and Fisheries	Partially resolved
15	16382	Japanese regulations related to off-shore wind power market	Japan	Services	Partially resolved
16	15882	Mandatory vehicle homologation	Kosovo (under UNSCR 1244)	Automotive	Resolved
17	14530	African Swine Fever: Country-wide ban on pigs and pig meat	Malaysia	Agriculture and Fisheries	Partially resolved
18	14303	Lack of regionalisation related to avian influenza	Malaysia	Agriculture and Fisheries	Partially resolved
19	16662	Amendments to the Domestic Trade Law	Moldova	Horizontal	Resolved
20	10282	Prohibition of foreign exchange for some sectors	Nigeria	Horizontal	Resolved
21	17242	Import restrictions for olive oil	Oman	Agriculture and Fisheries	Resolved
22	15482	lack of progress on export applications of fresh animal products and on the registration of list of pre-approved establishments	Panama	Agriculture and Fisheries	Partially resolved
23	17902	Delays in accepting certificates	Panama	Agriculture and Fisheries	Partially resolved

24	11411	Consular stamping requirements	Paraguay	Horizontal	Resolved
25	15962	Health Warning System Labelling	Peru	Agriculture and Fisheries	Resolved
26	18042	Undue delays on approval of certificates and prelisting for genetic material (bovine semen)	Peru	Agriculture and Fisheries	Resolved
27	14402	Ban on imports of pigs and pork products from several EU Member States due to African Swine Fever and poultry and poultry products due to Highly pathogenic avian influenza	Philippines	Agriculture and Fisheries	Partially resolved
28	17763	Import ban on the EU due Bovine Spongiform Encephalopathy on imports of bovine, ovine and caprine products	Saudi Arabia	Agriculture and Fisheries	Resolved
29	11840	IPR-Deficient Neighbouring rights for performers and phonogram producers	Singapore	Services	Partially resolved
30	13022	SPS measures following avian influenza outbreaks in the EU	South Africa	Agriculture and Fisheries	Partially resolved
31	17582	Ban of EU live horses due to surra (Trypanosoma evansi (Surra) detection	South Africa	Agriculture and Fisheries	Resolved
32	12740	Non- recognition of EU 's regionalisation measures implemented due to African Swine Fever and Avian Influenza	South Korea	Agriculture and Fisheries	Partially resolved
33	10761	Slow procedures on applications to allow import of animal and plant products.	South Korea	Agriculture and Fisheries	Partially resolved
34	10760	Import ban due to Bovine Spongiform Encephalopathy (BSE)	South Korea	Agriculture and Fisheries	Partially resolved
35	11600	Cumbersome and undue delays of import application procedures	Thailand	Agriculture and Fisheries	Partially resolved
36	12902	Discriminatory treatment between Turkish and EU-produced of tractors	Turkey	Automotive	Resolved
37	14822	Amendments to the Cosmetic legislation	Turkey	Cosmetics	Resolved
38	17422	Slaughtering conditions for animals according to Islamic rules	United Arab Emirates	Agriculture and Fisheries	Resolved
39	10783	Slow procedures on applications to allow import plants and plant products.	United States of America	Agriculture and Fisheries	Partially resolved
40	13922	Pharmaceuticals - registration of drugs and procurement rules	Vietnam	Pharmaceuticals	Partially resolved
41	12168	Pharmaceuticals: Trading Rights & Data Exclusivity	Vietnam	Pharmaceuticals	Resolved

