EUROPEAN
COMMISSION

Brussels, 15.11.2023
COM(2023) 740 final

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

{SWD(2023) 740 final}

EN EN

CONTENTS

I. Introduction ... 2

I.1 Executive summary ... 2

I.2 Scope of this report ... 8

II. Making full use of the opportunities provided by EU trade agreements ... 10

II.1 Trade with preferential partners - main developments in 2022 ... 10

II.2 Advancing implementation of EU trade agreements in Asia, The Americas, the Neighbourhood and the African, Caribbean and Pacific countries ... 16

III. Helping small and medium-sized enterprises to find their place in global trade ... 28

IV. Addressing barriers and finding solutions ... 33

IV.1 State of play and removal of trade barriers ... 33

IV.2 The Single Entry Point ... 41

V. Bilateral and multilateral enforcement of trade commitments: resolving disputes ... 43

V.1 Use of dispute settlement ... 43

I. Introduction

I.1 Executive summary

The **EU's network of 42 preferential trade agreements** opens markets and opportunities for EU business, particularly the 670 000 small and medium-sized enterprises (SMEs) that export outside the EU, to trade and invest under more predictable and transparent commercial conditions. The agreements connect Europe to growth poles outside the Union where 85% of growth is expected to come from in 2024. **EU goods trade with its 74 preferential partners**[1] represents 44% of EU external trade (EUR 2 434 billion in 2022, up from EUR 1 891 billion the year before). EU services trade with preferential partners reached EUR 901 billion in 2021, representing 46% of total EU services trade (EUR 2 012 billion).

EU trade agreements have a positive long-term impact: over the past decade they have helped the bloc maintain a relatively stable share of 16-17% of world trade in goods and services. The EU remains the largest trading bloc, despite a changing global economy and the rise of China, with an unprecedented network of agreements not replicated by other developed economies. The difference trade agreements make can also be seen from examples in the **Far East** and **Latin America**.

- While the EU was able to increase its share in *South Korean* imports as a result of their trade agreements, Japan continued trading under WTO conditions and has seen its trade with South Korea decline by 8% over the past decade.

- In *Latin America*, the EU's share in imports of its preferential partners remained relatively stable (around 11%) between 1994 and 2021. This was not the case for non-preferential partners, with whom the EU's share fell from 35% to 20%.

Some of the **more recent EU trade agreements**, such as those with South Korea, Canada and Vietnam, have been supporting EU export growth, with sizeable growth for some of the most successful sectors during their life span:

- ✓ EU goods exports to *South Korea* have grown at a yearly average of 6% since 2012 and cars and parts by 217% over the whole period;
- ✓ EU goods exports to *Canada* have grown at a yearly average of 7.7% since 2018 and dairy products by 54% over the whole period;

[1] There are more partners than agreements, given that many of them are with several countries (e.g. the EU's Economic Partnership Agreements (EPAs) with the African, Caribbean and Pacific partners or the trade agreement with Central America; see also Commission Staff Working Document - Individual information sheets on implementation of EU Trade Agreements - ***SWD(2023) 740;*** https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/e0e79f42-9797-4d5d-a5c3-f00eb26b8676/details

- ✓ EU goods exports to *Vietnam* have grown at a yearly average of 20% since 2020 and pharmaceuticals by 152% over the whole period.

In 2022, **trade between the EU and its preferential partners** (*excluding trade in energy products*) **grew faster** i.e. by 21.2 % or EUR 366 billion, than EU trade with partners without an agreement, which grew by 18.9%. Total trade with the top 20 EU preferential partners grew by almost 30% on average in 2022, despite the economic and geopolitical challenges. Preferential trade agreements are helping EU business access foreign markets.

At the same time, EU trade agreements also help **EU exports become more resilient** to geopolitical shocks (such as Russia's unprovoked and unjustified war of aggression against Ukraine and resulting decision to terminate EU dependencies from Russia) by helping businesses to diversify and find new markets. Between 2021 and 2022, EU exports of sanctioned goods to Russia decreased by EUR 27 billion, while EU exports of the same goods to preferential partners increased by EUR 174 billion. A concrete example is the sector of machines and mechanical appliances, where EU exports to Russia decreased by 53% or EUR 14 billion in 2022. The loss of the market was absorbed by an increase of EU exports to preferential partners (15% or EUR 34 billion), in particular Mexico (+32%), Türkiye (+27%) and Canada (+28%). Trade agreements also reduce over-dependencies in strategic and critical products on any single destination.

In addition, **EU trade agreements also play an important role for imports,** by providing reliable access to inputs that the EU needs for its economic growth. The implementation of negotiated commitments and partnerships developed with source countries help **solidify supply chains** and **diversify sources of imports,** thus reducing the EU's overall dependencies on third countries, as is the case for critical raw materials and energy products. For example, EU imports from Canada increased by 25% over the past year, facilitated by the Comprehensive Economic and Trade Agreement (**CETA)** with the country, mostly covering raw materials and energy products that have helped the EU diversify away from Russia. EU imports of critical raw materials essential for the green transition and European production rose on average by 56%[2], compared to growth of only 25% of these materials from outside the EU. EU imports from Canada of petroleum oils (HS 27) almost doubled from EUR 2.0 billion in 2021 to EUR 3.8 billion in 2022.

The effectiveness of EU trade agreements depends in large part on their **implementation and enforcement**, and on ensuring trading partners respect their commitments. Preventing both new obstacles to trade and investment and removing existing ones remains a priority.

In this regard, **early identification** of the problems stakeholders encounter in third-country markets is essential. The creation in 2020 of the **Single Entry Point**[3] is helping businesses report to the Commission (alleged) barriers to market access or infringements of trade and sustainable development commitments. This helps the Commission to assess and, where

---

[2] When comparing pre-CETA (2016) to post-CETA (2022).

[3] https://trade.ec.europa.eu/access-to-markets/en/content/single-entry-point-0.

justified, follow-up with the respective partner countries accordingly. EU stakeholders reporting an (alleged) market access barrier in a third country market or an infringement of sustainability rules related to Trade and Sustainable Development or the General System of Preferences benefit from a **one-stop shop**. Since its launch in November 2020, this has led to over 90 external complaints, of which more than 30 concerned new trade barriers, which have since been registered and published on Access2Markets[4] and are being followed up by the Commission with partner countries concerned. Two complaints covered alleged infringements of trade and sustainable development provisions, where the Commission also updated its guidance to increase transparency and predictability for stakeholders, setting out the specific timelines it works with – up to 120 days – to make an initial assessment and to identify and pursue appropriate steps, with further clarifications who can bring complaints.

When **tackling obstacles to trade**, the Commission relies on continuous engagement with trading partners **within the structures** (e.g. committees and working groups) established under EU bilateral trade agreements and at the WTO. A recent example of the mobilisation of bilateral structures was the elimination in 2022 of barriers to the import of **EU pharmaceuticals to Vietnam**, worth EUR 1.5 billion a year, achieved in close cooperation with Member States and EU industry. This built on bilateral engagement in the relevant committees set up in the EU-Vietnam trade agreement. A recent example of *barrier prevention* by mobilising the *WTO structures* was Egypt's adjustment – following discussions with EU industry associations and at the WTO Technical Barriers to Trade (TBT) Committee – of planned rules for cosmetics, which would have created unnecessary complications for EU companies to enter the Egyptian market.

While most problems are removed by bilateral engagement with the partners, 2022 once again saw the EU initiate **legal enforcement** actions, in cases where other efforts had not yielded satisfactory results. Sometimes, taking the first steps in WTO dispute settlement suffices to focus minds towards a mutually satisfactory solution. This was the case for the legal dispute the EU launched in early 2022 against the United Kingdom, challenging the latter's discriminatory **domestic subsidy scheme for wind energy**. The scheme contained a local content criterion favouring products originating in the United Kingdom over imported products and hence incentivising EU and UK businesses either to source or invest locally. Only 4 months after the EU asked for consultations at the WTO, the parties struck an agreement settling the dispute, securing a level playing field for EU suppliers.

At the **WTO**, apart from the dispute mentioned above with the United Kingdom, the **EU launched** three other **WTO disputes,** two against *China*, related to discriminatory trade practices for goods and services from Lithuania and measures affecting the protection and enforcement of intellectual property rights (IPR), respectively, and one against *Egypt*. In the latter case, partial progress was made as *Egypt* committed to improving the import registration process. The Commission is currently monitoring the situation. In addition, the EU **prevailed in four ongoing WTO disputes**: the binding and final awards in *Turkey – pharma* and

[4] https://trade.ec.europa.eu/access-to-markets/en/barriers

Colombia – frozen fries represented a broad victory for the EU. The Commission is now monitoring the losing parties' compliance with the panel rulings. In *India - ICT products* and *Indonesia – nickel ore export restrictions* the EU prevailed, leading Indonesia to appeal the panel report to the non-functioning WTO Appellate Body (an approach known as an 'appeal into the void'). The EU's Enforcement Regulation was amended at the beginning of 2022 to address precisely this type of situation. It now enables the EU to enforce international obligations to which fellow WTO members such as Indonesia and India have agreed when a trade dispute is blocked despite the EU's efforts to follow dispute settlement procedures in good faith.

In 2022, the EU also prevailed in its **bilateral dispute** against the *Southern African Customs Union* concerning restrictions on exports of frozen poultry, and made progress in settling certain aspects raised in its pending bilateral dispute against *Algeria* on import restrictions.

To preserve the adjudication and settlement of disputes at the WTO while the WTO Appellate Body remains dysfunctional, the EU successfully promoted WTO members' participation in the **Multi-Party Interim Appeal Arbitration Arrangement** (MPIA), set up as an interim solution until the WTO Appellate Body is functional again. Japan is the most recent participant and joined in March 2023, with the Philippines also in the process of becoming a member. The instrument was put to the test for the first time in the above-mentioned dispute against *Colombia* over the imposition of trade defence duties on frozen fries from Belgium, Netherlands and Germany.

The EU's efforts in tackling market access barriers in partner countries have proven to pay off: in 2022, EU exports to third countries were EUR 7 billion higher thanks to barrier-elimination work conducted between 2017 and 2021. The Commission succeeded in removing **31 trade barriers in 19 partner countries** worldwide, supported by Member States and stakeholders.

The Commission also continued to make business aware of the advantages trade agreements offer and how to use them, with particular focus on SMEs. The **Access2Markets** platform has attracted over five million unique visitors since its launch in October 2020. 70% of the users are based in the EU. Access2Markets has developed into a broader platform integrating several trade tools – in addition to information on importing and exporting goods, it also contains the new 'trade assistant' tool dedicated to services and investment for Canada and the United Kingdom. This has been consulted 9 000 times since its launch.

The Commission works in close partnership with other **EU institutions** to raise awareness of trade agreements and the actions taken to support their implementation and enforcement. In addition to the regular briefing to the **European Parliament** on different aspects of enforcement and implementation (such as the work between the Commission and EU Delegations in third countries or the integration of the TSD review conclusions into implementation of existing agreements), several MEPs have taken steps to promote market access work back in their home countries. Furthermore, the Commission increased concerted action **with Member States** to reach stakeholders on the ground, both in the EU and in partner countries (through a closer connection of EU Delegations with Member State embassies). As this report will show, collective efforts between the Commission, EU Delegations, Parliament and Member States not only improve the chances of removing market access barriers, but also prevent new ones from emerging. These joint efforts also helped to reach more stakeholders (in particular SMEs) and inform them on the opportunities EU trade agreements bring. Such opportunities relate to exports and imports at zero duty rate and with preferential access to sectors otherwise off bounds, and also to the opening of services and public procurement markets. Joint **Market Access Day** events in 2022 and the first half of 2023 took place in Hungary, Latvia, Sweden, France, Croatia, Czechia and Italy.

In June 2022, the Commission concluded its **Trade and Sustainable Development (TSD) review**[5], which brings strengthened implementation and enforcement of TSD provisions in 11 EU trade agreements with 18 partner countries, which have a TSD chapter.. The TSD Communication identifies policy priorities and key action points to further enhance the effectiveness of the current engagement-based approach to TSD, grounded in the international framework and standards, with stronger implementation and enforcement. In particular, the new approach includes the use of trade sanctions for breaches of core TSD provisions. This will be applied to future negotiations and to ongoing negotiations as appropriate.

In **Latin America**, for example, this new approach, together with a series of missions to the partner countries and regions, has enabled deeper and more direct engagement with the partners concerned and led Colombia and Peru to revise their respective labour codes.

Over the reporting period, among others, **core International Labour Organization (ILO) conventions** were ratified and entered into force in **Japan** on the Abolition of Forced Labour (No 105) and **South Korea** (on Freedom of Association and Protection of the Right to Organise (No 87), the Right to Organise and Collective Bargaining (No 98) and on Forced Labour (No 29).

Implementation of TSD commitments also meant further alignment of **domestic legislation** in partner countries with international norms. Here, the EU's work with **Vietnam** triggered an ongoing **broader reform of the Labour Code** to allow the setting-up of independent trade unions, while the EU's work with **Japan** helped shape Japan's guidelines on human rights due diligence, notably increasing the extent to which Japanese companies source responsibly and in line with international standards.

Domestic Advisory Groups (DAGs) established under the more recent EU trade agreements continued advising the Commission on the situation on the ground in partner countries. This enabled the Commission *inter alia* to flag and follow up on *Ecuador* restrictions hindering the work of trade unions in the banana sector. In the case of *South Korea*, the DAG brought the Commission's attention to alleged discrimination in South Korea against delivery workers. The Commission then raised this issue with South Korea in the context of the implementation of the expert panel's report in its bilateral dispute on labour.

[5] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022DC0409

Over the reporting period, DAGs continued to provide input to inform implementation work through **desk studies**, researching issues of fair trade in the Andean region and the institutional protection of platform work in South Korea.

The Commission finalised its preliminary analysis of the **first formal complaint on trade and sustainable development** received by the **Single Entry Point**. The complaint was filed by the Dutch NGO CNV Internationaal on behalf of trade union organisations in Colombia and Peru. The complaint concerns labour rights in the mining sector in Peru and Colombia.

As is the case for market access, the Commission, in the implementation and enforcement of *sustainability commitments*, maintains a fruitful dialogue with the EU institutions and Member States. In October 2022 the European Parliament adopted a Resolution6 on the TSD review, which welcomes the Commission Communication and takes note with satisfaction of the Commission's intention to reinforce TSD chapters of EU trade agreements. The Commission is also stepping up its engagement with its TSD Expert Group with Member States.

The Commission also continued, at a senior level, to engage with the **Economic and Social Committee**, particularly given the latter's role in supporting the DAGs. The third all-EU DAG meeting of 17 April 2023 involved 130 participants from 11 EU DAGs.

Last by not least, there were important developments in the completion of the EU's legislative toolbox. The EU in 2022 **adopted three new autonomous instruments** with an impact on trade. While these are not themselves tools to enforce negotiated commitments on trade, they allow the Union to act more effectively against economic coercion (the anti-coercion instrument) and to ensure or restore a level playing field (the International Procurement Instrument and Foreign Subsidies Regulation), filling a gap in the international rulebook.

- On 6 June 2023, Parliament and the Council reached an agreement on an **anti-coercion instrument**[7]. The new regulation will protect the interests of the EU and Member States in case of economic coercion – namely when a third country pressures the EU or a Member State into a particular choice, in any areas of their competence, through measures affecting trade or investment. A major objective of the regulation actually is to deter and prevent economic co-ercion. The new regulation also provides for international cooperation with regard to economic coercion. The new regulation is expected to enter into force in the fourth quarter of 2023.

[6] Resolution of the European Parliament of 6 October 2022: https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022IP0354

[7] https://policy.trade.ec.europa.eu/enforcement-and-protection/protecting-against-coercion/qa-political-agreement-anti-coercion-instrument_en

- The Regulation on the **International Procurement Instrument**[8] entered into force on 29 August 2022 and will, after an investigative stage, enable the EU to restrict access to the EU's procurement markets of suppliers from countries where similar access to their procurement does not exist. The Commission has published on the Access2Markets platform an online form Member States and industry can use to lodge complaints and, in the Official Journal, guidelines for contracting authorities and contracting entities on how to apply International Procurement Instrument measures.

- The **Foreign Subsidies Regulation**[9] entered into force on 12 July 2023, putting in place a new and comprehensive set of rules to address distortions generated by foreign subsidies granted to companies competing in the internal market or bidding for public sector tenders. This closes a regulatory gap in the EU's competition, public procurement and trade rules.

I.2 Scope of this report

This is the third consolidated **annual report**[10] on trade implementation and enforcement actions to ensure implementation and enforcement of multilateral commitments (WTO) and commitments enshrined in preferential bilateral trade agreements. It provides an overview of the main activities and achievements, steered by the Commission's Chief Trade Enforcement Officer (CTEO)[11] in 2022 and the first quarter of 2023.

The **accompanying staff working document**[12] contains additional information completing Section II.2 of the report on 39 of the EU's major preferential bilateral agreements.

The **Commission website**[13] has information complementary to this report on: (i) the evolution of EU trade with preferential partners in 2022; (ii) the use of tariff preferences by EU exports and imports per preferential trading partner, both for the EU and Member States; and (iii) the fill rates of tariff rate quotas.

While this report focuses on implementation and enforcement under EU trade agreements, it should also be seen in a broader context of economic security and enforcement activities in specific areas on which the **Commission reports separately**:

[8] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32022R1031

[9] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R2560&qid=1673254237527

[10] The second report was published on 11 October 2022 and is available here: Register of Commission Documents - COM(2022)730 (europa.eu)

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

[12] Commission Staff Working Document - Individual information sheets on implementation of EU Trade Agreements - ***SWD(2023) 740*** https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/e0e79f42-9797-4d5d-a5c3-f00eb26b8676/details

[13] Commission/DG TRADE; implementation and enforcement page: https://policy.trade.ec.europa.eu/enforcement-and-protection/implementing-and-enforcing-eu-trade-agreements_en

- the use of **trade defence instruments** (anti-dumping, anti-subsidies and safeguards), covered by the Commission's annual trade defence reports[14];

- monitoring and tackling of counterfeiting, piracy and other infringements of **intellectual property rights** (IPR), covered by the Commission's alternating biennial publications of the IPR Report[15] and the Piracy Watchlist[16];

- the **screening of foreign direct investments** and the **control of dual use exports**, which constitute the EU's strategic trade and investment controls for security (STICS), and which are covered by the Commission's annual reports on FDI screening[17] and on the Export Control Regulation (EU) 2021/821[18];

- the application of the **EU General Scheme of Preferences** (GSP) regime[19], covered by the Commission's GSP reports.

---

[14] 41st Commission report on trade defence, adopted 6 September 2023: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023DC0506&qid=1694161661994 and staff working document: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52023SC0287&qid=1694161661994

[15] The last report on the protection and enforcement of intellectual property rights (IPR) in third countries was published on 17 May 2023 and is available here: https://policy.trade.ec.europa.eu/news/commission-releases-its-report-intellectual-property-rights-third-countries-2023-05-17_en

[16] The latest Counterfeit and Piracy Watchlist was published on 1 December 2022 and is available here: https://policy.trade.ec.europa.eu/news/commission-publishes-latest-counterfeit-and-piracy-watch-list-2022-12-01_en

[17] Third Annual Report on the screening of foreign direct investments into the Union and staff working document of 19 October 2023: https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2023)590&lang=en

[18] Statistical update on dual-use export control (2021): COMMISSION-STAFF-WORKING-DOCUMENT-Statistical-update-on-dual-use-export-control-2021-2.pdf (europeansanctions.com)

[19] The last report on the application of the GSP Regulation: JOIN(2023) 34.

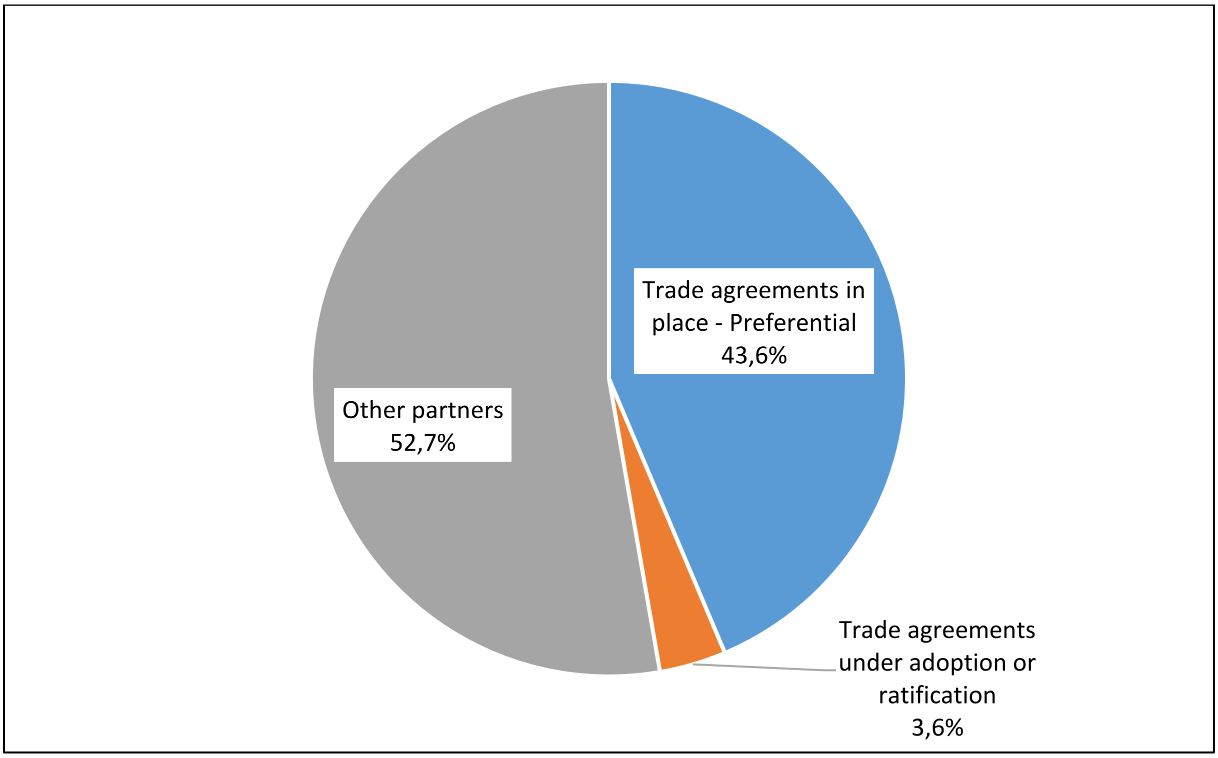
II. Making full use of the opportunities provided by EU trade agreements

II.1 Trade with preferential partners – main developments in 2022

In 2022, 44% of EU trade took place under preferential trade agreements…

EU trade in goods with its 74 preferential partners amounted to EUR 2 434 billion in 2022, covering 44% of total EU external trade[20]. EU exports to preferential partners reached EUR 1 254 billion and EU imports from the same set of countries amounted to EUR 1 180 billion. Adding agreements in the process of being adopted or ratified (3.6%)[21], the share of EU preferential trade would rise to more than 47%.

Figure 1: EU external trade (2022)



Source: Eurostat, Comext (extraction made in April 2023).

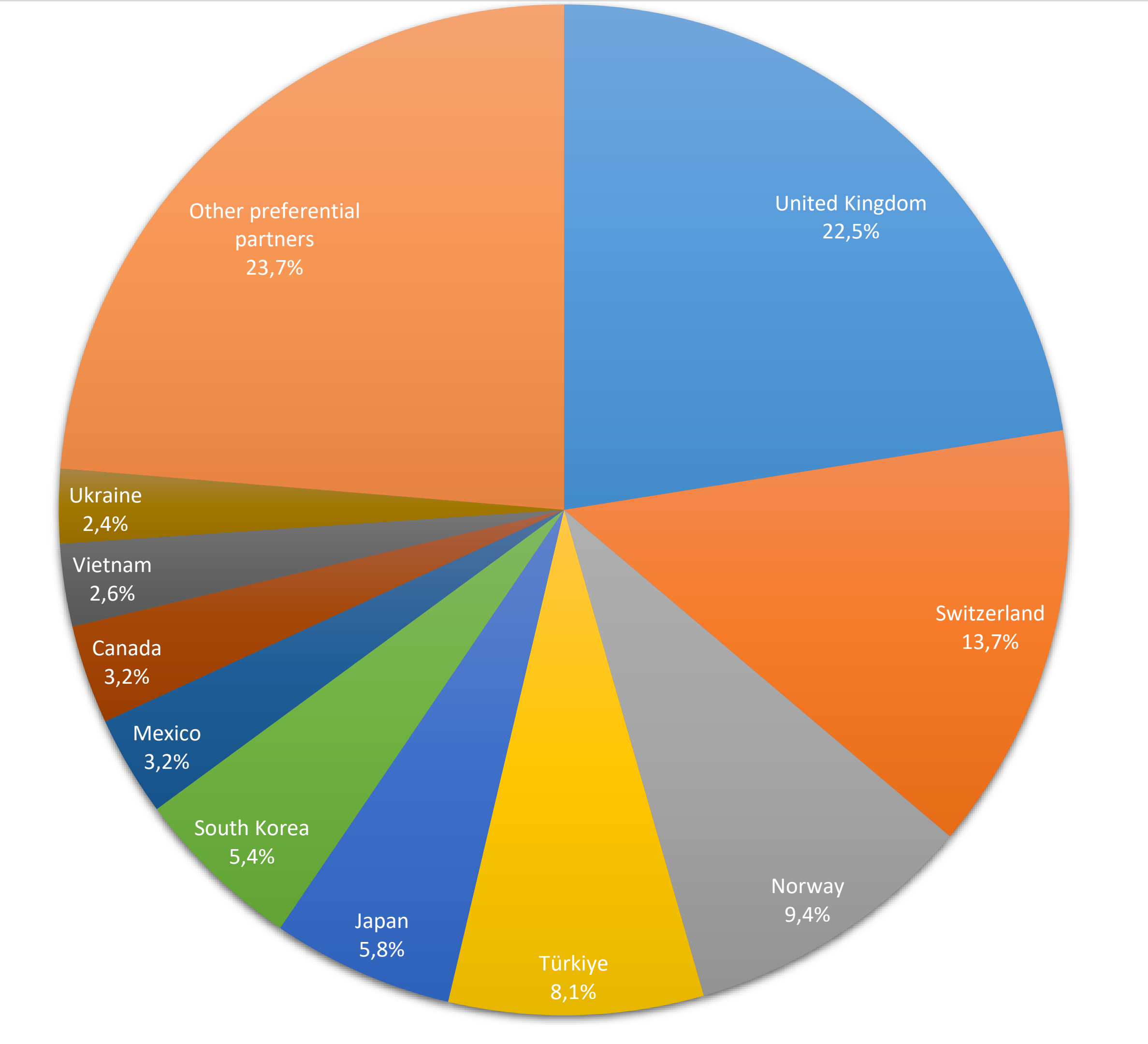
As shown by Figure 2 below, the United Kingdom remains the EU's largest preferential partner, accounting for 22.5% of EU trade with the 74 preferential partners, followed by Switzerland (13.7%), Norway (9.4%), Türkiye (8.1%) and Japan (5.8%). Together, these five partners accounted for close to 60% of EU preferential trade in 2022.

---

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

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

Figure 2: EU trade in goods by preferential partner (2022)



Source: Eurostat, Comext (extraction made in April 2023).

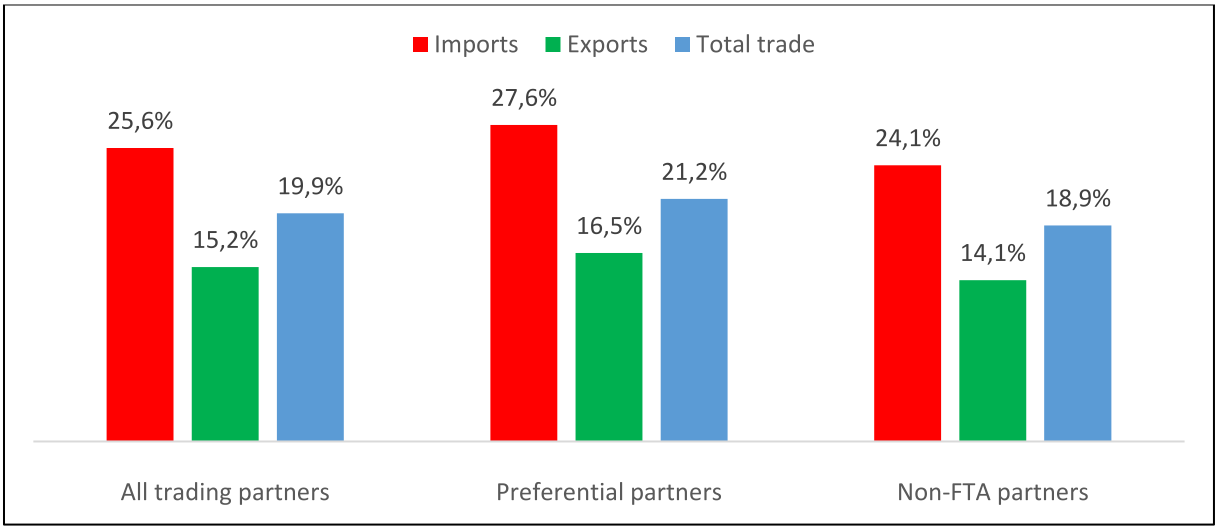
Looking at EU trade with the rest of the world in 2022, the United Kingdom remained the third largest trading partner overall, behind the US and China, while Switzerland comes fourth, followed by Russia. Norway, Türkiye, Japan, South Korea and India are in sixth to tenth place, ahead of Ukraine (the EU's 15th largest trading partner overall).

EU exports to Russia between 2021 and 2022 dropped by 38% in value terms (down from EUR 89 billion to EUR 55 billion) but were halved in terms of volume (down from 16 to 8 million tonnes). Over the same period, EU imports from Russia increased by 24% in value terms due to the strong increase in energy prices, while dropping by 33% in terms of volumes (down from 386 to 258 million tonnes). At the same time, imports of important inputs such as energy products and raw materials from EU preferential and other trading partners increased. For example, in the first quarter of 2023, Russia's share in EU imports of energy products was less than a quarter of the combined share of Norway, the United Kingdom and the US.

EU goods trade with preferential partners continued to grow more strongly than EU trade overall, when excluding energy products

As was the case for the period 2020-2021, between 2021 and 2022 trade between the EU and preferential partners grew more strongly by value (by 21.2%) than EU trade with non-preferential partners (18.9%) and with all trading partners (19.9%), when energy products are excluded.

Figure 3: Annual growth of EU goods trade by type of partner (2021-2022), excluding energy



Source: Eurostat, Comext (extraction made in April 2023).

Agri-food trade with preferential partners remains a strong pillar of the bloc's global position as a top trader

The EU remains the number one trader worldwide in agri-food products, with EUR 171 billion of imports and EUR 229 billion of exports in 2022. Despite global price increases, volumes of agri-food products traded generally did not decrease in 2022 and occasionally even increased. The EU's **broad network of trade agreements** contributed to this development.

In 2022, EU **agri-food trade** with the 74 preferential partners grew by 21.2%. This was at the same rate as EU overall trade in goods (energy excluded), at a similar rate to agri-food trade between the EU and all trading partners, which grew by 22.2%, and at a lower rate than agri-food trade between the EU and non-trade agreement partners (23.3%).

Exports of agri-food products to preferential partners rose more strongly (by 17.5%) than exports of EU agricultural food products to all trading partners, which rose by 15.8% over the same period, and at a higher rate than exports to non-preferential partners, which also increased substantially, but by 13.5%. The agri-food sectors driving this trend were cereals and cereals preparations, followed by dairy products.

The **United Kingdom** remained the number one destination for EU agri-food exports among preferential partners[22] as well as overall[23], representing over one fifth (21%) of total EU exports. The United Kingdom was also the export destination where EU exports experienced the strongest growth in 2022 (i.e. +EUR 5.9 billion by value, or +14 %), followed by the United States and Morocco. The United States remained the number two export destination for EU agri-food products overall by value, after the United Kingdom, followed by China and Switzerland.

In 2022, the percentage rise in **EU imports of agri-food products** from preferential partners was slightly lower for preferential partners (i.e. 28%) when compared to the rise in imports from all partners (32%) and when compared to the rise in imports from non-trade agreement partners (37.1%). The lower increase for preferential partners is likely linked to the respective composition of imports. For example, EU imports of oilseed (e.g. soybeans) products and coffee, two key import commodities for which prices (and thus import values) have increased the most, come almost entirely from non-preferential countries (i.e. Brazil, Argentina and the United States).

The **United Kingdom was also the number one source of EU agri-food imports overall** (9% of total imports), with an increase by 28.4% (in line with average growth from all preferential partners). This was a reverse of the situation in 2021, when imports suffered a decrease by 24.5%. This is also an indication that UK traders have become accustomed to the plant and animal health (SPS) checks and inspections applied by the EU including on agri-food consignments since January 2021.

In 2022, **Ukraine** was the second largest source of EU agri-food imports among preferential partners (with 8% of imports).

EU trade agreements also facilitate diversification and helped to improve food security

In 2022, EU trade agreements supported diversification of EU agri-food trade away from Russia towards other trading partners and helped overcome food security challenges both in the EU and partner countries following Russia's unprovoked and unjustified war of aggression against Ukraine:

- Ukraine has overtaken the United States in 2022 as the third largest import source for agri-food products overall (after Brazil and the United Kingdom).

- In line with its commitment to global food security, which has been affected by Russia's unprovoked and unjustified the war of aggression against Ukraine, the EU in 2022 increased its wheat exports to the Southern Neighbourhood, notably to Algeria (4.9 million tonnes), Morocco (4.1 million tonnes) and Egypt (2.9 million

[22] Switzerland, the destination of 5% of EU exports in 2022, and Japan (4%) were second and third respectively among EU preferential partners.
[23] The United States ranked second, with 13% of EU exports in 2022, followed by China with 7% of total EU agri-food exports.

tonnes). This was facilitated by the association agreements between the EU and these partners.

Unlike in total trade, the EU still retained a surplus in goods trade with preferential partners, although the surplus is decreasing

In 2022, in contrast to total trade, the EU registered a surplus of EUR 73 billion in its goods trade with preferential partners. This was a decrease of EUR 131 billion compared to EUR 204 billion in 2021. Over 60% of the EU's surplus with preferential partners can be attributed to agri-food.

By contrast, EU goods trade with the rest of the world saw a deficit of EUR 432 billion, down from a surplus of EUR 55 billion in 2021 and reaching its lowest level since 2002. This was due in particular to a steep rise in the value of energy products, which started towards the end of 2021 and continued through 2022. Imports of energy products jumped by 113.5% in value when compared to 2021. This represented an additional amount of EUR 443.3 billion, half of the total increase in EU imports.

In 2022, the Commission, as required by the respective EU regulations, again monitored imports into the EU of certain industrial products and agri-food products…

Specific monitoring obligations on goods trade with South Korea and Latin American partners

*The Commission, as required by Regulation (EU) No 511/2011[24], monitored **South Korea's imports of key car parts and electronics** from the most important suppliers outside the EU. In 2022, South Korea's imports of combustion engines (gasoline and diesel) and parts slightly increased compared to 2021 (+8%), as did imports of core car parts (+11%). Based on these trade statistics, it is not possible to establish a link between the allowance of duty drawback under the trade agreement with South Korea and the increase in EU imports of cars (by 29%) from South Korea.*

*Imports into the EU of **fresh bananas from Colombia, Ecuador and Peru and from Central America** were also monitored by the Commission, as required by EU Regulation No 19/2013[25] and No 20/2013[26]. A comprehensive report[27] on the functioning of the EU banana market after the expiry of the banana stabilisation mechanism was presented to the European Commission on 29 August 2022. The report confirmed that EU trade policy struck the right balance between different objectives by respecting international obligations while meeting the increased levels of EU consumption. In 2022, EU imports of*

[24] Regulation (EU) No 511/2011 (OJ L 145, 31.5.2011, p. 19); https://eur-lex.europa.eu/legal-content/en/ALL/?uri=CELEX:32011R0511.
[25] Regulation (EU) No 19/2013 (OJ L 17, 19.1.2013, p. 1); https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0019.
[26] Regulation (EU) No 20/2013 (OJ L 17, 19.1.2013, p. 13); https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32013R0020
[27] https://data.consilium.europa.eu/doc/document/ST-11960-2022-INIT/en/pdf.

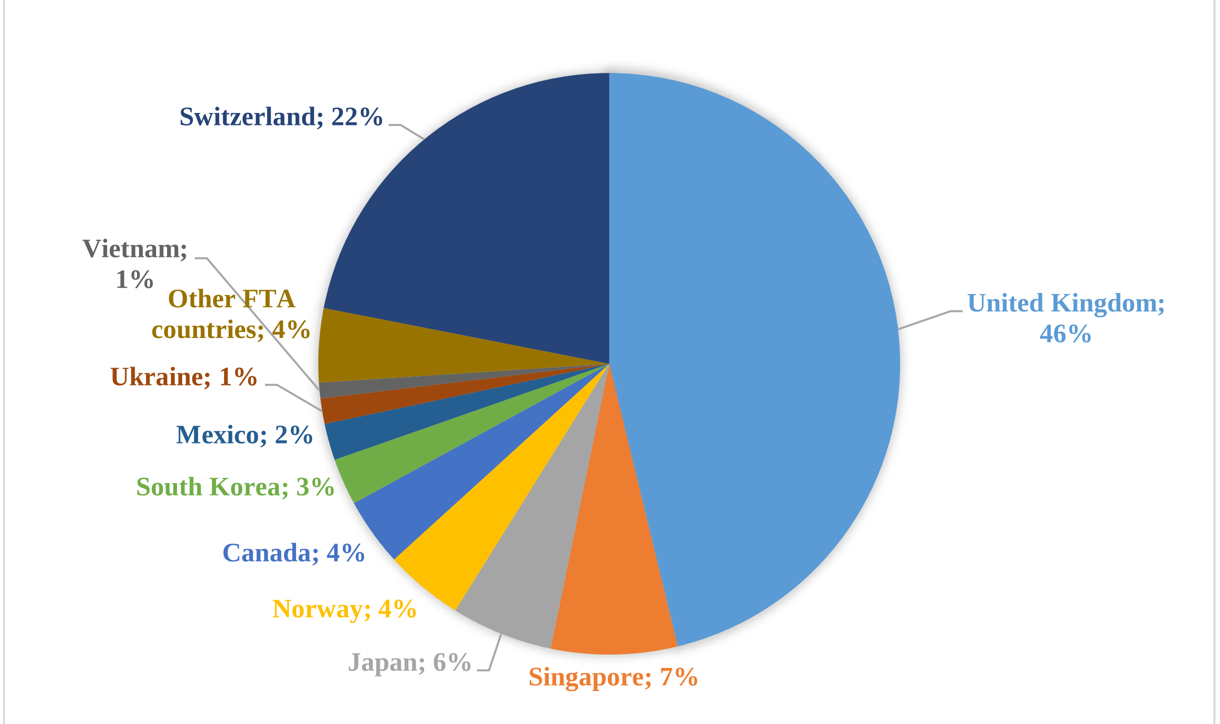
fresh bananas from Colombia increased by 1.6%, while imports from Ecuador and Peru declined by 11% and 20% compared to 2021. The Commission will continue to carry out its regular analysis of the state of the market and of the EU banana producers and, if need be, examine the situation together with Member States and stakeholders.

Trade in services increased and the EU maintained a surplus with both preferential partners and the rest of the world

Trade in services with all 74 preferential partners in 2021 (latest figures available) amounted to EUR 925 944 million (46% of total EU services trade). The figure increased by 6.7%, i.e. at a lower level than EU trade in services with the rest of the world, which increased by 10%, and trade with non-preferential trade partners, which increased by 13%.

The **EU surplus in trade in services increased** in 2021, both with preferential partners (a rise of EUR 57 billion from EUR 79 billion in 2020 to EUR 136 billion in 2021) and all trading partners. For the latter group, the jump was even bigger, albeit starting from a lower level (i.e. a rise of EUR 112 billion from EUR 9 billion in 2020 to EUR 121 billion in 2021).

Figure 4: EU trade in services by preferential partner, 2021 (top 10 partners)



Source: Eurostat, Balance of Payments (BOP_ITS6_DETextraction made in April 2023).

Total EU services trade reached EUR 2 trillion in 2021, representing a third of total EU trade in 2022[28]. The EU is the world's largest exporter of services, with 26% of global exports.

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

This subsection focuses on the implementation and enforcement of bilateral EU trade agreements. It illustrates how the Commission has been working, on the one hand, to ensure companies learn about the opportunities trade agreements offer and, on the other, to monitor partner countries' implementation of the respective commitments. Where needed, the Commission has stepped up enforcement. In this context, the early identification, prevention and removal of market access barriers and infringements of trade and sustainable development provisions remained a priority and was pursed in close cooperation with Member States and stakeholders. EU Delegations[29] play a key role in supporting this effort.

A. Communicating and promoting the benefits of trade agreements

Helping businesses to learn about trade agreements remains a priority

The Commission continued efforts to raise awareness of EU trade agreements and advantages for EU companies when competing in third-country markets. This is essential in particular for SMEs. This was pursued via guides on new and existing agreements and their specific elements, as well as via events supported by EU-funded projects.

Examples included:

- A joint **event** in September 2022 to mark **CETA's fifth anniversary**, with 90 participants in attendance. This was co-organised by the Commission and EUCCAN, the European Union Chamber of Commerce in Canada.

- **Detailed guides for existing agreements**, such as the guide for EU suppliers on **government procurement in Japan**[30]. The guide is designed to assist companies in the EU that seek to supply work, goods or services to public entities in Japan through public procurement or similar processes.

[28] The latest figures for services trade are those for 2021, extracted from Eurostat's BoP statistics: https://ec.europa.eu/eurostat/databrowser/view/BOP_ITS6_DET__custom_6174487/default/table; data for
[29] DG TRADE has more than 200 staff in more than 50 EU Delegations working on trade issues.
[30] The guide explains the main changes in the scope of the government procurement activities introduced by the EU-Japan Economic Partnership Agreement (EPA) and provides an overview of the strengthened transparency-related rules: https://trade.ec.europa.eu/access-to-markets/en/country-assets/tradoc_159028.pdf

- A wealth of **material to alert stakeholders and help them prepare ahead of new agreements** pending their entry into force. For example, in December 2022, when the EU concluded negotiations with Chile on an advanced framework agreement, it took action of this kind, including the publication of factsheets and infographics. A similar effort was made when the EU concluded negotiations in June 2022 on its future state-of-the art trade agreement with **New Zealand,** and again for the agreement's signature a year later on 9 July 2023. Materials produced for these occasions included a fact sheet, infographics and an FAQ document[31].

B. Implementing EU bilateral trade agreements

Throughout the lifecycle of bilateral EU trade agreements, the Commission uses **institutional structures** for a multitude of different objectives, ranging from barrier prevention and removal to cooperation with partner countries and negotiations on additional market access. Good progress was achieved over the reporting period, as the following section will show, including with the help of individual examples.

The Commission continued to engage with partner countries in joint trade committees to increase market access for EU exports

For example, on 30 November 2022 the **EU-South Korea Trade Committee** adopted a decision adding another 44 EU and 41 South Korean geographical indications (GIs) to be covered by the EU-South Korea trade agreement from 1 January 2023.

On 20 December 2022, the first **EU-Singapore Customs Committee meeting** decided to replace the system of 'approved exporters' by 'registered exporters' (by amending the respective protocol)[32]. This change means EU exporters of beer can access tariff preferences more easily from 1 January 2023.

The committee structures also helped identify and prevent barriers at an early stage

- For example, engagement under the **EU-Andean** trade agreement helped the Commission to **prevent** two barriers in **Colombia**: the first concerned **alcoholic beverages** that would otherwise have required exporters to provide additional Good Manufacturing Practices certificates. Colombia agreed to modify its legislation in order to remove this requirement and Commission continues monitoring the situation. Pending the adoption of the new law, an interim solution has been found. The second concerned **requirements on the use of fortified flour**, including for products with low flour content, which would have hampered EU imports.

[31] EU-NZ Trade Agreement: Unlocking sustainable economic growth (europa.eu)
[32] Protocol 1 of the EU-Singapore trade agreement concerns the definition of 'originating products' and methods of administrative cooperation.

Bilateral engagement under the EU Association Agreement with **Tunisia** in 2022 helped the EU side **avert increased most –favoured nation (MFN) customs duties laid down** in a new finance law of December 2021 that would have affected a number of industrial products from the EU[33].

Committees were also instrumental in getting barriers removed, notably in the sector most affected, agri-food.

For example, following intense discussions in the relevant CETA committees, on 30 June 2022 **Canada** finally eliminated the federal excise duty exemption for local (Canadian) wines. In the past, local wines, unlike wines imported from the EU, were exempt from a measure equivalent to an ad valorem behind the border tax of more than 9%.

With **Ecuador**, in the respective committees of the EU-Andean trade agreement, the EU side pushed forward and achieved the removal of two barriers hampering the potential of EU exports in the agricultural sector:

- One concerned **Ecuador's protectionist import regime for agricultural products**, which used non-automatic licences based on the assessment of national production and consumption, creating unnecessary delays and uncertainty for trade in agriculture products [34]. Repeated discussions with Ecuador and the EU Delegation, supported by Member States and business, led to Ecuador adopting a new system on 22 November 2022, establishing a predictable and market-oriented system.

- The second issue concerned a longstanding barrier **banning the import of powdered milk products from the EU** for a 10-year period, which appeared to be in breach of the EU-Andean trade agreement. Here again, the Commission, through the EU Delegation in Quito, closely coordinated its intervention with Member States and industry, leading the competent authorities to request a legal opinion (from the Attorney General). The opinion confirmed that the ban breached Ecuador's commitments and led the Agricultural Ministry to issue new non-automatic import licences for EU powdered milk products.

Agricultural issues were by no means the only ones solved in 2022. Other cases concerned discriminatory regulations imposed on industrial products and services, e.g. medical devices in Japan and Israel and the retail sector in Moldova.

[33] While the overall measure went ahead, some products of strong export interest for the EU were removed from the list.

[34] The EU side intervened, as this regime was neither aligned with the EU-Andean trade agreement nor the WTO rules and had affected the use of EU tariff rate quotas.

- In the first case, close teamwork between the EU Delegation and Japanese business associations concerned helped improve burdensome **Japanese legislation on medical devices with unique labelling requirements**. Since 31 July 2023, the new provisions apply, reducing the costs for EU businesses on an estimated six to nine billion EUR worth of trade.

- Another case concerned the authorisation of medical devices in **Israel**. Following intense discussions with the relevant authorities**,** Israel agreed to also recognise as eligible for the fast-track authorisation procedure[35] products from Luxembourg and Member States that acceded to the Union in 2004. This means that exporters from these countries will now also be able to have their medical devices authorised much quicker, ending discrimination between Member States. While this is currently ensured via a pilot project, the final legislative amendment is still outstanding. EU exports of medical devices to Israel were in the order of EUR 409 million in 2022.

- The third example concerned **Moldova's Domestic Trade Law**, which required retailers to display at least 50% of Moldovan origin food products in stores, in contradiction of the principle of non-discrimination for imported products, both under the EU-Moldova Deep and Comprehensive Trade Area (DCFTA) and under the WTO regime. Following high-level engagement through the DCFTA, in August 2022 Moldova removed the above-mentioned obligation on retailers, with effect from 26 February 2023.

- The fourth case concerned **Peruvian licensing** and qualification requirements in the field of services. The requirements consisted in technical analysis and **testing of food and feed** for export, which were not objective, transparent, and discriminated against foreign non-established companies. Following the EU side's engagement with the Peruvian authorities concerned in the relevant committees of the EU-Peru Trade Agreement, Peru amended its legislation and now has objective and non-discriminatory licensing and qualification requirements.

The EU's network of trade agreements also enhanced cooperation on a multitude of issues, ranging from regulatory and standards issues to raw materials

Using the institutional structures of EU trade agreements as a platform, the Commission in 2022 continued its **cooperation with developed partners** across the geographical spectrum on a wide range of issues of mutual interest, facilitated by the respective trade agreements. Examples of this are set out below.

---

[35] Recognition is on a pilot project, which will continue until the legislative amendment is adopted and enters into force.

- **Digital partnerships**, concluded in 2022 with Japan and South Korea and in early 2023 with Singapore, to enhance cooperation on digital infrastructure, skills, digital transformation of businesses and digitisation of public services. Building on these digital trade principles, the EU launched negotiations on binding rules on digital trade with Singapore on 20 July 2023[36].

- Cooperation with **South Korea**

    - On a **Green Partnership**, established on 22 May 2023, with the aim to strengthen bilateral cooperation and exchanging best practices on climate action, clean and fair energy transition, protection of the environment, and other fields of the green transition;

    - **on e-certification** and harmonisation of health certificates to further facilitate trade of several processed agri-food products. Discussions on updating the trade agreement annexes on cars and electronics also continued, and the EU and South Korea also discussed how to ensure a level playing field for manufacturers in the sector irrespective of their origin, as both sides introduce policies related to subsidising electronic vehicles.

- Cooperation with **Japan** on standardisation and certification requirements and rules related to offshore wind energy tendering, with the help of three studies[37] making recommendations on how to alleviate restrictions on foreign vessels' access to offshore wind energy projects. These studies support Japan as it seeks to reach its goals to increase the proportion of renewables in its energy mix and achieve climate neutrality by 2050.

- Cooperation with **Canada** on the environment and raw materials, through the continuation in 2022 and early 2023 of a series of joint events launched at the 2021 EU-Canada summit[38], including a strong exchange on trade and climate with the civil society representatives. Among those joint ventures were four workshops to promote sustainability, environmental stewardship and climate action in agriculture. Another summit outcome, the *EU-Canada Strategic Partnership on Raw Materials*, complementing the annual bilateral dialogue on raw materials, aims at diversifying

[36] https://policy.trade.ec.europa.eu/news/joint-statement-launch-negotiations-eu-singapore-digital-trade-agreement-2023-07-20_en

[37] Offshore wind: https://www.eeas.europa.eu/sites/default/files/documents/Japanese%20OWP%20Tenders_Aquilo%20Energy%20GmbH_publication102022.pdf; Maritime cabotage: https://www.eeas.europa.eu/sites/default/files/documents/Japanese%20OWP%20Cabotage_Aquilo%20Energy%20GmbH_publication102022.pdf; Standards, technical regulation and conformity assessment in the Japanese and European offshore wind power market:https://www.eeas.europa.eu/sites/default/files/documents/OWP%20Study%20-%20DTU-REI_publication_EN_0.pdf

[38] https://www.consilium.europa.eu/en/meetings/international-summit/2021/06/14/

sources of important green and digital economy inputs away from less like-minded producers to foster competitive EU-Canada supply chains.

- Cooperation with **Switzerland** on utilisation of trade agreements, comparing notes on trade statistics, preference utilisation rates of trade agreements and rules of origin. Cooperation was informed by EU research and a study[39] by the Swiss State Secretariat for Economic Affairs (SECO), which aims to estimate the economic potential from creating a cumulation zone between preferential trade partners of both Switzerland and the EU. Moreover Switzerland applies the same security and safety measures as those in force in the EU. As active participant in the EU's Import Control System 2 since the amendment of the customs security agreement in March 2021, legitimate trade flows even more smoothly and a high level of security is applied to the supply chain.

EU trade agreements also continued to offer a forum for development cooperation in Latin America and in Africa

In 2022, supported by its regional cooperation programmes, the EU continued its cooperation with partners in Latin America and in Sub-Saharan Africa on sustainability issues and good governance. This cooperation also comes with strong civil society involvement and participation, including at local level in partner countries. Recent examples include:

- Cooperation with **Chile**, supported by the EU's regional programmes to assist the country's move towards a more **sustainable and** environmentally **friendly economy**, including topics such as sustainable mining, the fight against antimicrobial resistance, the promotion of responsible business conduct and the adoption of low carbon and circular economy business actions. Furthermore, a new Chile-only project was launched by the Commission in 2022[40], aimed at supporting fair and sustainable trade between the EU and Chile, which helps to highlight the role of trade to support environmental and social goals. The project produced inter alia studies on organic production in Chile and on fair trade and included regional workshops in all 16 regions, a high-level conference with international experts and an online B2B platform[41] to match Chilean producers with EU buyers.

- Cooperation with **Ghana** under the 'Compete Ghana' project[42] **'to support implementation of the interim economic partnership agreement (EPA) between**

[39] The study and the report on the results of the company survey on the use of free trade agreements by Swiss exporters can be found at: https://www.seco.admin.ch/seco/en/home/Aussenwirtschaftspolitik_Wirtschaftliche_Zusammenarbeit/Wirtschaftsbeziehungen/Freihandelsabkommen/nutzung_freihandelsabkommen.html
[40] https://eurochile.cl/es/documents/proyecto-comercio-justo-y-sostenible-entre-la-union-europea-y-chile/
[41] https://www.eeas.europa.eu/delegations/chile/se-lanza-plataforma-%C2%A1conecta-tu-negocio%E2%80%9D-en-el-marco-del-proyecto-%E2%80%9Capoyo-al_es?s=192
[42] The project does not target any particular sector, instead focusing on building up Ghana's capacity to implement the EPA and to work on EPA-related matters, on improving competitiveness at firm level and on mainstream regional policies in favor of industrial competitiveness.

the EU and Ghana' (EUR 4.1 million, 2020-2024). The project aims to improve economic governance and the business environment and to maximise the benefits of the EPA for Ghana. Among the most relevant outcomes in 2022 are the completion of communication material (e.g. an interim EPA handbook and a two-page leaflet on the interim EPA for public- and private-sector awareness), training sessions offered to the EPA Secretariat Staff, the logistical support to the Commission/DG TAXUD for the capacity building training on offered to 40 Ghanaian customs officials, as well as a report on trade reforms derived from the interim EPA.

Many agreements with developing countries, such as the EPAs with ACP countries, have a strong development dimension and provide incentives for reform which development cooperation and in particular **Aid for Trade** (AfT) can leverage to support a more open trading environment, promote the utilisation of the agreements and advance on Trade and Sustainable Development (TSD) priorities. The EU Aid for Trade Progress Report 2022[43] shows that the EU with its Member States was the world's largest provider of AfT, accounting for over 40 percent of global flows in 2020, corresponding to EUR 22.9 billion. A large share of this went to countries that have preferential access to the EU market. For example, EU AfT to ACP countries totaled EUR 7.2 billion in 2020. The report also contains further information and examples on the Commission's and Member States' AfT, e.g. in supporting SMEs' uptake of trade agreement opportunities and the improvement of TSD issues. The website on EU AfT has an interactive mapping [44] on beneficiary countries with context-specific examples of AfT projects.

The EU continues to advance technical cooperation with preferential partners to improve conditions for doing business

For example, the Commission advanced the roll-out of its **IP Key South East Asia project**, which started on 1 April 2022, establishing systems to facilitate high-quality and expeditious processes for registering and effectively enforcing intellectual property rights (IPR). The project supports the implementation of IPR provisions with preferential partners in the ASEAN region, notably **Singapore and Vietnam**, and assists them in their accession to relevant international agreements.

The Commission/DG TAXUD also provided technical assistance to the **Southern African Development Community (SADC) Economic Partnership Agreement States** to help speed up the implementation of the EPA **rules of origin**. Topics addressed in 2022 included capacity training on diagonal cumulation between the SADC EPA States to speed up the implementation of diagonal cumulation between the SADC EPA States and enhance regional integration within the SADC region.

In 2022, the EU also continued deployment of the **EU-South Africa Partners for Growth programme** to maximise bilateral trade under the SADC EPA, by removing technical barriers to trade and fostering global value chains. In this context, the EU continued

[43] https://op.europa.eu/en/publication-detail/-/publication/c2814529-8fce-11ed-b508-01aa75ed71a1/language-en
[44] Economic integration, trade and connectivity (europa.eu)

collaboration with the South African Association of Cotton, Wool and Mohair, bringing together growers, buyers, equipment suppliers and commodity associations throughout the sustainable textile value chain to explore possibilities for knowledge sharing, technical exchanges and trade.

Another example is the EU's close cooperation with all its partners within the **pan-Euro-Mediterranean (PEM) area,** in developing a common platform dedicated to the use of electronic proofs of origin and electronic means of administrative cooperation *(e-PoC initiative*).

C. Trade and sustainable development in focus

On 22 June 2022, the Commission concluded its review of its trade and sustainable development policy, which culminated in the publication of a **communication**[45] entitled *The power of trade partnerships: together for green and just economic growth*[46]. The communication is providing fresh impetus to the implementation of existing EU trade agreements with TSD chapters, specifically 11 trade agreements covering 18 partner countries.

The Commission stepped up action, making its 2022 TSD review operational

In line with the conclusions of the trade and sustainabale development review, the Commission made good on its promise to **better involve civil society** in implementation and enforcement.

- The **improved complaints mechanism** regarding alleged TSD violations submitted to the Commission's Single Entry Point (**SEP**) includes specific timelines for the Commission to react (see further below).

- The Commission has also launched work on **identifying country-specific priorities**, with **close involvement of EU domestic advisory groups (DAGs)**. The aim is to make implementation of TSD commitments more effective.

The Commission also took concrete steps to **engage partner countries** who subscribed to TSD commitments. In 2022, the TSD committees within EU trade agreements were used to:

- engage partners on key substantial elements of the TSD review, notably on the implementation of *occupational safety and health (OSH) standards* in view of a safe and healthy working environment becoming a new fundamental principle and right at

[45] https://circabc.europa.eu/ui/group/8a31feb6-d901-421f-a607-ebbdd7d59ca0/library/8c5821b3-2b18-43a1-b791-2df56b673900/details.
[46] For a summary of the main conclusions of the TSD review see also the 2022 annual report on implementation and enforcement: Register of Commission Documents - COM(2022)730 (europa.eu).

work, and open a dialogue with certain partners on the corresponding International Labour Organization (ILO) Conventions (C155 and C187);

- advocate for more *transparency in regard to process*, in particular the composition of partner countries' domestic advisory groups (DAGs), supporting contacts between DAGs and with civil society at large;
- increase partners' understanding of *recently enacted or proposed EU legislation on sustainability* (e.g. EU Regulations on deforestation and carbon border adjustment, and also the proposal for aForced Labour Regulation) and address partners' concerns about the impact on trade relations with the EU.

The first formal complaint on TSD was received and the preliminary assessment concluded[47]

The complaint concerns labour rights in the mining sector in Peru and Colombia. The Commission informed the complainant, Dutch NGO CNV International, on 13 January 2023 of the results of its preliminary assessment. The Commission also informed Peru and Colombia and published information about this alleged situation on its website[48]. The preliminary assessment identified potential shortcomings in the enforcement of labour laws in both countries. The Commission is now engaging with them further to follow up on the identified potential shortcomings.

The Commission made full use of the trade agreement, in particular the provisions on dialogue and cooperation on trade and sustainable development matters, and of other available channels. The Commission is also engaging with the ILO on this matter.

In June 2022, the Commission published revised **operating guidelines** for the **Single Entry Point**. The revised guidelines provide increased transparency and predictability for stakeholders reporting alleged TSD infringements, while also setting out **timelines** with which the Commission works when handling TSD complaints: 10 working days to acknowledge receipt of a complaint, 20 for a first follow-up with the complainant, and up to 120 working days to finalise the preliminary assessment (depending on the complexity of the case).

Solid progress was made over the reporting period on implementing TSD commitments on labour

In the area of **labour**, progress was registered in the **ratification and entry into force of core ILO conventions** in several partner countries:

---

[47] In 2022 the Single Entry Point received a second formal complaint on alleged TSD infringements; this, however, could not be processed since the complainant was not an EU entity.
[48] https://circabc.europa.eu/rest/download/c872c7cb-a0da-46dc-8b03-8144bf2f0436

- **Japan** ratified ILO Convention (No) C105 on the Abolition of Forced Labour. The convention entered into force in July 2023. Japan remains committed to make continued progress with ratification of the outstanding ILO Convention on discrimination (C111) though more concrete actions and timeline need to be still spelled out.

- In **Central America**, Panama ratified core International Labour Conventions on labour inspections and maternity and the 2014 protocol to the Forced Labour Convention.

- In **South Korea,** three core conventions entered into force in April 2022, notably the convention the Freedom of Association and Protection of the Right to Organise (No 87), on the Right to Organise and Collective Bargaining (No 98) and on Forced Labour (No 29). Some progress was also registered towards the ratification of convention (No) 105 on the Abolition of Forced Labour: in 2022, South Korea published a study that identified the domestic provisions that need to be amended in order to comply with the ILO Convention. In September 2022, the Commission hosted a stakeholder meeting with South Korean civil society and is conducting a separate study to validate the South Korean study. The EU side continued to raise this issue with South Korea at all levels.

With the first step (ratification) completed, the focus of implementation has shifted from ratification towards trading partners' **implementation and application of core ILO conventions**, with the Commission continuing to monitor this carefully.

In this context, some reassuring trends and developments were observed in 2022, as the **domestic framework for labour** is being reviewed and improved in a number of partner countries as they implemented their TSD commitments.

- For example, a broader reform of the labour code is underway in **Vietnam** (including work on a decree to allow the establishment of **independent trade unions**). Once completed, this is likely to also have a positive impact on the **Vietnam DAG**, which should be extended to include independent workers' organisations.

- The EU's work with **Japan** on due diligence legislation carried forward at TSD committees and inter-sessional technical meetings helped to shape Japan's **guidelines on human rights due diligence**, published in September 2022. The guidelines address the same labour standards as in the EPA's TSD chapter and aim, among others, to increase the degree to which Japanese companies source responsibly and in line with international standards.

- **Singapore** indicated it is taking steps to enact legislation to **prohibit discrimination in the workplace** (so far only addressed by voluntary frameworks).

- **Georgia** has established a fully-fledged labour inspection service with an extended mandate.

- Following discussions in the TSD committees and with stakeholders on the ground, **Colombia and Peru** identified gaps in the labour framework and decided to launch revision of their respective labour codes.

TSD provisions in preferential trade agreements on the environment and labour gave rise to more targeted cooperation between parties

On **environmental protection**, the reporting period saw gradual progress on the **implementation of multilateral environmental agreements** and in the ecological transition through circular economy approaches. For example, **Vietnam** has been engaging in a dialogue with the EU on circular economy , with the TSD chapter and the EU- Vietnam trade agreement as a whole playing an instrumental role in this.

The Commission remains heavily invested in **cooperation** to implement environmental provisions in its trade agreements, including with developed trading partners in South East Asia. This included the Commission advancing cooperation with **Singapore** on technologies to support the green and digital transition (informed by the DAGs' joint workshop on "Digital economy and its connections to Sustainability" of 24 March).

The EU funded technical cooperation supporting sustainability objectives in 2022

- In **Central America**, cooperation projects are supporting reform processes and capacity building to help partners implement their commitments on labour. One such example is an EU-funded ILO programme for Guatemala implementing an ILO roadmap on freedom of association and collective bargaining.

- In **Vietnam,** the EU-Vietnam Decent Work Promotion Programme, with a budget of EUR13.5 million over 6 years, helps address industrial relations, freedom of association and collective bargaining, as well as the establishment and operation of independent trade unions and labour inspections.

Domestic advisory groups have again contributed significantly to advancing TSD objectives under 11 EU trade agreements covering 18 countries

Contributions by DAGs, who **monitor the situation** on the ground in partner countries, reinforce the Commission's position when following up on TSD commitments:

- For instance, in **Ecuador**, joint submissions from civil society representatives in 2021 highlighted **difficulties in the registration as a trade union** of one of the workers' organisations in the **banana sector**; this triggered enforcement action. The Commission took the issue up and voiced concerns about the violation of core labour commitments and recalled the recommendations issued by the ILO. The Commission has continued to engage with the unions in Ecuador, notably in the banana sector, and support their case in discussions with the Ecuadorian government.

- The **EU South Korea DAG** in 2021 brought to the Commission's attention a case of alleged **discrimination in South Korea against delivery workers,** concerning the recognition of their right to collective bargaining. The Commission has continued to follow up on this issue with South Korea in the context of the implementation of the expert panel report .

- More recently, the **EU United Kingdom DAG** drew the Commission's attention to a number of compliance-related issues, which have been raised in discussions with the UK in the relevant institutional bodies. These included a reduction in ***labour inspections*** in the UK related to the UK's commitment to maintain an effective system of domestic enforcement. This point was raised in the Trade Specialised Committee (TSC) on the level playing field, based on the EU DAG's concerns.

DAGs also continued to provide input on topics of mutual interest and concern to the parties of EU trade agreements through **research on trade and sustainable development** themes. These include **studies** commissioned by EU- and partner country DAGs, which inform cooperation and mutual understanding between the parties on sustainability issues. Examples include a study on 'Fair trade between EU and Andean region' and a desk study on 'Platform work and Institutional Protection with a Specific focus on South Korea and the EU', which was published mid-March 2022.

In addition, EU DAGs in 2022 continued their **active engagement with civil society in partner countries**. Engagement by EU DAGs with civil society on the ground (including through civil society forums or other similar settings established under EU trade agreements) also helped advance trade and sustainability issues, even in cases where shortcomings remained in the practical set-up of third-country DAGs. For example:

- In **Vietnam,** engagement on the ground by the EU Vietnam DAG and the EU Delegation helped to set in motion a process leading to Vietnam's establishment of a domestic advisory group (DAG) in the autumn of 2021, and the increase in its membership and from three to seven in 2022.

- In **Japan**, the EU DAG's engagement with some of the Japanese participants in the Joint Dialogue with Civil Society resulted in a number of key cooperation topics being identified, namely responsible business conduct, due diligence and ratification of ILO conventions. This created positive dynamics.

- Pro-active engagement by the **EU Andean DAG** succeeded in mutually supported individual declarations by the Colombian DAG, Ecuadorian DAG and Peruvian shadow DAG at the Civil Society Forum on 28 October 2022.

The Commission in 2022 secured ongoing **financial support for the work of DAGs**: The EUR **3 million project** contracted by the Commission in 2018 to support civil society in the framework of trade agreements has been extended to the end of 2024 and is in the process of being extended until end-2026.

D. Evaluation of the impact of trade agreements to inform implementation work[49]

The Commission continued over the reporting period to consider the findings of the study in support of the *ex post* evaluation of the **EU-Andean trade agreement**[50].

September 2022 saw the publication of the final report of the study in support of the *ex post* evaluation of the **EU-Central America trade agreement**, with the Commission issuing its main report (staff working document) in June 2023. The Commission is now assessing the report and preparing its staff working document to conclude the *ex post* evaluation.

Both evaluations shed light on the situation in terms of the agreements' implementation and their impact on the EU and partner countries, looking at economic, social and environmental aspects. They confirm the Commission's approach to implementation with Latin and Central American partners and provide further input to further refine its implementation and enforcement strategy.

In parallel, work on the *ex post* evaluation of the deep and comprehensive free trade areas with **Georgia and Moldova** continues, with the staff working document currently under preparation.

Finally, work has begun on an *ex post* evaluation of the **EU-SADC Economic Partnership Agreement.**

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

The advantages of EU trade agreements are particularly relevant for SMEs (which represent 93% of EU exporters) when looking for new business opportunities abroad. Even where they do not trade with third-country markets directly, the negotiated commitments also benefit SMEs due to their role in the global supply chain, e.g. when acting as suppliers to larger firms. In 2022, the Commission continued its efforts to help SMEs become aware of and use the advantages of EU trade agreements.

A. Upgrading and promoting Access2Markets

The Access2Markets platform launched in October 2020 includes comprehensive practical information businesses need when doing business abroad, including tariffs, taxes and procedures for 135 export and all source markets. The platform has had over 5 million users[51], and the Commission has trained more than 9 000 SMEs on the platform. In addition to

[49] https://policy.trade.ec.europa.eu/analysis-and-assessment/ex-post-evaluations_en

[50] For more detailed findings of the study see also country sheet for the EU-Andean Trade Agreement: see also Commission Staff Working Document ***SWD (2023) 740;*** https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/e0e79f42-9797-4d5d-a5c3-f00eb26b8676/details

[51] Overall searches in MyTradeAssistant only in 2022 were 11 336 170. 55.6% of searches related to export, 37.5% to import and 6.8% were about the EU market.

organising virtual training seminars on a quarterly basis, with interpretation from English to EU languages, the Commission/DG TRADE supported 30 training events organised by Member States and industry. These include the 2022 EU Africa Summit, the Access2Markets training organised in collaboration with the French Presidency of the Council, training with the EU-Japan Centre for Industrial Cooperation, the EU Canadian Chamber of Commerce, and training at the 2022 Enterprise Europe Network Annual Conference.

Access2Markets and its **main tools** were again **upgraded** in 2022:

- ***The Rules of Origin self-assessment tool (ROSA)*** is being used around 470 times a day. Its coverage was further expanded in 2022: ROSA now includes 31 EU trade agreements, covering in total 119 partner countries (including the 65 developing countries benefitting from the Generalised Scheme of Preferences for their exports to the EU). Moreover, as of June 2023, the EU-Canada Comprehensive Economic and Trade Agreement (CETA), the EU-United Kingdom Trade and Cooperation Agreement (TCA), the EU-Japan Economic Partnership Agreement and the Generalised Scheme of Preferences are available in *all* EU languages. The new version of the Rules of Origin self-assessment tool was launched for most EU free trade agreements. ROSA has been completely revamped with a new interface[52] (ROSA 2) and more streamlined questions, shortening the time companies need to complete their self-assessment and further simplifying the process for users.

- ***The Access2Procurement tool (A2P)*** launched in September 2021 helps business establish whether a specific procurement is covered by international commitments taken by **Canada and Japan** in their bilateral trade agreements with the EU. Since the tool's launch, 5 395 assessments have been carried out by users, with around 270 monthly assessments in 2022. The addition of the **United States** to Access2Procurement was completed and officially launched on 4 July 2023. Next to be added is the United Kingdom.

- ***A trade assistant tool dedicated to services and investment*** *('**My Trade Assistant for Services and Investment**')* was added to the platform in 2022, so far covering two countries, Canada and the United Kingdom, and three sectors, legal, accounting and maritime transport services. The tool has been consulted 9 000 times since launch. Information is gradually being added for more than 90 services sectors in four export markets – Canada, Japan, Switzerland and the UK.

- ***Services statistics*** are being gradually integrated into Access2Markets: these are based on the Eurostat 'Bop-Its6' datasets and cover the following sectors: manufacturing services, maintenance and repair services, transport, travel, construction, insurance

[52] https://trade.ec.europa.eu/access-to-markets/en/news/rosa-2-launches-beta-version

and pensions, financial services, telecoms, computer and information services, other business services, and personal, cultural and recreational services.

B. Catering to specific needs of SMEs: SME chapters in trade agreements and centres in Japan and China

A number of **EU trade agreements** in place have **dedicated SME provisions**[53] to help SMEs access key information needed when accessing each other's markets. The EU-Canada Comprehensive Economic and Trade Agreement (CETA) has a *recommendation* on SMEs[54], while the EU-Japan Economic Partnership Agreement (EU-Japan EPA) and the EU-United Kingdom TCA have *SME chapters*. Contact points on each side ensure that SMEs' interests are taken into account during the agreement's implementation and that SMEs have access to the latest information. In this context, SME contact points established under CETA in March 2023 organised a dedicated webinar to exchange experience and information on each other's policy initiatives and programmes helping SMEs internationalise. Over the life span of CETA, the number of SMEs exporting to Canada has increased by 43%. SME contact points established under the EU-Japan EPA met in June 2022 to outline the activities taken by each side to implement the SME chapter and published their latest **joint activity report**[55] in March 2023.

In 2022, the Commission continued to assist SMEs through dedicated SME centres in Japan and China, helping SMEs to navigate these markets.

The *EU-Japan Centre for Industrial Cooperation*[56], with the help of its dedicated EPA Helpdesk[57], carried out activities including:

- training for 77 EU managers ('Get Ready for Japan', World Class Manufacturing');
- 41 webinars or podcasts about doing business in Japan, with over 1 200 participants;
- 20 market intelligence reports accessible free of charge for European businesses;
- 28 B2B events that facilitated over 830 meetings between European and Japanese companies[58], producing 15 partnership agreements.

[53] A SME recommendation has been agreed with Canada, while the EU-Japan EPA and the EU-UK TCA have SME chapters, as do the agreements concluded with New Zealand, Mercosur, Chile and Mexico. An SME chapter is also part of ongoing negotiations with India and Indonesia.
[54] https://trade.ec.europa.eu/access-to-markets/en/country-assets/tradoc_157417.pdf
[55] relations-negotiations-and-agreements - Library (europa.eu)
[56] https://www.eu-japan.eu/
[57] https://www.eu-japan.eu/epa-helpdesk
[58] The centre, in its role as Enterprise Europe Network contact point for Japan, facilitates matchmaking between European and Japanese SMEs.

The *EU SME Centre in China*[59] advises business stakeholders on developing a commercial presence on the Chinese market and supports the exchange of best practices. In 2022, its activities included:

- 37 training sessions/webinars in China and the EU for over 3 000 EU SMEs;
- 22 advocacy activities, including policy meetings and lobbying actions with Chinese and European government officials, think-tanks and business associations;
- 10 export guidelines, sector report and business articles;
- specific technical assistance to EU SMEs in more than 300 cases.

C. Cooperation with the Enterprise Europe Network (EEN) to assist SMEs

The Commission/DG TRADE continues to deepen its engagement with the Enterprise Europe Network[60] ('the network'), as relaunched under the EU's Single Market Programme. Network partners have a specific mandate to promote EU trade agreements. The terms of reference of the latest call for proposals for the network specifies that network partners have to 'help SMEs make the most out of EU Free Trade Agreements (trade agreements) in force with third countries'. The available budget of the call is an impressive EUR 164.5 million for the period 1 January 2022 to 30 June 2025. Network advisers are also expected to report the impact generated for European businesses following the delivery of trade advisory services (i.e. advisory achievements).

EEN structures are increasingly catering to promote EU trade agreements

In 2022, the network established a dedicated expert group ('Thematic Group Internationalisation') concerned with topics related to SME internationalisation, its work being followed by 290 network advisers. A dedicated contact person was put in charge of raising network advisers' capacity to help their business clients exploit the opportunities of EU trade agreements.

With fresh calls for proposals and expressions of interest launched in 2022, the network has been expanding outside the EU's borders, adding *network nodes* in EU trading partner countries with whom the EU has a bilateral trade agreement or customs union in place (e.g. Türkiye, Singapore, South Korea).

[59] https://www.eusmecentre.org.cn/

[60] Information on the EEN is available here: https://een.ec.europa.eu/. The network, co-financed by the EU COSME programme, is active in more than 60 countries and brings together 3 000 experts from 600 member organisations. Its objective is to help small and medium-sized businesses in their international activities.

A wealth of network activities target SME access to the advantages trade agreements offer

Via its outreach to 500 leading business support organisations in Europe, the Network continues to multiply DG TRADE's training efforts on EU trade agreements and Access2Markets. In 2022, the Network again carried out a wealth of additional promotion activities, helping SMEs to learn about, navigate and compete in foreign markets. These activities include:

- a *workshop on EU trade agreements* and Access2Markets at the Annual EEN conference in Prague in October 2022, with the participation of 40 network advisers onsite and about 60 online;

- a *train-the-trainer* session in November 2022 with external consultants, with the help of hands-on case studies. Participants have been asked to replicate the session and disseminate the content to their national networks within 6 months;

- a bi-monthly *trade agreement regulars' table* kicked off in early 2023; here, external trade experts advise network advisers on how to solve concrete problems their clients face when importing and/or exporting outside the EU.

D. Cooperation with trade promotion organisations

The Commission continues to engage with Member States' TPOs to update them on EU trade agreements and Access2Markets. In 2022, the Commission also continued its exchange with Trade Promotion Europe ('TPE')[61], which brings together 27 TPOs from 17 Member States. With its broad network of over 170 offices in the EU and over 400 outside the EU, TPE has an important multiplier role. The Commission has been supporting TPE's efforts to raise its members' awareness of EU preferential trade agreements and their advantages. This support included organising a series of specialised training sessions such as the export management masterclass programme launched in March 2023[62].

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

The EU in 2022 continued its support for the implementation of the 2020 **MSME Package**[63], reporting to the WTO Secretariat on the status of the EU's implementation of the package. In this context, the EU regularly sends tariff and non-tariff data feeding into the two information platforms under the package (the Global Trade Helpdesk and WTO Integrated Database). The EU also provided feedback and support on several occasions for information-sharing

[61] https://tradepromotioneurope.eu/
[62] https://tradepromotioneurope.eu/trade-promotion-europes-export-management-masterclass-kicks-off/
[63]https://www.wto.org/english/news_e/news20_e/msmes_11dec20_e.htm

initiatives by the WTO Secretariat, including on how to improve MSME provisions in the Regional Trade Agreements database[64].

IV. Addressing barriers and finding solutions

IV.1 State of play and removal of trade barriers

In 2022, the global trade environment remained complex. Russia's unprovoked and unjustified war of aggression against Ukraine had a significant impact on international trade, following concerted pressure from allied countries and others to restrict Russia's capacity to pursue its aggression, while others took steps to protect their domestic markets. Protectionist policies and practices that peaked during the COVID period also persisted in some regions, creating challenges for businesses operating in those markets. Hence the importance of continuing efforts to detect, raise and resolve trade barriers.

A. Stock of registered trade & investment barriers as of 31 December 2022

As the below table shows, by the end of 2022 a total of **448** active trade and investment barriers in 64 third countries were included in the Commission's Access2Markets database.

Type of measure	**Number of barriers**
Sanitary and phytosanitary measures (SPS)	**99**
Technical barriers to trade (TBT)	**79**
Tariffs and equivalents and quantitative restrictions	**79**
Administrative procedures	**37**
Other measures*	**37**
Services & investment	**36**
Intellectual property rights (IPR)	**36**
Public procurement	**29**
Exports taxes and restrictions	**16**
Total	**448**

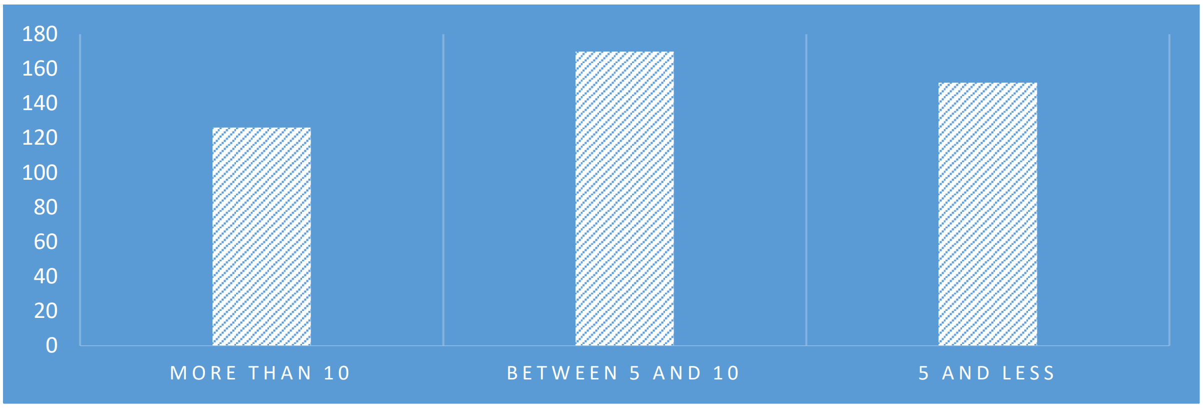
* Other measures include barriers related to trade defence instruments (TDIs) and to subsidies and measures affecting competition.

[64] https://www.wto.org/english/tratop_e/msmesandtra_e/msmesandtra_e.htm

The **number** of trade and investment barriers EU companies face when exporting outside the Union has thus remained stable compared to 2021, when 455 barriers were on the books.

Looking at the **registration date** of trade barriers registered by the end of 2022, 34% were registered in the past 5 years (as can be seen from Figure 5 below), 38% are between 6 to 10 years old, while 27% of all barriers have been on the list for more than a decade.

Figure 5: Number of barriers as per registration date



The average "age" of barriers with China, Russia, India and the United States (i.e. the largest non-preferential partners) is 10 years: 103 out of 117 barriers for these countries were registered before 2019. By contrast, for barriers registered in other countries, the average age is approximately 8.7 years.

In some of these cases, business found alternative routes to navigate the barriers, or simply decided to focus on other markets. At the same time, the information on Access2Markets on the existence of these barriers is still valuable to companies when doing business in the countries concerned. The Commission is gradually revisiting the stock of older barriers per country and sector, in cooperation with Member States and stakeholders concerned. Section C below has some recent examples of how the Commission managed, in tandem with Member States and business, to resolve barriers that had been affecting EU exports for more than 10 years.

Looking at the **types of barriers** prevalent in 2022, as can be seen from Figure 6 below, *SPS measures* remained the largest category of trade barriers (99), accounting for almost a quarter of all recorded barriers. This was followed by TBT measures (79 barriers) and tariff measures and quantitative restrictions (79 barriers). Together, these three categories of trade barriers accounted for almost 60% of all active barriers, mirroring the trend observed between 2020 and 2021.

36 barriers registered are in the area of *services,* concerning 20 different third countries. The biggest services sector affected is transport – with 10 barriers registered, followed by financial services, energy, postal services, business, construction, recreational, distribution and other services.

Figure 6: Types of barriers in 2022

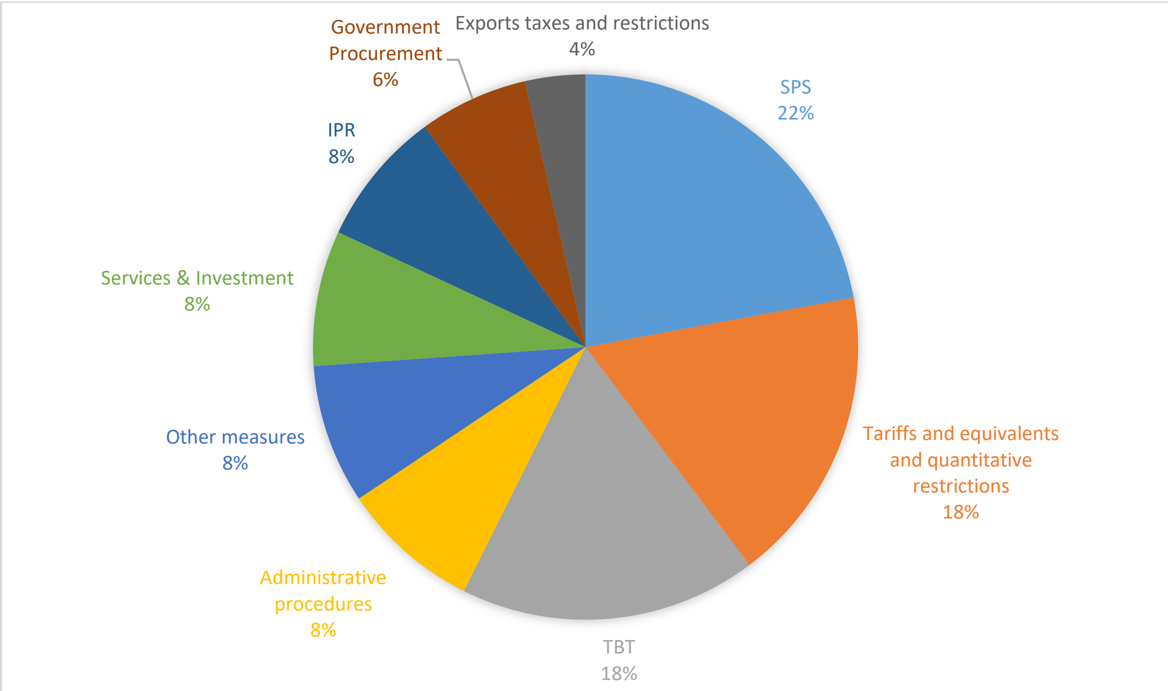
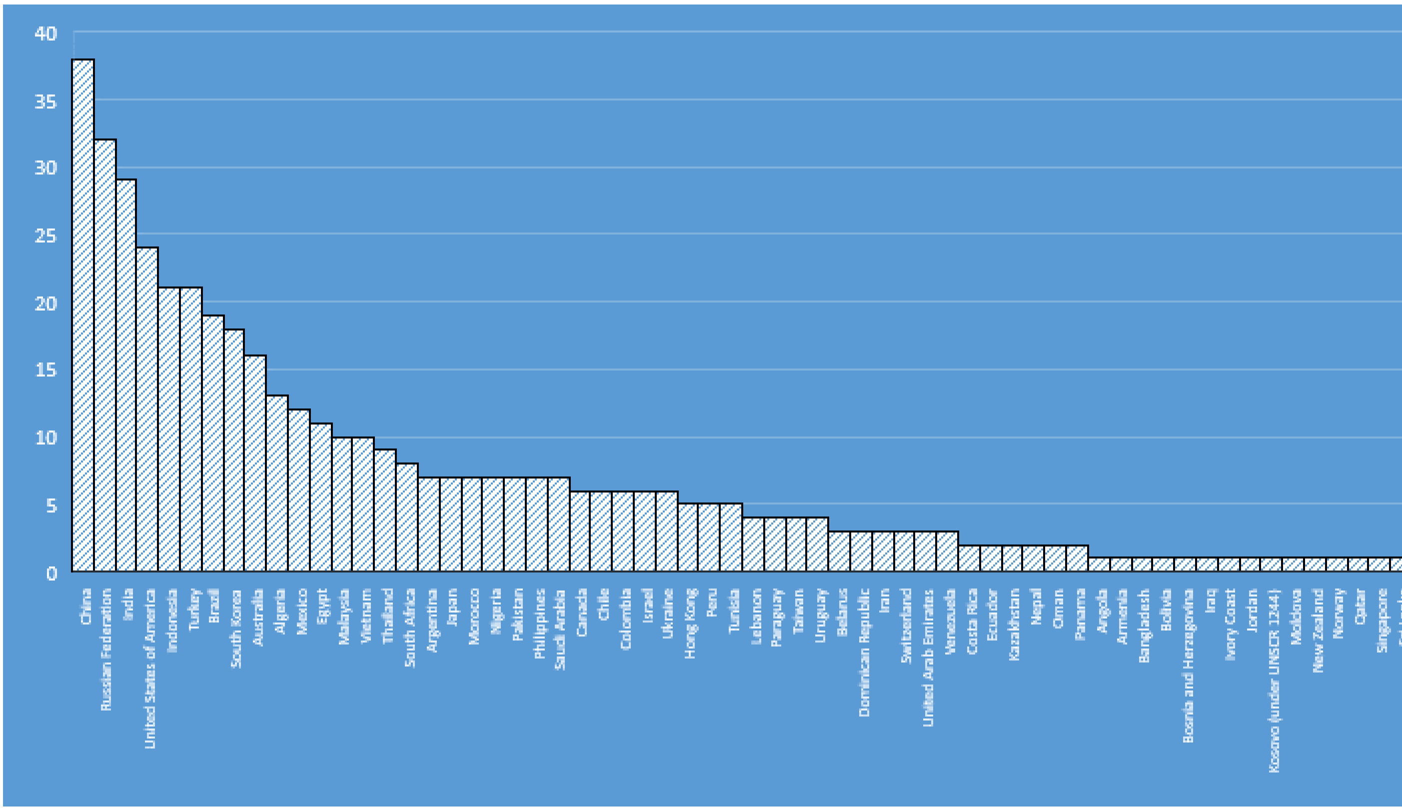


Figure 7 below shows the trading partners where most barriers were registered in 2022: **China** continued to have the most registered barriers at 38, followed by **Russia** (32), **India** (29), the **United States** (24) and **Indonesia** (21).

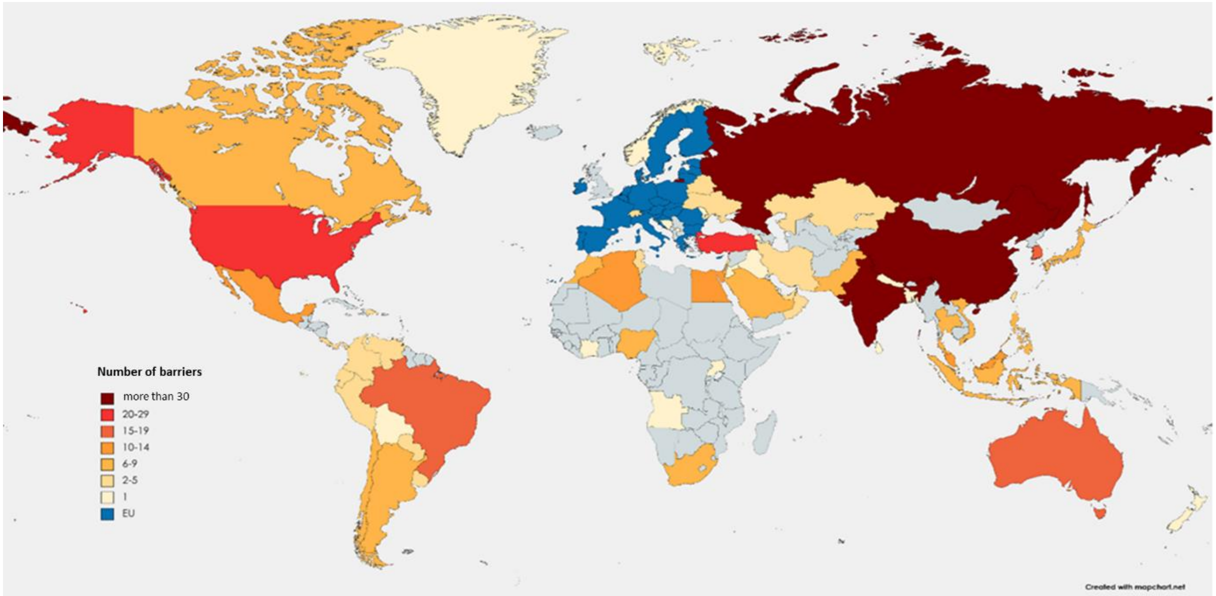
Figure 7: Stock of barriers per trading partner in 2022



This mirrors the situation in 2021, except that India has switched place with the United States. With China, one trade barrier was removed.

The map in Figure 8 below illustrates the geographical spread of barriers by the end of 2022. Except for those mentioned above, third countries with 10 or more barriers in 2022 included Brazil (19), South Korea (18), Australia (16), Algeria (13), Mexico (12), Egypt (11), Malaysia (10) and Vietnam (10). This mirrors the situation in 2021, except that Australia and Algeria have one more barrier each.

Figure 8: Geographic spread of barriers per trading partner (end of 2022)



B. The evolution of trade & investment barriers in 2022

The prevailing types among new barriers were **sanitary and phytosanitary** (SPS) barriers and **tariffs and equivalents and quantitative restrictions** (three new registered barriers for each type), followed by **technical barriers to trade** (TBT) and **IPR measures**. In 2022, the number of new SPS barriers remained at a relatively low level (3), similarly as was the case in 2021[65] (2), when compared to new SPS barriers registered in 2020 (13).

In terms of **numbers of new barriers**, 10 barriers were registered in 2022, 6 fewer than in 2021. The declining trend thus continued, albeit at a less dramatic level than between 2020 and 2021 (from 41 to 16). This decrease started in 2021, partly due to the consequences of the COVID pandemic. The decrease in registration of new barriers may also be connected to increased scrutiny since the launch of the Single Entry Point in 2020 of issues *before* they are registered (see Section IV.2 below).

[65] The decline in 2021 was partly attributed to a lack of outbreaks of major pests like ASF and more generally to businesses struggling with the consequences of COVID-19.

The table below shows 2022 compares to the situation in 2021.

Type of measure	New barriers[66] 2022		New barriers 2021
SPS	3		2
TBT	2		6
Tariffs and equivalents and quantitative restrictions	3		2
Administrative procedures	0		1
Services & investment	0		1
Other measures[67]	0		2
IPR	2		0
Public procurement	0		2
Exports taxes and restrictions	0		0
Grand total	**10**		**16**

In terms of the **main sectors affected** by new barriers, the situation in 2022 mirrors 2021: agriculture and fisheries came out again as the largest category, with five new barriers.

Type of sector	Number of new barriers
Agriculture and fisheries	5
Horizontal	3
Wines and spirits	1
Other industries	1
Total	**10**

In terms of the **geographical spread of new barriers**, the largest number were in the Southern Neighbourhood (4), followed by Latin America (2), South and South East Asia (3) and North America (1).

C. Barriers resolved in 2022

In 2022, **31** barriers were removed in **19 partner countries** (eight fewer than in 2021). A combination of different strategies and instruments were used, including diplomatic

[66] New barriers are those registered in Access2Markets in 2022.
[67] Other measures include barriers related to trade defence instruments (TDIs) and to subsidies, measures affecting competition, and other measures non-classifiable in previous categories.

engagement and the institutional framework under **bilateral trade agreements and the WTO.**

Type of measure	Resolved barriers 2022	Resolved barriers 2021
SPS	14	15
TBT	4	6
Tariffs and equivalents and quantitative restrictions	4	6
Administrative procedures	1	3
Services & investment	3	2
Other measures*	3	1
IPR	0	3
Public procurement	1	1
Exports taxes and restrictions	1	2
Total	**31**	**39**

In 2022, **SPS barriers** again accounted for the biggest category with 14 barriers solved.

These solved barriers had a direct positive effect for EU exporters in many sectors, notably the **food sector**.

- For example, after having been closed for 24 years to imports of EU sheep and goat meat, the **USA** finally amended the import conditions for sheep and goat products to bring them in line with international standards. This allowed a gradual restart of EU exports.

- A 10% tax affecting EU beverages (in particular beer) in **Costa Rica** was removed by the latter in February 2023, following continuous bilateral engagement in the institutional bodies established under the EU-Central America Association. EU beer exports to Costa Rica were EUR7 million in 2020, the 10% potentially representing EUR0.7 million[68].

The second most common types of trade barriers resolved in 2022 were those related to **technical barriers to trade** (**TBT)** and **tariffs and equivalents and quantitative restrictions**.

- Among the resolved barriers in the **TBT category** was the longstanding barrier linked to technical specifications applied to public light buses by ***Hong Kong*** starting from 2015, de facto blocking exports of Euro VI light buses from the EU. Following intensive bilateral contacts, including in the EU-Hong Kong Structured Dialogue meetings, the Road Traffic Regulation was amended in September 2022, opening a market for EU manufacturers in the order of EUR200 million.

[68] Source: European Commission, DG AGRI.

- In the category of **tariffs and equivalent barriers** were the discriminatory practices faced by the EU wines and spirits sector in ***Mozambique***. Mozambique had introduced in 2022 an obligatory control stamp regime, with imported alcoholic products having to pay a higher cost for the stamp than domestic products. After intense advocacy work by the Commission (in coordination with Member States and business) the prices for the stamps were set in May 2022 at the same level for both domestic and imported products.

In terms of **geographical coverage** (i.e. the number of barriers resolved per trading partner), Figure 9 below shows that full or partial solutions covered 19 of the EU's trading partners. In contrast to the situation in 2021, when South Korea, Egypt and Canada were the top three countries with most barriers resolved (trade agreement partners), in 2022 India, the United States and Venezuela (countries with whom the EU has not concluded a preferential trade agreement) were at the top of the list.

Figure 9: Number of barriers resolved by partner (2022)

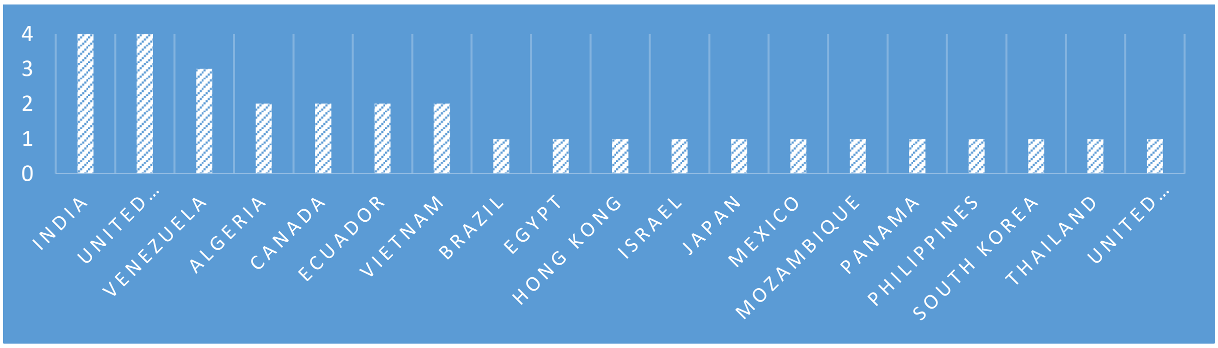
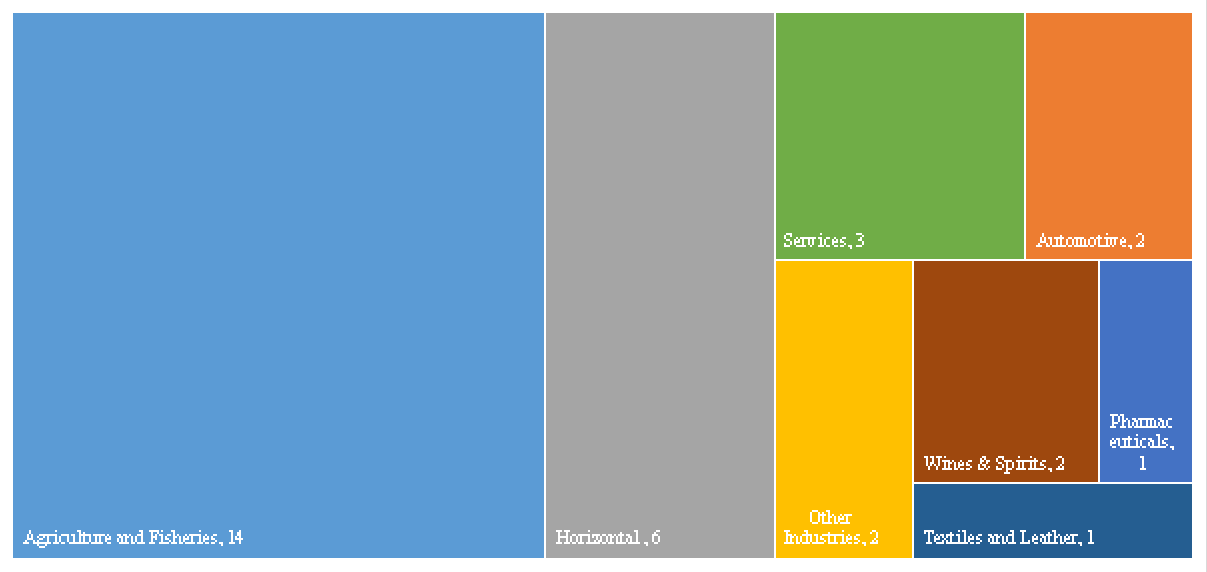


Figure 10 below shows the wide set of sectors benefitting from the efforts to strengthen market access for EU businesses in third countries. The sector that experienced the most resolved trade barriers was **agriculture and fisheries**, accounting for 45% of all resolved barriers. Six of the solved barriers were in the 'horizontal' category (i.e. concerning products across more than one sector, which thus cannot be attributed to one alone), while three concerned the **services sector**. This division largely mirrors the situation in 2021.

Figure 10: Number of barriers resolved per sector (2022)



The Market Access Partnership and its impact in 2022

When tackling barriers, the Commission cooperates closely with Member States and EU stakeholders. This is done within the **Market Access Partnership**, which remains a central strand of the strategy for battling barriers. The partnership brings together the Commission, Member States and EU business associations on a regular basis, in different configurations. The Trade Policy Committee regularly considers implementation and enforcement issues, including on barriers to provide the necessary impulse and direction and a shared understanding between the Commission and Member States of priorities, of what needs to be done and of where efforts should be focused[69].

The partnership's work over the past 5 years again resulted in **unleashing EU exports** in a significant manner. Overall, econometric analysis carried out by DG TRADE showed that thanks to the removal of a number of barriers between 2017 and 2021, exports from the EU in 2022 were EUR7 billion higher than they would have been if the barriers had still been in place.

[69] See also the Commission non-paper on the implementation and enforcement of EU trade policy: https://circabc.europa.eu/ui/group/7fc51410-46a1-4871-8979-20cce8df0896/library/7103f3c9-2dc5-4bc5-be52-210c133802ca/details?download=true.

IV.2 The Single Entry Point

Rationale and process

When DG TRADE launched the **Single Entry Point** on 16 November 2020, it was with a twofold purpose. The first aim was to make it easier for EU stakeholders to raise new potential trade barriers or breaches of sustainability commitments with the Commission. With the Single Entry Point, there is now **one point of contact** for stakeholders to report such issues to the Commission and guidance on the information needed from complainants to establish whether there is a barrier and decide on the follow-up. The second aim was to make the assessment of new issues and the follow-up process more effective and efficient. Under the guidance of the Chief Trade Enforcement Officer (CTEO), the Single Entry Point coordinates the assessment of complaints and sets up Commission 'case teams' made up of relevant experts.

The process is illustrated by a recent example of a complaint on import restrictions applied by Egypt.

SEP complaint regarding Egypt – Letter of credit

In March 2022, the Single Entry Point received a complaint on the mandatory use of a letter of credit (L/C) as a prior payment condition for imports into Egypt of a wide range of goods. The measure enabled the Central Bank of Egypt to control the supply of foreign currency for imports by delaying the issuing of the L/Cs. Accordingly, several economic operators in different EU industry sectors were experiencing considerable delays in the issuing of their L/Cs. This new measure increased administrative burden and costs, delayed the import process, and de facto limited import volumes given the limited foreign currency made available to importers.

Upon receipt of the complaint, the Single Entry Point set up a case team of experts, which also involved the EU Delegation in Cairo, to assess the complaint in detail. As the assessment concluded that the measure was incompatible with the GATT 1994 and the EU-Egypt Association Agreement, the barrier was registered in Access2Markets. Thereafter, the Commission engaged directly with the Egyptian government at various levels (e.g. WTO forums and bilateral contacts under the Association Agreement) to ensure the barrier's swift removal. As a result, in January 2023 Egypt removed the mandatory requirement to use an L/C as a prior payment condition for imports into the country. The EU is currently monitoring whether the removal of the L/C requirement is fully applied on the ground.

The Single Entry Point's work is facilitated by online **complaint forms** – one for market access issues and one on TSD/GSP-related issues. Both are available on Access2Markets[70]. These forms are designed to provide DG TRADE with enough information to conduct a first assessment of the issue at stake and consider follow-up. Potential complainants may be uncertain about the information required, the process, or whether they can complain without providing full information. To assist them, the SEP operating guidelines[71] on DG TRADE's website provide stakeholders with guidance how to submit a complaint. In addition, the

[70] https://trade.ec.europa.eu/access-to-markets/en/contact-form?type=COMPL_MA
[71] https://trade.ec.europa.eu/access-to-markets/en/form-assets/operational_guidelines.pdf

Commission/TRADE offers pre-submission meetings with potential complainants, and follows up with them once the complaint has been submitted, as necessary. Once sufficient information is available, the case team members will assess the complaint and suggest appropriate follow-up to solve the issue. The Commission can also take action of its own initiative in situations where no formal complaints are submitted on a given barrier.

The Single Entry Point in numbers

In 2022, its **second full year** of operation, the Single Entry Point:

- was contacted 71 times, mainly about potential market access barriers (66) but also potential breaches of third countries' sustainability commitments (5);

- received a total of 48 external complaints from EU stakeholders through the Access2Markets portal (two on TSD and the remainder on market access issues) and initiated six ex officio complaints (on market access issues);

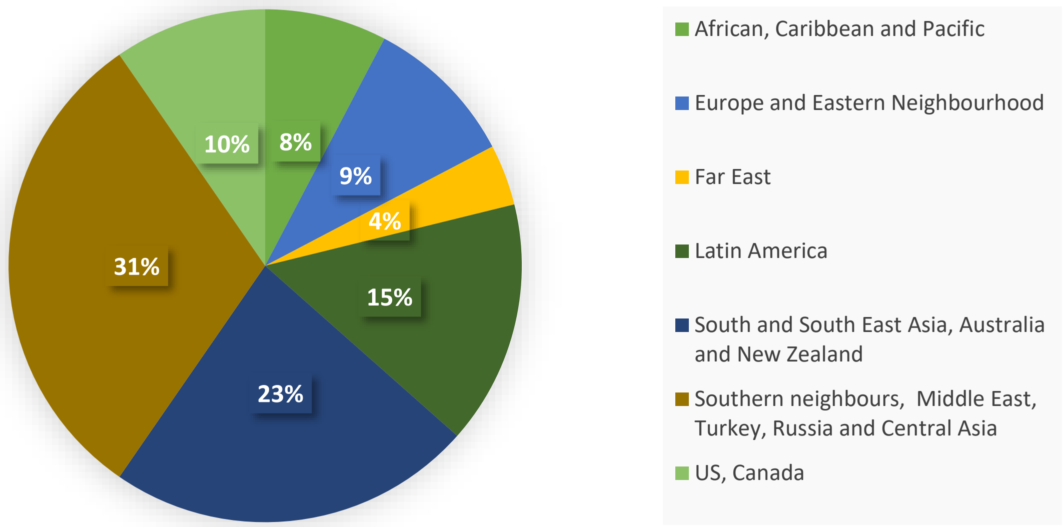
- has engaged in a number of pre-notifications related to sustainability, of which three have resulted in official complaints in 2022.

Out of the 48 external complaints the vast majority (42) were brought by industry: 23 complaints were launched by EU companies, 16 by European trade associations, and 3 by national trade associations. The 6 remaining complaints were launched by Member States.
In addition, the Commission initiated 6 complaints of its own initiative on perceived trade barriers.

With regard to the **number of contacts and complaints received**, increases of 5 and 15 respectively were registered compared to 2021. As for the **origin** of complaints, the situation in 2022 largely mirrors that in 2021: EU business stakeholders remained the number one category of complainants, while **complaints launched by Member States doubled**, albeit from a low level (from 3 in 2021 to 6 in 2022).

As can be seen from Figure 11 below, in terms of **third countries** concerned, the Single Entry Point received complaints about barriers encountered in 22 partner countries, covering all geographic regions.

Figure 11: Complaints received by the Single Entry Point in 2022, per region



In line with the trend observed in 2021, in 2022 again the highest number of complaints concerned trading partners in the Southern and Eastern Neighbourhood (12), which, together with Türkiye (3) made up 33% of all complaints (slightly down from 37% in 2021), followed by South and South East Asia (including Australia, India) with three complaints and Latin America in the third place with two complaints. The SEP only received one complaint on North America.

V. Bilateral and multilateral enforcement of trade commitments: resolving disputes[72]

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

V.1 Use of dispute settlement

A. WTO dispute settlement

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

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

Despite the blockage since 2019 of the WTO Appellate Body, the EU successfully advanced a growing number of WTO disputes during the reporting period, using the Multi-Party Interim Appeal Arbitration Agreement (**MPIA)**[73] as well as **'ad hoc' appeal arbitration agreements**[74] based on the MPIA model. At the end of April 2023, 53 out of the 164 WTO members were covered by the 26 MPIA participants. Japan is the most recent participant, having joined in March 2023. The first MPIA award was issued in December 2022 in DS591 (*Colombia – Frozen Fries*).

As of mid-April 2023, the EU had launched 110 of the 616 disputes brought before the WTO since 1995. Among the **offensive WTO disputes advanced** by the EU over the reporting period were the following[75]:

- US – ripe olives (DS577) – This dispute concerns countervailing duties applied on imports of ripe olives from Spain put in place during the previous US administration in 2018, considered illegal, the ruling becoming binding in December 2021. The EU believes that the United States failed to comply with the panel's findings by the mutually agreed deadline of 14 January 2023, especially with regard to its finding of pass-through. Lacking progress to reach a mutually agreed solution, on 28 April 2023 the EU requested consultations with the US in the context of a compliance proceeding under Article 21.5 of the Dispute Settlement Understanding. As consultations failed to solve the issue, on 14 July 2023 the EU requested that the Dispute Settlement Body establish a compliance panel to rule on the United States' implementation of the pass-through finding in the December 2021 ruling.

- Turkey – pharma (DS583) – This dispute concerns the EU's challenge of certain Turkish measures affecting imports of pharmaceutical products. All claims were decided in the EU's favour in the panel report of 28 April 2022. Türkiye appealed 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 appeal arbitrators broadly confirmed the panel's ruling, in particular that Türkiye must remove its discriminatory practices (localisation and prioritisation measures) in the pharmaceutical sector. Following the expiry on 25 April 2023 of the reasonable time period agreed with Türkiye, the EU is now monitoring Türkiye's steps towards compliance.

---

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

[74] If a WTO member with whom the EU has a WTO dispute chooses not to participate in the MPIA (as was the case, for example, for Türkiye in two WTO disputes, DS583 and DS595, see below).

[75] For a detailed summary of, in particular, WTO cases involving the EU as complainant or respondent and cases under the EU's bilateral agreements, see the most up-to-date edition of the 'Overview of the EU's active dispute settlement cases', published on DG TRADE's website: Circabc (europa.eu)

- Colombia – frozen fries (DS591). This dispute concerned definitive anti-dumping measures imposed by Colombia in November 2018 on imports of frozen fries from Belgium, Germany and the Netherlands. Following a report in the EU's favour by the WTO Panel, Colombia appealed under the Multi-Party Interim Appeal Arbitration Arrangement (MPIA). The final and binding award of the Appeal Arbitrators of 13 December 2022 sided with the EU. On 14 March 2023, the parties agreed on a reasonable period of time for Colombia to implement the recommendations of the Award of the Arbitrators, which expired on 5 November 2023.

- Egypt – import registration (DS609). This dispute concerns registration requirements imposed by Egypt on 29 categories of goods including agricultural and food products, cosmetics, toys, textiles, garments, household appliances, furniture and ceramic tiles. These requirements appear to be inconsistent with Egypt's commitments under the WTO Agreements on Tariffs and Trade (GATT 1994), on Agriculture and on Import Licensing Procedures. On 26 January 2022, the EU requested WTO consultations, following which Egypt committed to introducing and applying significant improvements to the registration process. The EU side is currently monitoring the functioning of the adjusted registration system to verify whether it will allow trade flows into Egypt to resume and is making the necessary contacts with Egypt.

- China – goods and services (DS610). This dispute concerns discriminatory trade practices which China has been applying against Lithuania since December 2021. The measures at stake include rejections of Lithuanian imports by Chinese customs authorities, import restrictions affecting multinational companies that use inputs from Lithuania and a cut in Chinese exports to Lithuania. The EU considers these measures to be discriminatory and illegal under WTO rules. China also put in place complete import bans on alcohol, beef, dairy, logs and peat shipped from Lithuania as part of the same group of measures, allegedly on phytosanitary grounds. The measures affect intra-EU trade and intra-EU supply chains, and impact the functioning of the internal market, including by forcing market adjustments. The EU repeatedly reached out to China to remove the restrictions on Lithuania's exports to China and restore normal trade flows, but to no avail. Following consultations held on 15 and 16 March 2022 between the parties, which failed to bring a satisfactory solution, the EU on 7 December 2022 EU requested a WTO panel, which was established on 27 January 2023. The panel composition process is ongoing.

- China – anti-suit injunctions (DS611). This dispute mainly concerns Chinese measures adversely affecting the protection and enforcement of intellectual property rights. Since August 2020, Chinese courts have been issuing decisions – known as 'anti-suit injunctions' – to prevent EU companies holding standard essential patents from rightfully enforcing their rights outside China. Chinese courts also use the threat of heavy fines to deter European companies from going to foreign courts. This has left European high-tech companies at a significant disadvantage when enforcing their rights. Consultations between the EU and China took place in April 2022 but failed to reach a mutually satisfactory solution. A panel was established on 27 January 2023 and composed on 28 March 2023.

- India – tariffs on ICT products (DS582). This dispute concerns tariffs applied by India on information and communications technology ('ICT') products. The tariffs have been progressively established since 2014, although India had committed to a duty-free regime with its WTO bound schedule as a translation of its ITA-1 commitments. The panel report was circulated to all WTO members and published on 17 April 2023. In this report, the panel found that India's tariffs, of up to 20%, violate the most basic rules of the WTO, i.e. India's tariff commitments, and thus are illegal. The panel report upheld all of the EU's claims in this dispute and should in principle be adopted by the Dispute Settlement Body within 60 days from circulation to all WTO members.

- Indonesia's nickel ore export ban (DS592). This dispute concerns an export ban imposed by Indonesia on nickel ore and domestic processing requirements affecting nickel ore and iron ore. The EU challenged the measure before the WTO, requesting the establishment of a panel in January 2021. On 30 November 2022, the panel found that Indonesia's export ban and domestic processing requirement on nickel ore violated WTO rules and were not justified by any of the available exceptions, upholding all of the EU's claims. On 8 December 2022, Indonesia appealed the panel report 'into the void', i.e. to the non-operational Appellate Body. Indonesia did not agree to any arrangement for working around the absence of a functioning Appellate Body to hear its appeal, such as joining the MPIA or concluding with the EU an ad hoc appeal arbitration agreement pursuant to Article 25 of the Dispute Settlement Understanding, despite sustained outreach at all levels over the course of 2022. Following the findings of the WTO panel and Indonesia's appeal to the currently non-operational Appellate Body, de facto blocking the final and binding resolution of the dispute, the Commission is considering applying appropriate and proportionate countermeasures in response to Indonesia's breach and has launched a public consultation on the possible use of the Enforcement Regulation to assist it in assessing the necessity and parameters of possible commercial policy measures.

Over the reporting period the EU also **continued to advance on defensive WTO disputes brought by other parties against the Union**, including the following:

- Turkey – steel safeguards (DS595). This dispute concerns the steel safeguard measure imposed by the EU in February 2019. The panel report of 29 April 2022 confirmed the availability of the safeguards instrument as a response to the global steel crisis, but found that the EU safeguard measure on three points lacked sufficient justification. Following adoption of the final report on 31 May 2022, the EU and Türkiye agreed on a reasonable period time for compliance and on 16 January 2023 and the EU submitted a status report informing the WTO Membership about the adoption of the measure necessary to comply with the recommendations and rulings in this dispute.

- Indonesia (DS593) – palm oil and Malaysia – palm oil (DS600): Both disputes, which were initiated separately by Indonesia (December 2019) and Malaysia (January 2021) respectively, take issue with certain measures adopted by the EU and certain Member States in the context of the EU Biofuels directives, as the latter affect palm oil and oil palm crop-based biofuels from these countries. Malaysia and Indonesia claim that these measures at issue are inconsistent with the WTO Agreements on Technical Barriers to Trade (TBT), Tariffs and Trade (GATT) and Subsidies and Countervailing Measures (SCM). In both cases, panels were established and proceedings are ongoing.

- South Africa – citrus fruit (DS613). This dispute concerns the EU's phytosanitary regime governing imports of citrus fruit from South Africa. South Africa claims that the EU's measures appear inconsistent with the WTO SPS Agreement and some provisions of the GATT 1994. On 22 July 2022, South Africa requested consultation with the EU at the WTO. The consultation took place on 15 and 16 September 2022 but failed to produce a satisfactory solution. The process is ongoing.

B. Bilateral dispute settlement

The EU did not launch any new bilateral disputes in 2022, but continued to monitor trading partners' compliance with expert panel reports and negotiated settlements...

- **South Korea – labour commitments**. Further progress was made by South Korea in implementing the January 2021 experts panel ruling[76] issued in accordance with the 'Trade and Sustainable Development' chapter of the EU-South Korea Trade Agreement. Three core conventions entered into force in South Korea in 2022, notably the convention on the Freedom of Association and Protection of the Right to Organise (No 87), on the Right to Organise and Collective Bargaining (No 98) and on Forced Labour (No 29). For more detail see Section II.2, point C above.

- **Southern African Customs Union (SACU) – safeguard measures on poultry**. This dispute was governed by the dispute settlement provisions of the bilateral Economic Partnership Agreement between the EU and the SADC (Southern African Development Community) states. It concerned the imposition by SACU (South Africa, Botswana, Namibia, Eswatini and Lesotho) in September 2018 of a safeguard measure on exports of frozen bone-in chicken cuts from the EU that had led to a significant reduction in the exports of EU poultry to SACU. The arbitration panel, in its final report of 4 August 2022, ruled in favour of the EU and found that the safeguard measure was not proportionate and went beyond what was needed to remedy or prevent any serious injury or disturbances. Moreover, the delay between the investigation and the adoption of the safeguard measure was excessive and not in line with the EU-SADC EPA. Although the safeguard measure expired in March 2022, the panel report sets a precedent to be followed by SACU and prevented the latter from extending the duration of the safeguard at stake.

[76] The panel report was issued on 20 January 2021 and is available here: Circabc (europa.eu)

- **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). In December 2022, Algeria withdrew the illegal import duties (DAPS) for all products covered by the EU-Algeria Association Agreement. Moreover, in November 2022 Algeria modified the legal framework and relating to car imports. In the meantime, Algeria has also put in place a new authorisation regime for imports, which is designed as a rolling import ban that currently applies to a list of almost half a million products, and other sectoral trade barriers (e.g. new halal requirements for agri-food products) disrupting trade flows across sectors. Further measures that restrict trade and investment are adopted on a regular basis, rendering the business environment on the ground unpredictable and non-transparent. The Commission is closely monitoring the situation and remains concerned by developments regarding the introduction of new measures during 2022 and the first part of 2023.

- Finally, Russia's unprovoked and unjustified war of aggression against **Ukraine** affected its ability to comply with the arbitration panel's ruling in a bilateral dispute under its Association Agreement with the EU concerning a Ukrainian ban on the export of certain types of timber.

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

In December 2020, there was a public call for applications over the renewal of the pool of arbitrators and separate pool of experts in trade and sustainable development (TSD) for dispute settlement panels under trade agreements to which the EU is a party. As part of the call process, a selection panel of experienced international judges and academics examined the candidates to confirm their suitability for appointment. The successful candidates were informed in May 2022 and the new pools of eligible candidates were published in June 2022[77]. The Commission will draw on these new pools to make proposals for the appointment of arbitrators and TSD experts in specific cases, or for pre-agreed lists (rosters) under the relevant bilateral agreements with third countries. The Council will make the final decision on such rosters. In line with the Commission's adherence to the Equal Representation in Arbitration Pledge, the Commission will seek to ensure gender balance as regards appointments to rosters or specific disputes and will encourage its trading partners to do the same.

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