



Brussels, 10.11.2021
SWD(2021) 322 final

COMMISSION STAFF WORKING DOCUMENT
EXECUTIVE SUMMARY OF THE EVALUATION

**of the impact of trade chapters of the Euro-Mediterranean Association Agreements with
six partners: Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia**

{SWD(2021) 319 final}

In December 2018 the Directorate General for Trade (DG Trade) of the European Commission commissioned a study on the impact of trade chapters of the Euro-Mediterranean Association Agreements (Euro-Med AAs) with six partners: Algeria, Egypt, Jordan, Lebanon, Morocco and Tunisia (Southern-Mediterranean countries; SMCs). The study was prepared by external consultants – Ecorys, Case and Femise.

The Euro-Med AAs between the European Union (the EU) and the six SMCs were signed in the late 1990s in view of meeting the objectives of the 1995 Barcelona Declaration, including the establishment of a free-trade area (FTA). As a result, one of the key components of the Euro-Med AAs are the bilateral Euro-Med free-trade areas (Euro-Med FTAs) that aim on the one hand to promote and liberalise trade between the EU and SMCs and on the other hand, to enhance intra-Med trade through intra-regional integration and cooperation.

The purpose of the evaluation was to assess the extent to which the objectives of Euro-Med FTAs were met. This was achieved by following four criteria: **effectiveness**, **efficiency**, **coherence** and **relevance**. The evaluation period covered data available three years prior to the date the Euro-Med FTAs came into the force up to the latest available data.

Based on the analysis carried out, the Commission services concluded that the Euro-Med FTAs have largely delivered their objectives. The Euro-Med FTAs have been **effective** in having positive effects on trade, GDP, welfare, consumers and workers in both the EU and the SMCs. They have also had a positive impact on social indicators, with no major unintended consequences in this area. Likewise, environmental impacts appear to have been small and mixed, while the Euro-Med FTAs are found to have facilitated trade in environmental goods.

All SMCs have gained in terms of welfare and income. However, due to the differences in initial tariff levels and because of the gradual erosion of the effective Euro-Med tariff preferences due to external factors, the Euro-Med FTAs have generated fewer new market access opportunities than may have been intended. Nevertheless, the goals of the Euro-Med FTAs to expand the trade relationship and to safeguard existing market access for the SMCs to the EU, which would have been lost without the SMCs have been achieved. Diversification and economic complexity of exports of SMCs have recorded improvements since the entry into force of the Euro-Med FTAs.

Regional agreements, such as the Agadir Agreement and the Regional Convention on pan-Euro-Mediterranean preferential rules of origin, which was a step in promoting greater harmonisation and simplification of rules of origin in the region, were inspired by the Euro-Med FTAs and were building blocks in the process of promoting intra-Med trade.

With regard to **efficiency** of the Euro-Med FTAs, the analysis of effects in the areas of social and human rights and environment showed that the costs of the Euro-Med FTAs related to sustainability brought by different stakeholder groups, where they occurred, were either proportionate to the benefits or smaller. Direct costs of compliance of the Euro-Med FTAs have not been found to be a major issue either. However, other inefficiencies and remaining regulatory costs in areas covered only partially by the Euro-Med FTAs have remained high and some estimates suggest that they may have larger impacts than the tariff liberalisation brought about by the Euro-Med FTAs. This concerns mainly regulatory non-tariff measures (NTMs) as well as barriers to FDI, services trade restrictions and inefficient business and institutional environments. This suggests that the remaining NTMs and other regulations are

relevant as they create inefficiencies and costs, which affect the functioning of the Euro-Med FTAs.

The objectives of Euro-Med FTAs have been **coherent** and supported the wider objectives of the Euro-Med AAs, the European Neighbourhood Policy, Partnership Priorities and the EU Global Strategy for Foreign and Security Policy. This was particularly the case in areas where stronger commercial relations provided strong incentives to cooperate (e.g. political dialogue, regional co-operation or economic infrastructure).

In terms of **relevance**, the current framework of Euro-Med FTAs is not fully coherent with the Communication on Trade Policy Review from 18 February 2021 and the revised objectives stated in the Joint Communication on Renewed Partnership with the Southern Neighbourhood. In line with these Communications the EU is therefore ready to modernise the trade and investment relations with the interested SMCs, to better adapt them to today's challenges.

To conclude, the overall findings of the evaluation demonstrated therefore that the Euro-Med FTAs have worked quite well in terms of achieving their specific objectives and overarching goals. The Euro-Med FTAs have played a significant role in fostering Euro-Med trade and they remain relevant for trade in goods between the EU and SMCs.

However, there are also issues, which have been identified as affecting the performance of these Euro-Med FTAs and where additional efforts are needed to enhance their relevance for current trade challenges faced by the EU and SMC partners (e.g. addressing non-tariff measures, reinforcing Euro-Med FTAs implementation, improving the business environment in SMCs, reviewing the coverage of the FTAs and enhancing sustainable development and regulatory cooperation). These issues continue to be of key importance in order to bring the expected benefits of the Euro-Med FTAs to both sides.