On 27 October 2021, the European Commission released its first consolidated report on the implementation and enforcement of EU trade agreements, following the appointment of the Chief Trade Enforcement Officer (CTEO) on 24 July 2020, who oversees and directs activities in this area, under the guidance of the Executive Vice President and Commissioner for Trade.

The report provides an overview about the tools and instruments to implement and enforce EU trade agreements and informs on steps the Commission took in 2020 and the first half of 2021. It highlights results in:

- helping companies (in particular smaller and medium sized businesses) to benefit from the opportunities that international trade agreements provide, including through new tools such as Access2Markets or the Single Entry Point, that allow them to do so better;
- ensuring the EU’s trading partners respect their commitments on market access as well as labour and the environment, working with civil society, but also by bringing disputes, where necessary.

The report offers a snapshot of the evolution of the EU’s preferential trade in 2020, looking at 37 main trade agreements with 67 partners. It is accompanied by a staff-working document with detailed information per partner country and agreement.

More information has been posted on the Commission’s trade website: two information sheets on preference utilisation, a document on the fill rates of Tariff Rate quotas for agricultural products as well as a FAQ document.

1. MAKING FULL USE OF EU PREFERENTIAL TRADE AGREEMENTS

1.1. EU preferential trade in 2020

Among the 67 trading partners covered in the report, Switzerland remained the EU’s top trading partner, with 21.5% of trade, followed by Turkey (11.3%), Japan (9.4%), Norway (7.8%) and South Korea (7.7%). Together, these five partners accounted for more than half of EU preferential trade (57.7%).

EU trade in goods by preferential partners (2020)

1.2. EU trade agreements in 2020 held up slightly more strongly in the year of the Covid-19 pandemic

The 37 major EU trade agreements covered by this report continued to make a major contribution to EU global trade in 2020, notwithstanding the consequences of the global Covid-19 pandemic. EU preferential trade fell less sharply (–9.1%) than EU trade with its non-preferential partners (– 11.1%) and trade with the rest of the world (– 10.5%) (see figure 2).

While overall trade with the 67 EU preferential partners fell by 9.1%, EU trade in industrial products with the 67 partners had a surplus of € 116.8 billion, a rise of € 2.1 billion compared to 2019.

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2 The report replaces the former annual report on the implementation of EU trade agreements and its staff working document, as well as the former yearly trade and investment barriers report.
3 The agreement with the UK is not covered as it only entered into force on 1 January 2021.
Agri-food trade with preferential partners grew by 2.2%, i.e. down from 8.7% in 2019, but twice as fast as overall agri-food trade (which grew by 1%).

**Latvian grain reaches Japan**

The EU–Japan Economic Partnership Agreement (EPA) helped Dobeles dzirnavnieks, a leading grain processor in the Baltic and the largest pasta producer in northern Europe, to get a foothold in the Japanese market. ‘The clear framework that the EU set for exporting is key to help our business to expand to new markets. Our sustainable production model and our advances in organic production offer a high growth potential for Dobeles dzirnavnieks inside and outside the EU.’ (Kristaps Amsils, Chairman of the Board, Dobeles dzirnavnieks)

Annual trade growth by type of partner (2019-2020)

- **Imports**: -11.6%, -10.5%, -10.2%, -8.1%, -10.0%
- **Exports**: -10.2%, -9.1%, -11.3%
- **Total trade**: -11.3%, -11.1%

**French car sharing makes Singaporeans more mobile**

The Agreement has made it easier for European companies to bid for public contracts in Singapore, opening up opportunities for innovative EU companies to offer their technologies.

“Singapore is ideal for Blue SG’s car sharing solution. It is a city-state with modern infrastructure and high population density. It is also a place where it is easy for companies to operate. We can rely on qualified people and great research and development opportunities, while having a regional outlook. The possibility to compete for public procurement contracts is definitely something that will help us in our future endeavour to promote our projects and technologies.”

Franck Vitté Managing Director, Blue SG

1.3. EU trade agreements offer new opportunities to innovative EU entrepreneurs

The EU’s most recent trade agreements help companies to access new markets not only by eliminating tariffs, but also by opening up public tenders in partner countries to EU bidders.

The **EU-Singapore FTA** is a recent example. In its first full year of application, the agreement started to deliver its huge potential for increasing EU exports, cutting red tape and simplifying procedures.

**Preferred trade in services** in 2019 (the latest year for which data is available) with the 19 preferential partners covered by this report that undertook commitments in services’ grew by 14%, i.e. more strongly than overall EU trade in services. The strongest growth in services trade was between the EU and its African, Caribbean and Pacific partners (40%) and Georgia, Moldova and Ukraine (16%). But also in other EU trade agreements, like the one with Canada, commitments on financial services and business services help safeguard the interests of European business and their clients abroad. For example, CETA helped Mandaworks, a Swedish urban planning and landscape architecture firm to establish an office in Montreal. According to Martin Arfalk, founder and owner of Mandaworks, “CETA enhances the right of European architects and urban planners to practice on the same level in Canada, which could encourage European professionals to bring their talents to a rapidly growing Canadian urban planning market”.

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7 The Andean partners, Canada, the CARIFORUM partners, Central America, Chile, Georgia, Japan, Mexico, Moldova, Norway, South Korea and Ukraine.
1.4. The EU agreements with Canada and Japan continue to facilitate exports for SMEs

The EU-Japan EPA celebrated its third and CETA its fourth birthday in 2021. Both agreements open up new opportunities for small and medium-sized businesses like Technilum or Anassa Organics.

Technilum based in Southern France designs and manufactures customised aluminium urban and outdoor lighting furniture based on recyclable raw material. CETA reduced customs duties from 7% to 0% on the products exported by Technilum to Canada (manufactured in France).

“CETA has made a real difference for our company by reducing customs duties from 7% to 0%. This made our products more competitive, and Technilum was chosen for several large projects in Canada. Our growth rates in Canada are quite incredible, close to 80%.”

Agnès Jullian, CEO of Technilum

For Greek company Anassa Organics, making quality organic herbal tea near Athens, Japan and Canada are both key markets made more accessible by EU trade agreements: No tariffs, no additional registrations or testing, no certificates, no declarations – just business. “The EU’s trade agreements with Canada and Japan have already had a significant impact on our business, and we’re confident they will continue to positively affect our sales, create more jobs locally, and make Greek products better known worldwide”, says Aphroditi Florou, Co-founder of Anassa Organics. Co-founder Yianna Mattheou explains that the EU-Japan trade agreement “is a definite incentive and makes our life easier.”

While exports are often used as a metric to measure success, imports are just as important in a global economy based on an international division of labour. An estimated 80% of EU exporters also import, including in the agricultural sector. For example, the interim EPA between the EU and the Eastern and Southern African States (ESA) helped French Groupe Saint Aubin, based in Mauritius supplying tea, rum and vanilla from Mauritius to EU customers in France, Germany and the Netherlands.

ESA EPA helping tea, rum and vanilla reaching EU customers

Running Groupe Saint Aubin, the Guimbeau family, native of France has been producing fresh sugar cane juice, single estate rums and teas in Mauritius for 8 generations. Thanks to the ESA EPA, their exports have increased by 55%. The EPA helps the products of the Groupe Saint Aubin become internationally competitive, thus allowing acceding to a bigger market. This openness will also allow emerging countries become more resilient, “The EPA helps our products become internationally competitive, thus allowing acceding to a bigger market”

Mr Eric Guimbeau, Chief Executive Officer

1.5. EU trade agreements help to ensure compliance with trade and sustainable development commitments

The Commission engages with its partners in the various committees established under EU trade agreements and offers technical cooperation, where needed. Over the past year and a half, the well-established EU-ILO cooperation again delivered tangible outcomes in a number of partner countries, notably in the domain of labour rights and inspections.

✓ Vietnam moved to adopt legislation paving the way for implementing its new Labour Code, which entered into force on 1 January 2021, supported by EU and ILO.

✓ Technical assistance provided via collaboration between EU and ILO helped Georgia to adopt a new Labour Code in September 2020 as well as a new law on labour inspections, resulting in greater approximation to international standards and to the relevant EU law.

✓ An EU-ILO sponsored technical assistance project on labour inspection also helped promote labour rights in rural areas in Colombia, and to organise workshops in Peru and in the agricultural sector in Ecuador.
In addition, the first legal dispute on TSD issues brought by the EU against Korea on labour issues speaks to the importance of being ready to enforce the agreed rules when needed. The dispute under the EU-Korea trade agreement was launched by the EU at the end of 2018, due to concerns about Korea’s failure to respect the principles relating to certain fundamental labour rights and to ratify four fundamental ILO Conventions. On 20 January 2021 the Panel of Experts set up under the EU Korea Free Trade Agreement ruled that Korea had not complied with its obligations.

**Solving the EU-Korea Dispute: Three steps forward towards improving labour rights in Korea**

- **✓ Step 1:** In December 2020, the Korean National Assembly passes a series of legislative amendments to the Korean Trade Union and Labour Relations Adjustment Act, to bring it in compliance with the principle of freedom of association.

- **✓ Step 2:** In February 2021, the National Assembly completes the ratification of ILO Conventions No 87 on Freedom of Association and the Right to Organize, No 98 on the Right to Organise and Collective Bargaining and No 29 on Forced Labour.

- **✓ Step 3:** In April 2021 EU and Korea agree on a process to monitor the implementation of the panel recommendations using the institutions of the EU-Korea trade agreement.

For more than a decade EU trade agreements, notably since Korea, establish advisory groups on the side of the EU and the partners to involve civil society in monitoring and implementation of trade and sustainable development chapters. The Commission works closely with the 12 EU Domestic Advisory Groups on country priorities for each trading partner and provides funding to facilitate the work of both EU and partner countries’ DAGs.

**Activities by EU DAGs again helped to advance trade and sustainable development**

- **✓** In the South Korea labour dispute, EU DAG Members brought to the attention of the Commission information on potentially problematic elements within the Korean legal framework and practice related to core ILO principles and ratification of the fundamental ILO conventions. The EU DAG also plays an active role in monitoring compliance with the TSD panel report.

- **✓** To inform discussions between the EU and Colombia, Ecuador and Peru on human rights issues in the TSD Committee, the EU DAG reported on the situation of trade union leaders and environmental activists in Colombia, the banana sector in Ecuador, labour and environmental issues in Peru and the socio-economic impact of COVID-19.

In 2021, the Commission’s started a review of its 15-Point Action Plan on Trade and Sustainable Development (frontloaded from 2023) looking at all relevant aspects of TSD implementation and enforcement, including the scope of commitments, monitoring mechanisms, the possibility of sanctions for non-compliance, the “essential elements” clause as well as the institutional set-up and required resources. Results are expected for the first half of 2022.

### 1.6. EU trade agreements offer a basis for regulatory cooperation

EU trade agreements are not only important vehicles to prevent or remove trade barriers and further sustainability goals but they also offer avenues for cooperation and dialogue, as can be seen from the following examples:

- Regulatory cooperation facilitated by the EU-Japan EPA led Japan and the EU to recognise in their respective domestic regulations a number of wine-making practices used by the other side and to harmonise their technical regulations for cars with regard to four additional technical aspects, following work at multilateral level.

- CETA established a joint forum for regulatory cooperation where the Commission and Health Canada inter alia cooperate on consumer safety, joining forces on product recalls and coordinated surveillance activities, e.g. on heavy metals in children’s jewelry sold online and joint communication campaigns, e.g. on children’s water safety. Cooperation under CETA between the Commission and Health Canada on cosmetics also led to the elimination of costly re-testing for certain cosmetic products exported from the EU to Canada, such as sunscreens, anti-dandruff shampoos and toothpastes.

### 1.7. EU trade agreements offer a basis for dialogue with stakeholders

- Using Economic Partnership Agreements with Ghana and Cote d’Ivoire—the two main cocoa producing countries worldwide (70% of production)—the EU has launched a multi-stakeholder dialogue on child labour and forest protection under the Sustainable Cocoa Initiative. The dialogue brings together key EU stakeholders, including representatives of Member States, the European Parliament, industry and civil society organisations.
2. SUPPORTING TAKEUP BY SMALL AND MEDIUM SIZED ENTERPRISES OF EU TRADE AGREEMENTS

Global markets remain an important source of growth for SMEs, who support more than 13 million jobs in the EU. More than 580,000 SMEs export to markets outside the EU and account for one third of all EU exports. But there remains untapped potential. The Commission has been stepping up efforts to help SMEs make the most of trade rules and agreements.

2.1. Access2Markets: A game changer for reading EU trade agreements

Access2Markets, a new platform launched by the Commission in October 2020 with its integrated Rules of Origin Assessment Tool (ROSA) offers a wealth of free, searchable, multi-lingual, and up-to-date information:

✓ 122 export markets outside the EU and 190 source markets
✓ Searchable information on tariffs, taxes, quotas, import formalities and procedures for imports and exports
✓ Rules of Origin Self Assessment tool (ROSA) to compare rules across EU trade agreements.

Access2Markets recently won the public vote in the 2021 European Ombudsman’s Good Administration Awards. The platform is used by up to 10,000 daily users, 70% are from the EU. Stakeholders have been providing feedback and the Commission is working to test and roll out new features and tools, step-by-step.

ROSA: A can-do approach to rules of origin used 500 times a day

✓ Online tool guiding users through a set of questions on rules of origin;
✓ Users can easily assess whether or not their products fulfill the rules and qualify for preferential treatment under an EU trade agreement;
✓ Users also find clear instructions on paperwork required to benefit from tariff preferences;
✓ Users can compare the rules across various agreements.

Additional elements to complete Access2Markets include in particular the following:

✓ A searchable database covering a number of service sectors under EU agreements is being developed on a pilot basis, and specific sectoral guides zooming in on certain regions or countries, for example, in the area of plant and animal health provisions.
✓ Extension of ROSA’s geographical coverage to all EU FTAs. Today, it already captures 26 trade agreements with 36 countries (including the UK, Central American partners, Columbia/Peru/Ecuador, Vietnam, Canada, Japan and South Korea).

In addition, a specific tool for public procurement, Access2Procurement, was launched in September 2021 for CETA, the EU trade agreement with Canada, and will be extended over time to other trade agreements and the WTO Government Procurement Agreement (GPA). It can be of particular relevance for EU SMEs interested in foreign procurement markets.

Access2Procurement: Know your rights and tap into new opportunities abroad

✓ With a few mouse-clicks, European suppliers can now find out whether they are entitled under CETA or the WTO GPA to participate in a public tender.
✓ After answering three quick questions on procuring entity, subject matter of the procurement and expected value of the contract, the new tool gives a quick and highly reliable assessment on whether the user has the legal right to take part.
2.2. SME Centers in Japan and China: Giving SMEs a hand with trade agreements

To complement IT tools by the Commission, SME centers in Japan and China continue to disseminate knowledge about local markets and how to tap into these, including by trainings and dedicated guidance. In acting as knowledge centers for EU SMEs abroad, they facilitate the exchange of good practices and expertise among business and partnerships.

The EU-Japan Centre for Industrial Co-operation has produced:
✓ 16 EPA-related webinars (via the EPA Helpdesk) with 925 participants;
✓ 18 factsheets guiding SMEs on key aspects of the EPA;
✓ 21 webinars with 810 participants.

SMEs are benefitting in particular from the Centre’s enquiry hotline where they can get expert assistance on a wide range of issues, including standards and conformity assessment. The EU SME Centre has become a primary contact point for EU SMEs who want to do business with Japan. But the Center’s EPA has recently added a handbook to help EU SMEs who want to import products from Japan using the EPA®.

The EU SME Centre’s in China started its activities in 2014 and in its first six years has organised hundreds of trainings in China and the EU for over 12,000 EU SMEs, while also brokering numerous arrangements with government agencies and business support organisations in China and Europe.

3. ADDRESSING BARRIERS AND FINDING SOLUTIONS

Types of barriers in 2020

2020 saw the continued appearance of new barriers among our trading partners, including those with whom we have preferential trade agreements. In terms of the sectors most affected last year, 43% were found in the agriculture and fisheries sector, which is the one with the largest number of barriers overall. Barriers of a horizontal nature or covering a number of sectors made up for a quarter of all new barriers recorded, reflecting an increase in protectionist tendencies, accentuated by the COVID-19 pandemic.

But in 2020, the Commission also removed 33 barriers in 22 partner countries and European companies could export an additional € 5.4 billion thanks to barriers eliminated between 2014 and 2019.
Over the reporting period, the Commission has been using a range of instruments to prevent and solve barriers, often applying these in combination. The starting point for solving problems often lies in the more than 200 committees and working groups under EU trade agreements that take place each year. These allow the EU and its partners discuss any issues related to implementation and to find solutions.

**Examples for barriers averted or resolved through committee work in 2020**

- Egypt removed quantitative restrictions for imports of seed potatoes and restrictive requirements for feta cheese
- Jordan put on hold a service fee for customs processing on imported goods from the EU
- Canada agreed to remove federal excise duty discriminating EU wine by mid-2022 and discriminatory measures at provincial level (Ontario and Nova Scotia) by mid-2023/2024.

In 2020, trade agreements also helped to remove barriers that European services providers face in third countries.

**Collaborative efforts clear the skies again for European airlines in Central America**

- Invoking the EU-Central America FTA, Commission and Member States supported by business on the ground successfully engaged with Panama’s Civil Aviation Authority to get local ownership restrictions removed.
- The latter would have prevented the EU airline company KLM from providing ground handling and aircraft maintenance services in Panama.
- KLM, the only aircraft maintenance service provider licensed by the European Union Aviation Safety Agency (EASA) in Panama, received a definitive licence and can continue offering these important services to other EU airlines.

In addition, the Commission also regularly raises barriers in a multilateral setting in the WTO. Thanks to successful EU engagement at the WTO Committee on Technical Barriers to Trade, a large number of such barriers could be clarified, removed or prevented across sectors, affecting an estimated €83 billion worth of EU exports over the past decade.

The figure shows the distribution of EU exports that benefited from successful interventions in removing TBT-related barriers in the WTO context.

The Commission has also made more straightforward reporting on barriers, establishing on its Access2Markets portal a link to the **Single Entry Point**, a one-stop-shop to provide information on trade barriers and/or trading partners failing to live up to their commitments on trade and sustainable development or under the EU’s Generalised Scheme of Preferences, which grants preferential access to imports from developing and least developed countries.

**Three advantages of the SEP**

- One **ONLINE** stop shop for ALL complaints by any EU based stakeholder: including TSD & GSP;
- Stakeholders receive exact guidance on evidence needed and personal support through TRADE SEP department;
- Complainants can follow the course their cases.

Since its announcement in summer 2020 the SEP has been contacted more than 80 times with regard to possible complaints resulting in 29 formal complaints received. The SEP increases our chances to prepare stronger cases and react faster.

**Egypt/ceramic tiles**: EU companies through the Single Entry Point were fast to report the temporary import ban imposed by Egypt on ceramic tiles’ imports. This allowed the Commission, with the help of the EU Delegation, to engage with the Egyptian authorities at an early stage, including via diplomatic contacts and by exchanging letters. In March 2021, following the initial three months’ period, Egypt decided not to extend it and thus the measure has now expired.

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*“Multilateral Cooperation behind the Trade War Headlines”; No PI2021-03/ February 2021, Lucian Cernat and David Boucher; https://www.ceps.eu/wp-content/uploads/2021/02/PI2021-03_Multilateral-cooperation-behind-the-trade-war-headlines.pdf*
4. RESOLVING DISPUTES

The Commission has been working over the reporting period to back up efforts in committees at bilateral and at multilateral level by advancing and triggering legal procedures for resolving disputes, where other means did not prove successful.

WTO: 104 disputes brought to the WTO since 1995 by the EU. Over the reporting period:

- **Consultations advanced to the panel stage** and **panel proceedings continued** or in a number of disputes, including against Colombia (anti-dumping duties on frozen fries), India (excessive tariffs in IT sector), the US (measures on steel and aluminium products & anti-dumping and countervailing duties on ripe olives from Spain) and Indonesia (nickel ore export ban and domestic processing requirements affecting nickel ore and iron ore).

- **Substantial progress was made towards ending the dispute with the US on Large Civil Aircraft**: EU and US reached an Understanding on a cooperative framework for Large Civil Aircraft in June 2021, according to which countermeasures will now remain suspended for a period of five years.

Since 2018, the EU has requested dispute settlement under four bilateral trade agreements, notable the ones with Ukraine, South Korea, the Southern African Development Community and Algeria.

Over the reporting period, two panels have ruled in favour of the EU:

- In the case of **Ukraine**, a panel of arbitrators on 11 December 2020 confirmed Ukraine’s ban on unprocessed timber as illegal (with the exception of sawn wood from ten rarely traded wood species).

- In the case of **Korea**, the panel of experts on 20 January 2021 found that Korea had not complied with its obligations under the FTA on labour rights.

These disputes illustrate the importance of the **assertive use** of the enforcement tools, including where non-compliance risks undermining commitments within FTAs (Korea labour rights) or poses a systemic threat to international trade (export restrictions).

The EU also took steps to advance its disputes against the **Southern African Customs Union** (over illegal safeguard measures taken by Southern African Customs Union against EU poultry) and Algeria (over import restrictive measures, including an import ban on cars), by asking for the establishment of arbitration panels, while technical discussions continue.