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 agreements

on the implementation and enforcement of EU trade agreements
In February 2021, the European Commission launched a new strategy for EU trade, entitled "An Open, Sustainable & Assertive Trade Policy".

Our trade agenda will be shaped by these three concepts for the coming years.

The "Open" and "Sustainable" parts of our agenda speak for themselves, and have already been explained on numerous occasions.

But what about the "Assertive" part? This goal is perhaps a little less easy to define, but it is just as important and meaningful as the other two.

Simply put, it refers to the growing European recognition that EU trade policy needs to be tougher, more assertive, and more results-oriented – as well as a growing European willingness to make that happen.

Over recent years, it has become clear that we need stronger tools to defend ourselves when our global partners do not play by the rules.

Likewise, we have recognised that we need to extract more value from the implementation of our best-in-class network of free trade agreements – the biggest in the globe. This is not just economic value, but value across a spectrum of areas, ranging from social and sustainable development commitments to stronger support for SMEs.

Of course, this approach did not begin with this year’s new trade strategy. In fact, many strong policy achievements have already been recorded in recent years under this aegis.

Three achievements stand out in 2020:

The appointment of the first ever EU Chief Trade Enforcement Officer (CTEO) sent a strong signal to the world that we mean business. After just over one year in office, the CTEO has chalked up a string of notable successes, and we expect his scope for action to increase as our trade stakeholders become more aware of his role.

The launch of the online portal "Access2Markets" (A2M)\(^1\) created a one-stop shop to help our traders, in particular SMEs, navigate the world of global trade. This easy-to-use interactive platform provides accessible and multilingual information about how EU trade agreements work in practice, including a tool on rules of origin self-assessment, ROSA, used 500 times a day. Since its launch in October 2020, the Access2Markets portal has already had over 1.5 million visitors, and won a European Ombudsman Award for Good Administration 2021.

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The setting up of the **Single Entry Point** (SEP), a streamlined complaint mechanism for stakeholders to flag problems that arise when our global trade partners fail to live up to the obligations and commitments they signed up to in our trade deals. In particular, the SEP deals with complaints related to market access, to commitments in the area of trade and sustainable development and to the Generalised Scheme of Preferences.

Building on these noteworthy achievements, the Commission is today releasing its first **overarching report on Implementation and Enforcement**. It is a most remarkable compendium.

It shows how the Commission, under the leadership of our CTEO, is driving efforts both within the Commission and other EU institutions to implement and enforce international trade rules under the WTO and 37 of the EU’s main trade agreements. This document outlines the full range of actions deployed in 2020 and the first half of 2021.

The CTEO has also set out to reinforce the Commission’s partnership with Member States, business and civil society, which is essential for benefits to materialize in practice. The CTEO has an explicit mandate to report to the European Parliament, as well as to the Council of the European Union and the public, and this report is the main instrument for doing so.

All this demonstrates this Commission’s focus on a Europe that delivers; a **Europe that makes a difference**. If we can get this right, we will be helping businesses and jobs, supporting Europe’s response to broader challenges and promoting our values, while showing ourselves to be a reliable and secure global partner.

Valdis DOMBROVSKIS  
Executive Vice President of the European Commission  
for an Economy that works for people  
27 October 2021

Table of Contents

FOREWORD TO THE COMMISSION’S 2021 ANNUAL REPORT ON IMPLEMENTATION & ENFORCEMENT ................................................................. 2

I. INTRODUCTION ...................................................................................................................... 5

II. MAKING FULL USE OF THE OPPORTUNITIES PROVIDED BY EU TRADE AGREEMENTS ..... 8
   II.1 Trading with preferential partners – main developments in 2020 .................................. 8
   II.2 Advancing implementation of EU trade agreements: examples from all four regions
       (Asia, the Americas, the EU neighbourhood and African, Caribbean and Pacific countries)... 11

III. SUPPORTING THE TAKE-UP OF TRADE AGREEMENTS BY SMALL AND MEDIUM-SIZED ENTERPRISES ................................................................. 19

IV. ADDRESSING BARRIERS AND FINDING SOLUTIONS .......................................................... 23
   IV.1 State of play of trade barriers and their removal in a challenging year ............................ 23
   IV.2 Facilitating complaints: The Single Entry Point ............................................................... 28

V. BILATERAL AND MULTILATERAL ENFORCEMENT OF TRADE COMMITMENTS:
   RESOLVING DISPUTES ........................................................................................................... 29
   V.1 Use of dispute settlement ................................................................................................. 29
   V.2 Renewing the pools of arbitrators and TSD experts ......................................................... 31
   V.3 Responding to obstacles to dispute resolution ................................................................. 32
I. Introduction

This is the Commission’s first consolidated report on trade implementation and enforcement actions. It follows the appointment of the first Chief Trade Enforcement Officer in the Commission on 24 July 2020, to oversee and direct the effective implementation and enforcement of EU trade agreements and arrangements, with an explicit mandate to report to the European Parliament as well as to the Council of the European Union and the public. This report, which will be published annually, is the main instrument for doing so.

The shift towards an even stronger implementation and enforcement of trade commitments under the Commission of President von der Leyen stems from two main factors: firstly, following a 10-year period of intensive, successful negotiations expanding the EU’s network of preferential trade agreements, the EU now needs to focus increasingly on their full and effective implementation. Secondly, the global trade policy landscape has changed very substantially in the last few years, with new challenges emerging. This includes structural imbalances, level playing field and market access issues, and the political use by EU trading partners of unjustified unilateral restrictive measures or even economic coercion, all of which the EU must address more assertively.

Structure of the report

The report covers four priority areas of implementation and enforcement:

1. making full use of the opportunities provided by EU trade agreements (Section II);

2. supporting the take-up of trade agreements by small and medium-sized enterprises (SMEs) (Section III);

3. addressing barriers and finding solutions (Section IV); and

4. resolving disputes in the enforcement of bilateral and multilateral trade commitments (Section V).

The report consolidates the former yearly report on the implementation of EU trade agreements (1) and its staff working document, as well as the former yearly trade and investment barriers report (2), into one. It contains information on activities undertaken by the Commission in partnership with Member States under the strategy to improve market access and help SMEs make the most of EU trade agreements, and demonstrates how the Commission works with civil society. It also reports on trade enforcement actions taken by the Commission under the dispute settlement mechanisms of the World Trade Organization (WTO), under bilateral trade agreements and under the EU’s Trade Barriers Regulation (3). Finally, the report provides statistical data on trade and investment for the 37 main EU trade agreements from 2020 (on goods) and 2019 (on services) and covers significant developments up to the end of the second quarter of 2021.

As the EU–UK Trade and Cooperation Agreement only entered into force on 1 May 2021 (provisionally applied as of 1 January), it will be covered by the 2022 edition of this report.

The accompanying staff working document (4) contains additional information complementing Section II.2 of this report on each of the 37 major EU trade agreements that applied for a substantial period of time in 2020. The staff working document also has information complementing Section IV.1 of the report, notably a list of new barriers reported and those fully or partially resolved in 2020.
Areas covered by separate reporting (unilateral tools)

The following areas of implementation and enforcement are subject to stand-alone reporting by the Commission.

1. The use of trade defence instruments in the event of dumped or subsidised imports harming EU industry and action to tackle counterfeit goods or other infringements of intellectual property rights (IPR) of EU companies abroad are covered by the annual trade defence report (5) and the Commission’s alternating biennial publications of the IPR report (6) and the counterfeit and piracy watch list (7).

2. The Commission’s use of export and investment control policy tools, notably the EU regulation on export control of dual-use items (8) and the EU’s foreign direct investment screening mechanism (9), will be covered by reports expected in November 2021. These will, for the first time, provide a detailed overview of the EU’s strategic investment and export controls. The latter have been reported on since 2013 on a voluntary basis. Under the new export control regulation, annual reporting is now mandatory and transparency requirements apply.

3. Finally, information on the Commission’s operation and monitoring and enforcement activity under the EU’s generalised system of preferences (GSP) will be included in a self-standing report issued every 2–3 years. On 22 September 2021, the Commission adopted its proposal for a new GSP regulation (10), to apply from 1 January 2024.

New tools introduced in 2020

The priority given to effective implementation and enforcement also led the Commission, in the second half of 2020, to introduce new tools facilitating direct stakeholder engagement in and improving the efficiency of the Commission’s efforts in this area.

- In October 2020, in response to specific requests from stakeholders and the European Parliament, the Commission launched its new Access2Markets portal (11), providing easily accessible and multilingual information about how EU trade agreements work in practice, including specific functions to help operators navigate their more complex features. Access2Markets includes specific tools that help people and businesses of all sizes to make the most of EU trade agreements (for example, the rules of origin self-assessment (ROSA) tool). The aim is to further facilitate companies’ access to third-country markets.

- In November 2020, through its Directorate-General (DG) for Trade, the Commission established a single entry point (SEP) for complaints (12), including a mechanism to enable any EU-based stakeholder to lodge complaints about possible non-compliance by third countries with their international trade commitments to the EU. The SEP deals with complaints related to market access, to commitments in the area of trade and sustainable development (TSD) and to the GSP. It is accessible via the Access2Markets portal. A set of operating guidelines (13) explains step by step the information to be submitted in order to launch a complaint. Based on the first few months of operation, this guidance has been updated to make the process of filing complaints clearer and better supported. The coverage and functionality of the Access2Markets portal and the SEP will continue to be upgraded over the coming 12 months, based on the continuing feedback from stakeholders.

This introduction of new tools that allow stakeholders to take direct action complements actions on implementation and enforcement initiated ex officio by the services of the Commission, i.e. under the Commission’s own administrative powers.

The report looks at how these improvements, taken together, have led to concrete outcomes, stemming from:
a more systematic use of the institutional structures established by EU trade agreements (notably the web of committees and subcommittees on EU preferential agreements) to ensure effective implementation of commitments by third countries and the resolution of barriers to market access;

an active mobilisation of the Market Access Partnership ‘ecosystem’ to prevent and address trade barriers, which includes the Commission, Member States and representative EU stakeholder bodies, both in Brussels and in third countries (in which the Commission can make use of the network of EU delegations and Member State embassies), and to address third country non-compliance issues;

a high level of activity in terms of recourse to dispute resolution mechanisms under the WTO and under bilateral trade agreements: the EU has now initiated four such actions and prevailed in two of them, in 2020 and early 2021 against Ukraine and South Korea, respectively, and two investigations under the trade barrier regulation have been completed;

continued mobilisation of civil society representatives in the implementation of EU trade agreements and arrangements, notably the TSD commitments thereunder, including through the domestic advisory groups (DAGs) and civil society forums and the support provided to their activities, as well as partnerships with international organisations such as the International Labour Organization (ILO).

New legislative instruments completing the toolbox

In the area of trade enforcement in general, since January 2020 the EU has bolstered its enforcement-related legal instruments.

On 11 October 2020, the EU regulation on foreign direct investment screening entered into force (14), kicking off the cooperation mechanism. On 12 February 2021, the amended EU trade enforcement regulation (15) entered into force, helping resolve any potential paralysis of the EU’s dispute resolution frameworks and widening the scope of remedial measures in the event of a trade dispute. An amended EU Export Control Regulation entered into force on 9 September 2021.16

Finally, the Commission is continuing to advance a number of other important legislative and other instruments to complete the toolbox. These instruments, taken together, ensure the EU will be better equipped to respond to the challenges in international trade, notably with (1) the means to enforce (through its enforcement regulation and the multiparty interim appeal arbitration arrangement (MPIA)) negotiated commitments under trade agreements; (2) autonomous legislation/instruments to ensure a level playing field in traditional trade and investment areas (e.g. foreign subsidies instrument and potentially an international procurement instrument); (3) autonomous legislation/instruments for ensuring the protection of EU interests in economic areas mostly connected to security (e.g. foreign direct investment screening, export controls and anti-coercion instrument); and (4) tools to support the EU’s green and sustainable ambitions.

The concrete ongoing initiatives are:

- a Commission proposal for an international procurement instrument, with progress in the Council now opening the door to its finalisation in the coming months (17);
- a Commission proposal on a new legal instrument to deal with distortions generated by foreign subsidies in the internal market (18);
- a forthcoming Commission proposal for a new legal instrument to tackle economic coercion by third countries;
- a forthcoming Commission proposal for new legal instruments on mandatory due diligence and on deforestation;
- the launch of a review of the 15-point TSD action plan in summer 2021 (19).

Alongside the continued, rules-based and proportionate recourse to traditional trade instruments (anti-dumping and countervailing of subsidies instruments), these reinforced tools and the Commission’s renewed focus on enforcement ensure a continuum of policy.

As the Commission continues developing new and improved tools and instruments to tackle the multiple challenges in implementation and enforcement, working with Member States and stakeholders (businesses, trade promotion organisations, social partners, civil society groups and non-governmental organisations) becomes increasingly important, as does cooperation with like-minded third countries, to breathe life into the commitments signed, and to ensure that the tools and instruments continue to deliver real results on the ground.

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

II.1 Trading with preferential partners – main developments in 2020

Statistics in this subsection on the evolution of trade flows are based on Eurostat data for the EU-27 in March 2021 and cover 37 major preferential trade agreements with 67 partners, which were in application for the whole of 2020 and represent more than 90 % of EU preferential trade (20). More detailed information on these 37 major preferential agreements is set out in the staff working document accompanying this report (21). Data on the use of tariff preferences by preferential trading partner countries and by EU exporters is published separately on the Commission’s website (22) to enhance transparency and encourage business associations and Member States to conduct their own research and identify the drivers which encourage people to trade under EU trade agreements. Patterns in preference use are also noted in the regular ex post evaluations of EU agreements and in specific sectoral work (23).

In 2020 almost a third of EU trade took place under preferential trade agreements

Trade with the 67 trading partners covered by this section in 2020 amounted to EUR 1 167 billion, or 32.0 % of total EU external trade: EUR 646 billion for exports and EUR 521 billion for imports, resulting in an EU trade surplus of EUR 124 billion (24).
As shown by Figure 2, Switzerland remained the EU’s largest preferential partner, accounting for 21.5 % of EU trade with the 67 trading partners covered by this report, followed by Turkey with 11.3 %, Japan with 9.4 %, Norway with 7.8 % and South Korea with 7.7 %. Together, these five partners accounted for more than half of EU preferential trade (57.7 %). In terms of overall trade, Switzerland is the EU’s fourth-largest partner, the largest being China, followed by the United States and the United Kingdom. Russia, Turkey, Japan, Norway, South Korea and India are in 5th to 10th place, respectively.

COVID-19 delivered a severe economic shock, but preferential trade held up slightly better than other external trade

The economic impact of the COVID-19 pandemic was severe and trade with the 67 EU preferential partners fell by 9.1 %. There were notable exceptions, for example, an increase in exports of
chemicals (largely driven by a 10% jump in pharmaceutical exports under the agreements covered). Overall, EU trade in industrial products with the 67 partners had a surplus of EUR 116.8 billion, a rise of EUR 2.1 billion compared to 2019.

As shown in Figure 3, EU preferential trade held up more strongly than EU trade with its non-preferential partners (−11.1%) and trade with the rest of the world (−10.5%). The same trend was reflected in preferential exports of goods, with declines being about 2 percentage points smaller than for non-preferential trade.

Figure 3: Annual trade growth by type of partner in 2019–2020

Agri-food trade with preferential partners grew twice as fast as overall agri-food trade

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%). Agri-food exports under preferential agreements grew by 1.8%, while imports grew by 2.7%.

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)

Commission study on agri-food trade confirms the effectiveness of the EU approach

A prospective Commission study published on 26 January 2021 looks at the expected cumulative economic effects by 2030 of ongoing and upcoming trade negotiations in the EU agricultural sector, including specific results for some agricultural products after the conclusion of 12 trade agreements (25). The study finds that the cumulative implementation of the 12 free trade agreements (FTAs) would result in a balanced increase in both EU agri-food exports and imports, with a slightly higher increase in exports. The study also confirmed that the EU’s approach of providing improved market access in the form of tariff rate quotas for the most sensitive products (mainly beef, sheep meat, poultry, sugar and rice) enabled the EU to better protect the related sectors.
The Commission, in 2020, as required by the respective regulations, again monitored imports into the EU of certain industrial products and agri-food products.

**Specific monitoring obligations (South Korea and Latin American partners)**

The Commission, as required by Regulation (EU) No 511/2011 (26), monitored South Korea’s imports of key car parts and electronics from the most important suppliers (outside the EU). In 2020, South Korea’s imports of engines and parts fell by 19 %, while imports of core car parts increased slightly (+ 5 %). At the same time, EU imports of vehicles from South Korea decreased by 16 %.

Imports into the EU of fresh bananas from Colombia, Ecuador and Peru, as well as from Central America, were also monitored by the Commission, as required by Regulations (EU) No 19/2013 (27) and (EU) No 20/2013 (28). The evolution of imports in 2020 did not warrant any follow-up action. The Commission will continue to carry out regular analysis of the state of the market and the EU banana producers and, if need be, examine the situation together with Member States and the stakeholders.

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

For preferential trade in services, the latest figures available are from 2019 (pre-COVID-19). Trade in services with the 67 partners covered by this report grew by 7.8 %, slower than total extra-EU trade in services (+ 10.5 %). At the same time, trade in services with the 19 preferential partners covered by this report that undertook commitments in services (29) grew by 14 %, i.e. more strongly than overall EU trade in services. Preferential trade in services with all 67 partners covered by this section saw a trade surplus of EUR 90 billion, although this constituted a decrease of 7.8 % compared to 2018. The strongest growth in services trade was between the EU and its African, Caribbean and Pacific partners (40 %) and the three Deep and Comprehensive Free Trade Area partners, i.e. Georgia, Moldova and Ukraine (16 %).

II.2 Advancing implementation of EU trade agreements: examples from all four regions (Asia, the Americas, the EU neighbourhood and African, Caribbean and Pacific countries)

A. Monitoring commitments under EU trade agreements and promoting new agreements

Monitoring what is happening on the ground is a key part of effective implementation

From early on, the Commission proactively monitors the relevant legislative framework for the implementation of the commitments by partner countries in EU trade agreements (30). In some cases, the Commission tenders out dedicated projects to obtain a precise overview of the state of play of implementation in the partner country, especially where more complex issues are at stake (e.g. non-tariff issues and steps requiring legislative action in partner countries). Here the work of EU delegations is essential.
Promoting new agreements is key to helping raise awareness among beneficiaries ...

Example: FTAs with Singapore and Vietnam. For its two most recent agreements, those with Singapore and Vietnam, in 2020 the Commission launched two projects under the Policy Support Facility worth EUR 285,000 and EUR 700,000, respectively, to support the EU delegations in promoting the agreements. For Vietnam, this has led to action supporting the EU–Vietnam FTA, along with strengthening responsible supply chains, reducing plastic waste and fostering the circular economy. For Singapore, in addition to monitoring implementation, the project finances the organisation of multiple outreach seminars on specific aspects of the EU–Singapore FTA, such as customs, trade facilitation, rules of origin, government procurement and services, as well as the preparation of a guide for business.

... and technical cooperation is often a catalyst for better implementation by EU trading partners

Monitoring has been complemented by technical cooperation between the parties on specific issues, often supported by EU projects.

Example. In 2020, the EU and the Andean countries worked towards improving the implementation of the agreement, for example through:

- the IP Key Latin America project (33) in the area of IPR (34);
- a project dedicated to responsible business conduct in Latin America and the Caribbean (35), implemented in partnership with the Organisation for Economic Co-operation and Development, the ILO and the Office of the United Nations High Commissioner for Human Rights;
- seminars targeting specific concerns in the area of plant and animal health.

B. Using the institutional framework under EU FTAs to improve market access, solve problems and further cooperation

The institutional framework under EU trade agreements is essential for pursuing the EU’s priorities in implementation. More than 200 committees and working groups, most of which meet annually, provide a structure that keeps a constant check on the state of implementation in order to solve any problems that arise. They bring together trade officials, as well as experts from across the Commission’s departments and public administrations of partner countries, such as the customs officials responsible for applying the rules, or experts on environmental protection or labour rights. Agendas and reports from these institutional bodies are published on the Commission’s website. In 2020, the COVID-19 pandemic meant that their work was largely carried out virtually.

The institutional framework helped to improve market access

In 2020, this focus and framework succeeded in opening up further market opportunities for trade in goods and services. Results were recorded not only in tariffs and non-tariff measures, but also in public procurement and IPR, as follows.
Making full use of the opportunities provided by EU trade agreements

- **EU FTA with Colombia.** The joint trade committee adopted a decision extending the agreement to cover six new central governmental Colombian agencies.

- **EU FTA with South Korea and EPA with Japan.** In 2021, at respective ministerial meetings with South Korea and Japan, the lists of geographical indications (GIs) protected under the agreements were extended, by 43 EU and 41 South Korean GIs under the EU–South Korea FTA, and by 28 GIs each for the EU and Japan under the EU–Japan EPA. In January 2021, the joint committee adopted Decision No 1/2021 on the enlargement of the list of GIs protected under the agreement (36). However, in some other sectors, there are still difficulties in accessing both markets (37).

Ministerial-level meetings provide an essential opportunity for finding solutions

The **annual ministerial meetings** of the joint trade committees and the association committees can act as a stimulus for the necessary momentum to find solutions, as well as initiating and providing direction to technical work throughout the year. These joint committee meetings are often where parties decide on important implementation issues, and may agree on iterative steps to take them forward. Increasingly, the Commission, building on this approach, is seeking to insert mid-point stocktaking meetings between joint committee meetings to follow up on progress made.

- **Example: South Korea.** At the 2021 joint trade committee meeting, co-chairs adopted and signed an administrative amendment to the car sector annex that reflects technological and regulatory developments in the sector. The meeting also mapped out the future follow-up to the issues that remained following the TSD expert panel’s findings in the bilateral labour dispute (see Section V).

Early intelligence on draft measures has also helped the Commission to anticipate problems

The institutional framework under EU trade agreements supports swift and effective interaction on all implementation issues. This is often most effective when measures are still being drafted or are not yet in force.

In 2020, this work saw some notable results in averting or removing trade irritants.

- **Example: Jordan.** In bilateral discussions between the EU and Jordan under the EU–Jordan Association Agreement, the EU expressed serious concerns about a planned measure to introduce a 5 % ‘service fee’ for customs processing on goods imported from the EU and, in recognising Jordan’s budgetary challenges, the EU stated its readiness to support the country’s macroeconomic stability through the macro-financial assistance instrument. Following these exchanges the service fee measure was put on hold.

- **Example: Egypt.** Following constructive discussions between the parties in the Sanitary and Phytosanitary (SPS) Committee, Egypt published a new standard for feta cheese, which removed the reference to the level of yeast that had been in the earlier version (38). In another case, swift cooperation by Member States sharing information with the EU delegation enabled the Commission to avert quantitative restrictions on imports of seed potatoes from the EU into Egypt.

Once they have entered into force, trade barriers are much harder to remove. They are usually addressed through discussions with the partner country in processes provided for under the agreements, such as through the trade committees and subcommittees, starting at the expert level (sometimes reinforced by discussions at the political level and in the respective WTO committees). The year 2020 saw a number of partner countries bring legislation or practice into line with the requirements of the trade agreements.
Tokaj wine was registered as a European Geographical Indication (GI) in Canada in April 2020. Thanks to its registration in Canada, Tokaj will now benefit from the protection afforded to European GIs under the CETA agreement. The President of the Tokaj Wine Region considers that the added quality recognition stemming from the Tokaj GI will allow exports to Canada to increase: “The registration process as a Geographical Indication in Canada was smooth, [...] it has been a very positive experience”.

**Dr. Péter Molnár**, President of the Tokaj Wine Region

- **Example: EU–Canada Comprehensive Economic and Trade Agreement (CETA) – wine industry.** Following discussions in the Wines and Spirits Committee, Canada committed to removing the federal excise duty discriminating against EU imports by mid 2022 and Ontario and Nova Scotia will remove discriminatory measures on wines by mid 2023 and mid 2024, respectively. Despite remaining barriers, in 2020, Canada became the EU’s fourth-largest export market for wines.

- **Example: EU–Central America FTA – air transport.** Following coordinated interventions by the Commission and Member States, supported by businesses on the ground, Panama’s Civil Aviation Authority agreed to remove local ownership restrictions and the EU airline company KLM was issued a definitive licence to provide ground handling and aircraft maintenance services. Previously, ownership restrictions imposed by Panama, in contravention of the EU–Central America FTA, were preventing KLM from providing these services. This restriction also affected other EU airlines, as KLM was the only aircraft maintenance service provider licensed by the European Union Aviation Safety Agency in Panama.

... and the Commission is ready to launch bilateral disputes where barriers cannot be solved via other means

In cases where a solution cannot be found, the Commission is prepared to initiate bilateral dispute settlements under the procedures found in 31 of the EU’s 37 preferential trade agreements covered by this report, which allow countermeasures to be taken in cases of non-compliance. More information on bilateral disputes in 2020 can be found in Section V.

**Implementation is not just about barriers: EU agreements in 2020 also supported making markets more open and wider cooperation**

The institutional structure of EU trade agreements also maps out a path for furthering cooperation with trading partners on trade-related issues such as regulatory matters.

- **Example: regulatory cooperation under the EU–Japan EPA Committee on Regulatory Cooperation**

  - Japan and the EU recognised a number of each other’s wine-making practices in their respective domestic regulations, including the use of additives and enzymes, thus facilitating trade in the sector.

  - Japan and the EU harmonised their technical regulations for cars with regard to four technical aspects, following the successful completion of implementation work on four United Nations
Economic Commission for Europe (UNECE) regulations. Regulatory coherence was achieved through an amendment to the EPA, updating the list of UNECE motor vehicle regulations that both parties apply.

EU trade agreements can also offer a platform for cooperation beyond trade.

**Example: EU–Canada regulatory cooperation on consumer safety and pharmaceuticals under CETA**

- The Commission and Health Canada are cooperating on consumer safety, implementing the administrative arrangement signed in 2018, joining forces on product recalls (for instance on toys in December 2020) and coordinated surveillance activities, for example on heavy metals in children's jewellery sold online.

- The EU and Canada, as a result of their bilateral cooperation, decided to recognise the results of inspections on good manufacturing practice carried out by either EU or Canadian inspectors in facilities located in third countries, in accordance with the CETA protocol on the mutual recognition of the compliance and enforcement programme regarding good manufacturing practices for pharmaceutical products.

EU trade agreements, in particular regional ones such as EPAs with the African, Caribbean and Pacific countries, also provide a solid basis for initiating a multi-stakeholder dialogue to tackle important challenges in international and regional trade, such as sustainable value chains or child labour.

**Example: launch of a multi-stakeholder dialogue by the EU on child labour under the sustainable cocoa initiative using EPAs with African, Caribbean and Pacific partners**

- **EPAs with Ghana and Côte d'Ivoire.** Under the sustainable cocoa initiative launched by the Commission in September 2020, Ghana and Côte d'Ivoire are now involved in the EU's multi-stakeholder dialogue on sustainable cocoa production and value chains, and pursue similar dialogues on the ground. Cameroon has joined as an observer in 2021. The objective of the multi-stakeholder dialogue is to make progress in eliminating child labour and child trafficking in cocoa supply chains, enhance the protection and restoration of forests in cocoa-producing regions, and ensure a living income for cocoa farmers. The dialogue brings together key EU stakeholders, including representatives of Member States, the European Parliament, industry and civil society organisations.

While the 2020 COVID-19 pandemic had a severe negative effect on trade, EU FTAs continued to facilitate trade and investment ...
... but challenges remain with some of the EU’s oldest and biggest preferential trading partners, such as Switzerland, Turkey and Norway

Challenges remain in the EU’s relationships with some of its oldest and biggest preferential partners, based on older agreements that are more limited in scope.

■ With **Switzerland**, the EU’s largest preferential partner (fourth-largest overall, third-largest for services), no progress was made in 2020 on the ratification of the Institutional Framework Agreement negotiated in 2018. The Swiss Federal Council has decided to stop negotiations on the agreement, which needs to be in place in order to unlock the potential for further bilateral trade.

■ With **Turkey**, the EU’s second-largest preferential trading partner, negotiations on a modernised customs union cannot start until the Council adopts the related negotiating directives. Turkey has maintained trade barriers in breach of the customs union agreement, notably through a substantial broadening of the number of additional tariffs it imposes beyond the common customs tariff. Other concerns have included requirements for certificates of origin for EU goods. Following the amendment of the Turkish Customs Code in January 2021, a series of high-level contacts and technical meetings with Turkey took place, after which Turkey informed the EU that it had sent instructions to all Turkish customs administrations and had held information meetings with economic operators to clarify the situation. Concerns persist regarding Turkey’s application of localisation requirements in the pharmaceutical sector. The non-discriminatory implementation of the additional protocol to the association agreement in relevant dealings with all Member States, including Cyprus, also remains a key demand by the EU.

■ With **Norway**, the EU’s fourth-largest preferential partner, no progress was achieved on the Commission’s request for a review of the trade regime for processed agricultural products. While EU exports of processed agricultural products nevertheless increased, they remain below their potential due to high customs tariffs. Negotiations on GIs remain suspended. Engagement is needed both on processed agricultural products and on GIs.

C. Trade and sustainable development in focus

In 2020 sustainable development remained firmly in the spotlight with the launch of the early review of the 15-point action plan...

The implementation and enforcement of **TSD** chapters is a priority of EU trade policy. The **15-point TSD action plan** published in February 2018 (39) has guided efforts to further improve the implementation and enforcement of TSD chapters in EU trade agreements, by providing a consistent framework and strategy. This plan, which is currently being reviewed in the light of the developments in trade policy and the response needed to the COVID-19 pandemic, sets out actions in four main areas: improving the way in which the Commission works together with Member States and the European Parliament, facilitating civil society’s role in monitoring and advising the parties to the agreements, delivering results and increasing transparency and communication.

... and the first dispute under the EU–South Korea FTA

The **TSD dispute under the EU–South Korea** trade agreement was the first bilateral dispute settlement case initiated by the EU and also the first on TSD provisions. It was launched at the end of 2018 (40) and was due to the EU’s concerns about South Korea’s lack of respect for the principles of certain fundamental labour rights and failure to ratify four fundamental ILO conventions, as laid down in the trade agreement. The ruling of the panel of experts was issued on 20 January 2021 and found that South Korea had not complied with its obligations. The dispute with South Korea also illustrates well the importance of the **assertive use of the enforcement tools** provided for in TSD chapters, when needed.
The dispute settlement case against South Korea

The TSD expert panel clarified that (1) compliance with the fundamental labour principles enshrined in the ILO was a binding commitment for ILO members and for the parties to the trade agreement, even when the conventions had not been ratified; (2) the parties were under an ongoing, binding obligation to make continuous and sustained efforts to ratify fundamental ILO conventions (South Korea therefore remains under obligation to do so), and that this means making realistic efforts to achieve ratification, not just paying lip service to it; (3) there was no need to show that the violations of the provisions in question have effects on trade.

The developments in South Korea since the panel’s ruling show that TSD provisions can lead to real changes on the ground: (1) even before the panel’s report had been issued, in December 2020, the South Korean National Assembly passed a series of legislative amendments to the South Korean Trade Union and Labour Relations Adjustment Act that aim to make it compliant with the principle of freedom of association; (2) on 26 February 2021, the National Assembly completed the ratification of three of the four pending fundamental ILO conventions (No 87, on freedom of association and the right to organise, No 98, on the right to organise and collective bargaining, and No 29, on forced labour); (3) using the institutional structures under the FTA, in April 2021 the TSD committee and the trade committee agreed on a procedure to monitor the implementation of the recommendations in the report from the panel of experts. The procedure will include a joint examination of the changes made to the trade union law and of moves towards the ratification of the one outstanding fundamental ILO convention (No 105, on the abolition of forced labour).

Close monitoring of the TSD provisions in EU trade agreements is key ...

Despite the COVID-19 pandemic, all TSD committee meetings – with the exception of Vietnam – took place as planned in 2020 and the first two quarters of 2021, including the first meeting of the TSD Board established under the EU–Singapore FTA. The meetings of DAGs of both trading parties and the civil society forums under the EU–Singapore FTA were also held virtually, which allowed many more civil society organisations to participate and have their voices heard.

... and the ratification of ILO conventions by the EU’s trading partners has remained a high priority

A key priority for the EU TSD engagement with several FTA partners has been the ratification of fundamental ILO conventions and the implementation of labour commitments. The most prominent example was the dispute settlement case with South Korea, as mentioned above. The continued engagement with Vietnam is also noteworthy, highlighting the room for progress provided by the ratification procedure and the particular role of the European Parliament at that stage. In 2020, Vietnam continued working on legislation to enable the implementation of its new labour code, which entered into force on 1 January 2021 (after being adopted on 20 November 2019). The EU continued to support this process via collaboration with the ILO and through close engagement with the Vietnamese authorities. Notwithstanding this, and in the absence of implementing legislation, it is not yet possible to establish free trade unions in Vietnam.

The Commission has again been working closely with the ILO

The Commission, in cooperation with the ILO, provided technical assistance to Georgia to support the country in adopting a new labour code in September 2020. This has resulted in greater conformity to international standards and to the relevant EU law, and a new law on labour inspections. Collaboration with the ILO also allowed the Commission to offer technical assistance to promote labour rights in rural areas in Colombia, thanks to a project to strengthen labour inspections, and enabled the organisation of a workshop on labour inspection in Peru in February 2020. In 2020, the EU also provided technical assistance to improve labour inspections in the agricultural sectors in Ecuador (to be implemented in 2021).
Implementation of environmental sustainability commitments is also of growing importance

In the area of the environment, the Commission continued its close engagement with Vietnam on forest law enforcement, governance and trade. The voluntary partnership agreement between the EU and Vietnam entered into force in June 2019 and Vietnam continued working on regulations needed to implement the timber legality assurance system. Close cooperation also continued with Ukraine with regard to the reform of the Ukrainian forest-based sector, focusing on wood harvesting and trade and, in particular, steps to combat illegally forested timber.

The review of the 15-point action plan on TSD is looking at ways to strengthen implementation and enforcement

The review of the Commission’s February 2018 15-point action plan was launched in 2021 (front-loaded from 2023) and includes a broad public consultation as well as a comparative study on implementation and enforcement of TSD provisions in EU trade agreements. Overall, the TSD review will look 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 and the institutional structure and required resources.

In implementing TSD provisions in EU trade agreements the Commission draws on the advice of EU DAGs, helping it to connect with civil society in the EU and partner countries

Twelve EU trade agreements provide for the involvement of civil society in advising on the monitoring and implementation of TSD chapters, in particular through the creation of DAGs by either party (41). EU DAG members include a mix of stakeholder representatives at EU level as well as smaller organisations dedicated to specific topics; a majority of members are selected following a public call for interest, while others are appointed by the European Economic and Social Committee, which also provides the secretariat for the EU DAGs. The Commission supports the work of both EU and partner countries’ DAGs through a partnership instrument project as well as the joint work of Commission staff at headquarters and trade teams in the EU delegations.

Examples of activities by EU DAGs relevant for the implementation of TSD chapters

South Korea labour dispute. Supporting the Commission in advancing EU efforts to make South Korean legislation compliant with labour commitments under the EU–South Korea FTA, EU DAG members brought information to the Commission’s attention on potentially problematic elements in the South Korean legal framework and practice related to core ILO principles and the ratification of the fundamental ILO conventions. The EU DAG plays an active role in monitoring compliance with the TSD panel report.

Human rights issues in Andean countries. The EU DAG, during its two meetings with the Commission in 2020, reported on violence against trade union leaders and environmental activists in Colombia, the state of the banana sector in Ecuador, the monitoring of labour and environmental issues in Peru, and the socioeconomic impact of COVID-19 on the EU and the Andean partners. The Commission used this input for its discussion with the trading partners in the TSD committee meetings.

The establishment of a structured dialogue with civil society has proven difficult for some of the EU’s trading partners, which have had limited engagement with their civil society organisations. EU delegations are encouraged to reach out to host countries while they are putting the structures in place and to provide advice and support, as needed, as the following example shows.

Example: EU–Vietnam FTA. The Commission, through its trade team in the EU delegation in Hanoi, has actively supported the setting up of the Vietnam DAG following the entry into force of the FTA. This support has mainly been channelled through a project promoting the engagement of social partners (business and workers’ organisations) and civil society (non-governmental organisations).
This has been appreciated both by local civil society organisations and by the Vietnamese administration, given the limited experience of independent civil society organisations in Vietnam.

D. Analysing the effects of trade agreements (ex post) to improve implementation

Learning from the real impact of existing agreements helps to improve implementation in the future

The Commission evaluates the impact of its trade agreements over time. The first evaluation usually takes place 5 years into the implementation and verifies whether the expected outcomes have been achieved. Two ex post evaluations were completed in 2020. These covered the EPA with the Caribbean Forum (CARIFORUM) (its second evaluation, after 10 years in force) and FTAs with the six Mediterranean countries (42). They were published in January and March 2021, respectively. Both studies highlight the main outstanding issues and where the focus in implementation should be placed, along with identifying problems typically encountered with the regions.

For example, in the case of the EU–CARIFORUM EPA, lack of administrative capacity of the authorities/agencies remains an issue of concern as well as businesses’ lack of awareness of the agreement and insufficient respect for transparency obligations. At the same time, given the development dimension of the EPA, its successful implementation by the 14 CARIFORUM states depends significantly on the relevant development cooperation funding. The new partnership programme under the Neighbourhood, Development and International Cooperation Instrument ('Global Europe') of the 2021–2027 multiannual financial framework creates opportunities for tailored support of this kind on the identified trade-related challenges. The evaluation also identified areas where the EU needed to do more, in particular as concerns greater engagement from Member States, improved communication and support for business-to-business links and platforms.

In the case of the six Euro–Mediterranean Association agreements, the study points to the need for a further reduction in the number of non-tariff measures such as non-automatic import licences or non-notified technical regulations, which create unpredictability and distort local business operations. Moreover, the study recommends the simplification of administrative procedures, the application of internationally recognised standards and the avoidance of unnecessary duplication of conformity assessments. Improving the business environment would have to be accompanied by enhanced EU support and cooperation on policies upgrading competitiveness, skills and removing logistical constraints. The identified objectives will not only inform the FTAs’ implementation processes but could also guide discussions on EU aid-for-trade support in the 2021–2027 period.

III. Supporting the take-up of trade agreements by small and medium-sized enterprises

SMEs and family businesses represent around 99% of all companies in the EU, and account for half of the EU’s gross domestic product.

Global markets remain an important source of growth for SMEs, which account for one third of all EU exports, supporting more than 13 million jobs in the EU (43). In 2020, the Commission stepped up efforts to help SMEs make the most of trade rules and agreements, and made it easier for them to flag concerns on how trade agreements and rules are being followed.
Information gaps and lack of know-how can represent a barrier to trade and investment in their own right, weighing particularly heavily on smaller companies. First, trade agreements are of no use unless the potential beneficiaries know about them and understand how to access their advantages in a real-life situation. Even if SMEs are not exporting directly, trade agreements can matter to them because of their role in global supply chains. Second, even where companies are aware of WTO rules and EU preferential agreements, the benefits do not materialise automatically. Therefore, while trade promotion is the competence of Member States, business associations or trade promotion organisations, in 2020 the Commission continued supporting their activities, including by way of guidance, outreach (including in particular through EU delegations in partner countries), dedicated interactive online tools or help desks and centres catering to SMEs’ needs.

Trade agreements with developing countries offer market access opportunities that local SMEs are eager to seize, and they provide incentives for reform that development cooperation can further build on. EPAs with African, Caribbean and Pacific countries, for example, have a strong development dimension: their successful implementation depends on addressing these countries’ internal constraints on trade through the WTO’s aid for trade. The staff working document accompanying this report includes examples of how EU delegations work to address trade barriers through aid for trade. The EU Aid for Trade Progress Report 2020 contains further information on the Commission’s and Member States’ support for SMEs in developing countries to make the most of EU trade agreements (44).

A. Access2Markets portal and rules of origin self-assessment tool

2020 saw the launch of the Access2Markets portal, offering a free, one-stop shop for information about trade ...

The Commission’s new portal for imports and exports, Access2Markets, launched in October 2020, and its integrated ROSA tool offer a wealth of free, searchable, multilingual and up-to-date information (45). The portal covers 122 export markets outside the EU and 190 source markets. Companies can consult information on tariffs, taxes, quotas, import formalities and procedures for their imports and exports, and they can compare rules of origin across all EU trade agreements. While available to any user, it is particularly helpful for SMEs.

... including a self-assessment tool to help businesses navigate the rules of origin in different EU agreements

ROSA, the rules of origin self-assessment tool

ROSA guides users through a set of questions to assess whether their products conform to the rules allowing users to qualify for preferential treatment under an EU trade agreement. To make life easier for companies, ROSA also contains clear instructions on the documentation required as proof of origin to obtain tariff preferences and includes a function to compare the rules of various agreements. Currently ROSA is being used around 500 times a day.

Access2Markets has been well received by up to 10 000 daily users, 70 % of which are from the EU. Its usage is significantly higher than that of the tools it replaced (the Market Access Database and Trade Helpdesk). Access2Markets and ROSA have been developed in close cooperation with both business associations and chambers of commerce and are constantly being improved based on user feedback. This good start was reflected in the platform winning the public vote in the 2021 European Ombudsman’s Good Administration Awards (46), a recognition of its delivery of a citizen-focused service in a time of crisis.
Access2Markets is set to expand: modules on services and procurement are planned for the coming years, and most agreements will be available in ROSA by the end of 2021.

As part of the improvements, the **Access2Markets portal’s scope is being extended** to include other core elements of EU trade agreements.

- **A searchable database covering a number of service sectors** under EU agreements is being developed (on a pilot basis), as are specific sectoral guides focusing in detail on certain regions or countries in, for example, the area of plant and animal health provisions.

- **ROSA’s geographical coverage is also being extended** to cover most trade agreements by the end of 2021. It already includes 26 trade agreements with 36 countries (including the United Kingdom, Central America, Columbia/Peru/Ecuador, Vietnam, Canada, Japan and South Korea).

- A new dedicated tool – **Access2Procurement** – covers government procurement under EU trade agreements, starting with the members of the government procurement agreement and the EU–Canada agreement (CETA); coverage will gradually be extended further.

### New tool to improve information on public tenders

**Access2Procurement** is a new IT tool integrated into the Access2Markets platform. Its purpose is to help EU suppliers find out whether they are eligible to bid for a given government procurement contract in a third country. Based on the answers users give to three or four questions regarding the procuring entity, the subject matter of the procurement and the expected value of the contract, the new tool will give a quick and highly reliable assessment of whether the user is entitled to participate in the bidding process. This will help bidders to determine whether or not a procurement project in a third country is covered by that country’s market access commitments to the EU under the WTO government procurement agreement or a bilateral agreement.

### B. Guides, help desks, SME centres and cooperation with networks

In its communication efforts, the Commission continues to focus on the benefits EU trade agreements offer to businesses, particularly SMEs.

In 2020, the Commission continued **producing a series of guides** to help businesses navigate the agreements, backed up by dedicated training sessions and webinars for stakeholders, complementing activities by EU Member States and businesses. The **EU delegations** play an important role in awareness raising and support economic operators wishing to reap the benefits of the agreement.

- **Example: Canada.** In 2020, the Commission continued to develop specific guides and to organise webinars to assist EU businesses active in or wanting to enter the Canadian market. This work covered nine areas, from highly technical subjects such as alternatives to methyl bromide treatment for exporting certain plant products or opportunities for clean technology companies, to more general subjects such as public procurement opportunities in Canada at federal and sub-federal level or an overview of IPR in Canada. All these guides and reports are publicly available on the Commission’s website (47).

- **Example: Japan.** In 2020, the trade team in the EU delegation in Tokyo developed a step-by-step guide to provide market access information to companies, complemented by sectoral guides (48).

**SME centres in key markets, supported by the EU, play an important role ...**

To help SMEs internationalise and to assist them in accessing negotiated benefits in partner countries, the Commission continues to sponsor SME centres in China and Japan, in close liaison with Member States, national and European business associations abroad and trade promotion organisations. The **EU–Japan Centre for Industrial Cooperation** has 2 233 registered members (49). It
is jointly funded and managed by the EU and Japan in cooperation with the Member States’ trade promotion organisations (50). It provides multiple services (51) to SMEs, inter alia, via the EU–Japan EPA Helpdesk (52), the Japanese Tax and Public Procurement Helpdesk (53) and the EU–Japan Technology Transfer Helpdesk (54). The EU SME Centre in China is a Commission-funded project which has been helping European SMEs get ready to do business in China since 2010. The project is currently in its third phase, which started in October 2020 and is scheduled to run until March 2022. During its second phase (July 2014 to April 2020), the project was funded by the EU with a total budget of EUR 5.9 million. It has 14 163 registered users on its website.

**SME centres in Japan and China**

**Examples of activities of the EU–Japan Centre for Industrial Cooperation in 2020:**
- 16 EPA-related webinars (via the EU–Japan EPA Helpdesk) with 925 participants;  
- 18 factsheets providing guidance to SMEs on key aspects of the EPA;  
- 21 webinars with 810 participants.

**Examples of activities of the EU SME Centre in China from November 2014 to April 2020:**
- 307 training sessions in China and the EU for over 12 000 EU SMEs;  
- 28 memoranda of understanding signed with government agencies and business-support organisations in China and Europe;  
- 270 partnerships between the EU SME Centre and other organisations.

... and are supported in some cases by thematic teams as well

EU companies (in particular smaller ones) are often confronted with practical challenges and limitations when it comes to IPR protection in third countries, such as forced technology transfer, procedural deficiencies, backlogs in rights registrations, non-registration of certain rights, non-deterrent levels of sanctions for IPR infringements, lack of expertise, corruption, lack of awareness and lack of transparency. To help them effectively tackle these challenges, which may impact on their efforts to internationalise, the Commission has established thematic SME help desks on IPR in key regions, notably China, Latin America and South–East Asia (55). These help desks support EU SMEs in both protecting and enforcing their IPRs in EU trading partner countries’ territories, through the provision of free information and services.

**C. Deepening of cooperation with businesses and business networks**

To reach companies on the ground, the Commission continued to deepen its cooperation with representatives of EU business interests in the EU and in third countries in 2020, including the Enterprise Europe Network (EEN) (56), the European Business Organisation Worldwide Network (57) and Member States’ trade promotion organisations. The Commission’s objective is to promote the exchange of views with those organisations to improve market access for European businesses in third countries. EEN network members also provide advice on FTAs concluded by the EU. Its Thematic Group on Internationalisation regularly shares information about the latest trade-related issues via the EEN community platform. The group also organises webinars for local businesses and EEN advisers and runs help desks to spread information on trade agreements.
The EEN – recent activities

- On 27 January 2021, the EEN Thematic Group on Internationalisation organised a webinar – ‘Meet our international partners: EEN Singapore’ – highlighting the opportunities and support available for EU firms keen on doing business in Singapore and taking advantage of the FTA.

- EEN Vietnam started a help desk to assess enterprises’ needs regarding the EU–Vietnam FTA that entered into force on 1 August 2020, including by running surveys and organising meetings.

- In November 2020, the EEN, in close cooperation with DG Trade, hosted a dedicated hands-on training session on the features of the Access2Markets portal. The webinar was well received and more than 200 EEN advisers attended the training. More practical/hands-on training sessions are planned for the future.

Support for SMEs is now built into many EU trade agreements

To further help SMEs make use of EU trade agreements, recently, dedicated SME chapters have been included in EU FTAs (58). The chapters provide for transparency vis-à-vis SMEs and regular contact between the authorities’ SME contact points. In 2020, the SME contact points established under CETA delivered an activity report to the CETA Joint Committee, which met in July 2020, and started delivering on their 2020–2021 work plan, involving, inter alia, the EEN and tracking of SMEs’ progress under CETA (59). A meeting of the contact points established under the EU–Japan EPA took place in February 2021, where both parties reported on their initiatives to implement the information provisions under the SME chapter.

IV. Addressing barriers and finding solutions

IV.1 State of play of trade barriers and their removal in a challenging year

The year 2020 was a particularly demanding one: the health and economic crisis triggered by the COVID-19 pandemic fuelled protectionism and made some partners more reluctant to remove trade barriers that predate the crisis.

The institutional bodies established by EU trade agreements provide an important medium for detecting, raising and resolving problems with partners with whom the EU has concluded preferential trade agreements. But businesses may encounter problems in areas not directly addressed by a trade agreement or in countries with which the EU does not have a preferential trade agreement. Work to identify and remove barriers thus continued in 2020 at all levels (bilateral and multilateral), to respond to concerns by EU businesses that are facing restrictive measures or practices and are treated unfairly by EU trading partners or that cannot compete on a level playing field. To facilitate complaints, in November 2020 the Commission established the SEP on its Access2Markets portal, a one-stop shop for providing information on trade barriers and/or trading partners failing to honour their commitments.
A. Stock of (total registered) trade and investment barriers as of 31 December 2020

As the table below shows, **462 active trade and investment barriers in 66 third countries** were listed in the Commission’s Access2Markets database at the end of 2020.

<table>
<thead>
<tr>
<th>Type of measure</th>
<th>Number of barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitary and phyto-sanitary (SPS) measures</td>
<td>109</td>
</tr>
<tr>
<td>Technical barriers to trade (TBTs)</td>
<td>79</td>
</tr>
<tr>
<td>Tariffs and equivalents and quantitative restrictions</td>
<td>78</td>
</tr>
<tr>
<td>Administrative procedures</td>
<td>41</td>
</tr>
<tr>
<td>Services and investment</td>
<td>39</td>
</tr>
<tr>
<td>Other measures (*)</td>
<td>37</td>
</tr>
<tr>
<td>IPR</td>
<td>35</td>
</tr>
<tr>
<td>Public procurement</td>
<td>28</td>
</tr>
<tr>
<td>Export taxes and restrictions</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>462</strong></td>
</tr>
</tbody>
</table>

(*) Other measures include barriers related to trade defence instruments and to subsidies, measures affecting competition and measures that do not fall into the previous categories.

Looking at the **types of barriers**, as in previous years, SPS measures (of which there were 109) remained the largest category, accounting for a quarter of all barriers recorded, followed by TBTs and tariff measures and quantitative restrictions (with almost 80 of each). As can be seen from Figure 4 below, these three categories accounted for almost 60% of all active barriers in 2020. Tallying the number of active barriers in 2019 (438) with the 41 barriers that were added and the 33 that were resolved in 2020 yields 446 active barriers at the end of 2020. The increase in the number of measures mainly stems from the fact that, to monitor partially resolved barriers, the Commission started to track follow-up active barriers as of 2020, leading to a nominally higher number of barriers although the underlying trends remained unchanged.

**Figure 4: Types of barriers in 2020**

Looking at the **geographical distribution**, in 2020 China remained the country with the highest stock and had 40 barriers (two more than in 2019); second was Russia, followed by Indonesia and the United States (with 26 each), India (25) and Turkey (24). Other countries with 10 or more barriers included Brazil, South Korea, Australia, Algeria, Egypt, Morocco, Canada and Malaysia.
B. The evolution of trade and investment barriers in 2020

The table below shows new barriers that were registered and old barriers that were resolved in 2020 by type/category (60). Overall, there was a net increase in new barriers (+8) in comparison to 2019(61).

<table>
<thead>
<tr>
<th>Type of measure</th>
<th>Number of new barriers (*)</th>
<th>Number of resolved barriers</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPS</td>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>TBT</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Administrative procedures</td>
<td>5</td>
<td>4</td>
</tr>
<tr>
<td>Tariffs and equivalents and quantitative restrictions</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Services and investment</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Other measures (*)</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Government procurement</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Export taxes and restrictions</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>IPR</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>41</td>
<td>33</td>
</tr>
</tbody>
</table>

(*) New barriers are those registered in Access2Markets over the course of 2020.
(**) Other measures included barriers related to trade defence instruments and to subsidies, measures affecting competition and measures that do not fall into the previous categories.

SPS measures again came first both in terms of new measures (13) and in terms of measures resolved (17), thus accounting for half of all barriers resolved in 2020. The resolved SPS barriers entailed, for example, the opening of the Japanese markets for EU exporters of certain EU beef products, allowing Belgian apples into Mexico and Thailand, and South Korea agreeing to lift a ban on poultry from Hungary.

TBTs and barriers linked to administrative procedures were the second and third most common types of barrier.

In terms of the sectors affected by new barriers registered in 2020, 43% of new barriers were in agriculture and fisheries, while wines and spirits saw four new barriers and the automotive sector three. However, after agriculture and fisheries, the largest group of new barriers (8) constituted cross-cutting measures potentially affecting all exports to the trading partner country concerned (6) or measures that cover more than one sector (2). Together, cross-cutting and multi-sector measures accounted for a quarter of all new barriers recorded in 2020 (62), reflecting an increase in protectionist tendencies, further aggravated by the COVID-19 pandemic.

Trade and investment barriers and COVID-19

In the early stages of the pandemic, supply chain disruptions led to an explosion of demand for essential (health) goods, triggering shortages and knee-jerk restrictive measures, followed by uncontrolled ramping up of production (mainly in China), which raised concerns about safety and conformity with EU standards. The EU introduced a temporary transparency mechanism in the form of an export authorisation scheme for personal protective equipment, replacing national bans, both of which expired at the end of May 2020.

During the first phase of the pandemic, a number of EU trading partners introduced export restrictions. The Commission continues to monitor these measures to see whether they last any longer than is strictly necessary, i.e. whether they are removed as soon as the health situation allows (63). In cases where restrictions are found to affect the EU’s supply of essential goods needed to cope with COVID-19, the EU seeks to remove or mitigate them. One example is that of Indian measures restricting exports of several critical medical supplies (64), which it proved possible to remove through engagement at the highest political level.
C. Barriers resolved in 2020

The Commission proactively pursued the issue of trade barriers in 2020, ensuring that 33 barriers were fully or partially removed in 22 trading partner countries, as can be seen from Figure 5.

Figure 5: Number of barriers resolved, by trading partner, in 2020

The Commission has a range of instruments at its disposal that are often applied in combination to resolve trade barriers. In addition to activating the institutional framework under its bilateral trade agreements (see Section II.2.B above) the Commission uses diplomatic channels and high-level dialogues with its trading partners to resolve barriers. It also regularly raises the issue of barriers in a multilateral setting in the WTO. It can also launch investigations under the EU’s Trade Barriers Regulation (two investigations were launched in 2020 and completed in 2021; see more information below).

Bilateral action proved to be an effective means of addressing barriers ...

- Example: Saudi Arabia (barrier relating to plastic). Combined efforts by the Commission, EU Member States and businesses helped to avert a technical barrier on the certification of plastic materials by Saudi Arabia. Member States and industry associations reported to the Commission a new requirement that would make the use of certified oxo-biodegradable plastics mandatory for packaging. The Commission studied the issue and concluded that the restriction was not science-based (i.e. there was a lack of evidence of the beneficial effects of oxo-degradable plastics on the environment). This and other scientific evidence presented by the EU delegation led Saudi Arabia to abandon the technical regulation on packaging products.

- Example: Indonesia (barrier relating to IPR). Over the past 2 years, the Commission has been raising the issue of local manufacturing being a precondition for patent protection for pharmaceuticals in Indonesia, as this was a serious obstacle for European companies wanting to compete in Indonesia. The EU engaged with Indonesia through diplomatic channels and cooperated with like-minded countries to find a solution that was mutually beneficial for local and for European innovative industries and consistent with international standards. In October 2020, Indonesia adopted a new omnibus law on job creation, which removed the requirement. This represented an important move towards compliance with international standards covering, inter alia, the manufacture, import and licensing of patented inventions in Indonesia.
... alongside action within the framework of the WTO and its various committees ...

Given the proliferation of rules and regulations affecting international trade, the proper implementation of multilateral disciplines related to TBTs is of the utmost importance. Thanks to successful EU engagement with the WTO TBT Committee, a large number of such TBTs were clarified, removed or prevented, thus facilitating EU exports. According to recent estimates, such measures had affected around **EUR 83 billion worth of EU exports over the past decade** in a wide range of sectors, notably medical devices, pharmaceuticals, the automotive sector, food and beverages, IT products, electrical appliances, cosmetics, toys, textiles, ceramics and furniture (65).

... and the Trade Barriers Regulation offered an additional legal recourse in specific cases

The Trade Barrier Regulation (TBR) is a legal instrument that gives EU companies, industries, associations and Member States the right to lodge a complaint with the Commission about trade barriers in third countries. If the complaint fulfils the criteria for admission, the Commission examines the case to determine whether there is evidence of violations of international trade rules resulting in adverse trade effects or injury, and whether it is in the EU’s interest to act. If the procedure concludes that action is necessary to ensure respect for international trade rules and to resolve the injury caused, appropriate measures can be taken, which may include the initiation of dispute settlement proceedings.

So far, **24 examination procedures under the TBR** have been initiated with regard to trade practices by a wide range of trading partners (e.g. Brazil, Canada, Japan and Turkey). Two examinations were started in 2020 and concluded in 2021.

- **Examples: Saudi Arabia (barrier relating to tiles) and Mexico (barrier relating to tequila).**
  On 5 May 2021, the Commission concluded the investigations concerning Saudi Arabian measures restricting market access to EU ceramic tiles (66) and concerning Mexican measures affecting tequila exports to the EU (67). These investigations were initiated following complaints from the respective business associations affected (i.e. the European Ceramic Industry Association and the Brewers of Europe) and resulted in a clarification of the legal situation and the economic effects of the third-country measures. The examinations found that Saudi Arabia’s new technical regulations were hindering 75–80 % of EU exports of ceramic tiles, valued at EUR 120–150 million per year, and affecting many EU SMEs, and that Mexico’s refusal to issue export certificates for tequila to the EU might constitute export restrictions prohibited under WTO rules.

Having concluded these two examinations the **Commission is now in a better position to ensure that these barriers are removed.** The Commission will now engage with Saudi Arabia to that end, either through negotiation or by bringing the case before the WTO. The Commission will also monitor pending administrative procedures in Mexico to ensure that trade barrier is removed.

D. The Market Access Partnership at work and its impact in 2020

Tangible results were achieved in 2020, notwithstanding the difficulties created by the COVID-19 pandemic, thanks to ongoing cooperation between the Commission, Member States and businesses in the market access advisory groups in Brussels as well as in many market access teams directed by trade teams in EU delegations, and thanks to stakeholders providing information about the situation on the ground in partner countries.

In terms of the **geographical distribution of barriers resolved in 2020**, four were in Egypt, three were in the United Arab Emirates, two concerned India, Indonesia, Iran, Kuwait, Russia and Saudi Arabia, respectively, and one was addressed in each of 14 other countries. Almost half the barriers resolved (15) were located in the southern Mediterranean and the Middle East, as the Commission responded to the growing trend in protectionism in the region. Seven barriers were resolved in South and South-East Asia.
As in previous years, the **sector in which the largest** number of barriers was removed was **agriculture and fisheries**, accounting for almost 60% of all barriers resolved. Seven of the barriers resolved (i.e. one fifth) corresponded to either cross-cutting or multi-sector barriers.

**Figure 6: Number of barriers resolved per sector in 2020**

Overall, **econometric analysis** carried out by the European Commission showed that, thanks to the removal of a number of barriers between 2014 and 2019, **exports from the European Union in 2020 were EUR 5.4 billion higher than they would have been if the barriers had still been in place** (68). This additional EUR 5.4 billion worth of EU exports is a tangible benefit of implementation and enforcement efforts carried out by the Commission, Member States and businesses within the Market Access Partnership.

### IV.2 Facilitating complaints: The Single Entry Point

**The launch of the SEP is helping to focus and mobilise resources to tackle trade barriers** ...

The launch of the **SEP** on 16 November 2020 should further improve the interaction between the Commission and stakeholders raising complaints about market access barriers and infringements of TSD commitments and complaints related to non-compliance with the requirements under the EU GSP (69). The SEP is designed to ensure that the Commission can draw on a solid base of evidence when examining complaints, allowing it to act more rapidly and effectively in cases where it believes there are grounds to act. At the same time, this one-stop shop mechanism and guidance provided by the Commission address the difficulty many stakeholders have been having in identifying the right channels for launching and following the course of complaints and the supporting information that they need to provide.

The SEP also benefits from a more streamlined approach to managing work on barriers taken by DG Trade and the wider services of the Commission concerned by potential barriers. While all barriers are kept under review, some are prioritised based on their legal strength, their economic or systemic significance and the prospect of their removal.

**... making it easier to prepare stronger cases** ...

The SEP can be accessed via the online platform Access2Markets (see Section III.A above), which allows the user to submit complaints online (70). Since it was announced in summer 2020, the SEP
has been contacted more than 60 times with regard to potential complaints, resulting in 17 formal complaints received.

... and helping the Commission to react faster and with greater effect

The SEP is already making a real difference to the way the Commission works on barriers. As the example below shows, receiving the right information at an early stage heightens the chances of addressing barriers successfully through the full range of formal and informal channels available.

- **Example: Egypt – ceramic tiles.** A recent example is the temporary import ban imposed by Egypt on ceramic tiles. EU companies, acting through their industry association and with the help of the new SEP, were able to act swiftly and, guided by the complaints form, were able to put together the information required only days after Egypt had published the measures. 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 an initial 3-month period, Egypt decided not to extend the measure and it has now expired.

At the same time, it should be noted that all formal complaints to date have focused on market access barriers and none yet have related to sustainable development, reflecting the additional complexity of potential cases in that area, but also the greater familiarity of business stakeholders with the existing market access work. The Commission is regularly reviewing and adjusting its operating guidelines for the SEP as needed, considering comments from stakeholders. This is important as the new complaints system comes with a responsibility for businesses and other stakeholders to put forward well-argued and substantiated cases, wherever possible. Where this is done, the Commission will be well equipped to respond. In addition, the Commission always reserves the right to take action on its own initiative (by launching *ex officio* cases), both on barriers related to market access and on infringements of commitments on TSD.

**V. Bilateral and multilateral enforcement of trade commitments: Resolving disputes**

Effective upstream work on implementation, on pre-empting potential barriers and on tackling actual barriers before they become entrenched is at the heart of the Commission’s new approach to implementation and enforcement. However, this work must be backed up by effective legal procedures for resolving disputes, to be used when necessary.

**V.1 Use of dispute settlement**

**A. WTO dispute settlement**

WTO dispute settlement remains important for effective enforcement, despite the current blockage of its Appellate Body function

The WTO dispute settlement system produces independent and impartial rulings that are binding on the parties to the dispute and which can be appealed, guaranteeing their quality and legitimacy.
The WTO offers a tried and tested dispute settlement system that the EU can use to enforce its WTO rights when other WTO members do not fulfil their commitments. As of 30 June 2021, the EU had launched 104 of the 600 disputes brought before the WTO since 1995.

In the period covered by this report, the EU brought a significant number of dispute settlement proceedings (72). While the timelines of WTO disputes have inevitably been affected by the COVID-19 pandemic, the EU has actively promoted and supported measures in the WTO to keep the disputes on track, such as conducting panel hearings in virtual or hybrid form.

### WTO dispute settlement proceedings

- **Panel proceedings continued in a number of disputes** initiated by the EU, including against Turkey in the pharmaceutical products case (DS583); against Colombia concerning anti-dumping duties on frozen chips from Belgium, Germany and the Netherlands (DS591); against India over excessive Indian tariffs on certain goods in the information and communications technology sector (DS582); and against the United States concerning certain measures on steel and aluminium products (DS548) and anti-dumping and countervailing duties on ripe olives from Spain (DS577).

- The EU advanced its disputes concerning Indonesia’s nickel ore export ban and domestic processing requirements affecting nickel ore and iron ore to the panel stage. A panel was composed on 29 April 2021 in Indonesia (see case DS592: Indonesia – Measures Relating to Raw Materials).

- In October 2020, in the EU’s dispute against the United States concerning large civil aircraft (DS353), the WTO’s dispute settlement body authorised the EU to suspend concessions to the United States of up to nearly USD 4 billion annually. Following the actual imposition of countermeasures by the EU on 10 November 2020, and the mutual suspension of countermeasures by the EU and the United States on 5 March 2021 for a 4-month period, an ‘Understanding on a Cooperative Framework for Large Civil Aircraft’ was reached on 15 June 2021, according to which countermeasures will remain suspended for a further period of 5 years.

### B. Bilateral dispute settlement

In 2020 the Commission continued its litigation work under the dispute settlement provisions of bilateral trade agreements

Dispute settlement procedures found in 31 of the 37 EU trade agreements covered by this report favour, as a first step, mutually agreeable solutions through consultations. This is feasible in cases where there is goodwill on both sides to swiftly address imbalances and to remove trade irritants detected when monitoring compliance with those agreements.

Where a mutually agreeable solution does not appear to be possible through consultations, either party may request the establishment of a dispute settlement panel.

Since 2018, the EU has requested dispute settlements under four bilateral trade agreements: the association agreement with Ukraine, the FTA with South Korea, the EPA with the Southern African Development Community (SADC) (73) and the association agreement with Algeria. Steps taken in 2020 and early 2021 include the following.

- In April 2020, the EU asked for the establishment of an arbitration panel with the Southern African Customs Union (74) under the EU’s EPA with the SADC (75) in relation to safeguarding measures taken against EU poultry exports. The panel selection process, which had been temporarily suspended due to the public health crisis, was restarted on 22 November 2020 and is ongoing.
In June 2020, the Commission charged the association council under its agreement with Algeria with addressing a number of restrictive measures on imports, including a ban imposed by Algeria on imports of cars. As a result, constructive discussions between the EU and Algeria covering all the measures being challenged started in September 2020 and numerous further rounds have been held in 2021 in order to resolve the dispute through an amicable settlement.

In January 2021, following delays linked to, among other things, the COVID-19 pandemic, a panel of experts gave its ruling on the case brought by the EU regarding South Korea’s obligation under the FTA to ratify fundamental ILO conventions and regarding trade union legislation (see Section II.2.C).

On 11 December 2020, a panel found in the EU’s favour in a case regarding a ban by Ukraine on wood exports to the EU. Ukraine informed the EU in writing on 29 June 2021 of its progress in complying with the arbitration panel’s ruling but was not in a position to report any measures that it had taken in that regard.

Ukraine dispute settlement case

In 2005, Ukraine started applying an export prohibition on a number of wood species in the form of unprocessed and sawn wood. Between 2015 and 2017, Ukraine extended the scope of this export prohibition to cover the export of all unprocessed wood. As political efforts failed to resolve the issue, on 22 November 2018 the Commission decided to start dispute settlement proceedings with Ukraine under the bilateral EU–Ukraine Association Agreement. An arbitration panel was established on 28 January 2020.

The approach taken by the European Commission in this case was underpinned not only by a strong legal basis but also by the economic impact of the Ukrainian export ban. Whereas Ukraine has in the meantime become China’s second-largest source of imports of (processed) softwood lumber, imports to the EU of unprocessed wood from Ukraine fell from 2 million tons in 2015 (14 % of EU imports) to a negligible 2,000 tons in 2019, thus potentially seriously impacting the availability of relevant raw materials for the EU wood processing industry.

The arbitration panel issued its final ruling on 11 December 2020, concluding that the Ukrainian export ban on unprocessed wood was incompatible with Article 35 of the EU–Ukraine Association Agreement, which forbids export prohibitions. The ruling also clarified that the relevant exceptions did not apply, rejecting Ukraine’s claim that the export ban on unprocessed timber was legitimately designed to protect Ukrainian forests. The panel only upheld this line of argument for an earlier very narrow export ban on sawn wood of 10 very rarely traded wood species.

This case illustrates the EU’s policy of taking assertive action against export restrictions, as they pose a systemic threat to international trade. This was also reflected in the EU’s and other trading partners’ action against certain Chinese restrictions on raw materials or, more recently, the launch by the EU of a WTO dispute settlement case against Indonesia’s export ban on nickel ore (see case DS592 and description of WTO dispute settlement proceedings in Section V.1.A.).

V.2 Renewing the pools of arbitrators and TSD experts

In December 2020, the Commission called for applications in connection with the renewal of the pool of arbitrators and the separate pool of TSD experts for dispute settlement panels under trade
agreements to which the EU is a party. A selection panel of experienced international judges and academics will examine the applications to confirm their suitability for appointment.

In line with its adherence to the Equal Representation in Arbitration Pledge, the Commission will seek to ensure gender balance in its proposals to the Council for rosters of arbitrators and experts, as well as in the appointment of arbitrators or TSD experts in specific disputes.

V.3 Responding to obstacles to dispute resolution

With the work of the WTO Appellate Body blocked, the European Union is at the forefront of efforts to find a temporary workaround pending a lasting solution

The WTO Appellate Body has been paralysed since December 2019, due to a blockage on appointments. It is therefore possible that disputes do not reach a binding conclusion where the losing party appeals a panel report to a non-functioning Appellate Body and refuses to agree to appeal arbitration under the WTO rules. A growing number of such cases currently cannot be processed, which has a negative effect on the stability and predictability of the environment for international trade. The MPIA, described below, seeks to address this problem.

A. Brokering the multiparty interim appeal arbitration agreement

The MPIA offers participants binding and independent dispute settlements under WTO rules, and the possibility of appeals

In April 2020, the EU and a group of other WTO members set up the MPIA. This arrangement, which any WTO member can join, means that participants commit to having any appeals in WTO disputes between them dealt with through appeal arbitration under the WTO rules for as long as the Appellate Body is unable to function fully.

Based on existing WTO rules, the MPIA preserves, between its participants and while the Appellate Body is unable to function fully, a right of appeal in WTO disputes, as well as the right to binding and independent adjudication of trade disputes. This means that the EU and the other MPIA participants continue to benefit from a fully functioning, two-tier dispute settlement system among themselves under WTO rules, despite the Appellate Body crisis. In addition, by preserving the possibility of such dispute settlements among its participants, the MPIA generally contributes to stability and the preservation of rules-based trade. As of 30 June 2021, the MPIA covered 25 WTO members (76). These include major WTO dispute settlement users and represent around half of the world’s gross domestic product. In July 2020, the participating WTO members established a 10-strong standing pool of appeal arbitrators, from which three arbitrators per case are to be selected randomly to hear any appeals covered by the MPIA.

The MPIA has been implemented in several disputes where the parties are both MPIA participants, through the signature of appeal arbitration agreements corresponding to the MPIA model. These disputes include the EU’s case against Colombia concerning anti-dumping duties on frozen chips imported from certain EU Member States (DS591). Accordingly, if the EU succeeds at the panel stage in this case, Colombia cannot seek to frustrate that outcome through an appeal before the non-functioning Appellate Body.
B. Strengthening the EU enforcement regulation

Changes to the EU’s enforcement regulation allow the EU to counter attempts by partners to prevent WTO or bilateral disputes reaching a conclusive decision.

By amending its enforcement regulation, the EU has broadened its possibilities for exercising and enforcing its international rights more assertively. The amendments introduced by Regulation (EU) 2021/167, which came into force on 13 February 2021, strengthen the EU’s capacity to act in two important respects.

- First, the amendments allow the EU to suspend or to withdraw its obligations towards a trading partner that breaches international trade rules or its commitments to the EU in cases where the trading partner seeks to thwart the final and binding conclusion of the dispute settlement processes concerned, be they under the WTO dispute settlement understanding or under bilateral or regional trade agreements. In other words, the amendments concern situations where, despite the EU’s good faith and best efforts, a binding ruling on a trade dispute over a breach of the EU’s rights cannot be obtained. This could be due to failure of the counterparty (the EU’s trading partner) to take the required action (for example refusing to appoint arbitrators under one of the EU’s international trade agreements) or to the counterparty appealing a WTO panel report before the non-functioning WTO Appellate Body and not agreeing to interim appeal arbitration under Article 25 of the WTO dispute settlement understanding. Enforcement action through the suspension or withdrawal of the EU’s obligations towards the trading partner concerned will effectively defend the EU’s economic interests.

- Second, those amendments also broaden the scope of possible countermeasures by allowing the EU to take countermeasures in trade in services and in some trade-related aspects of IPR. The EU’s range of options for enforcement measures is thus significantly wider and better suited to today’s knowledge-based society. The EU’s provision of such measures reflects the seriousness it attaches to its trading partners’ respect for commitments.
Endnotes


(10) Regulation (EU) 2019/452.


(15) The public consultation on the 15-point TSD action plan was launched on 27 July 2021 and will run until 31 October (see https://trade.ec.europa.eu/consultations/index.cfm?consult_id=301).

(16) Since the EU agreement with Vietnam only entered into force on 1 August 2020, it is not yet included in the quantitative assessment (statistics) below. The EU–UK Trade and Cooperation Agreement, which entered into force on 1 January 2021, is not yet covered by this report since it was not in application in 2020.


(19) For example, the market access working groups taking place in 2020 and 2021 dedicated to textiles and leather, footwear, tyres and clothing.

(20) Trade with all 77 preferential trading partners in 2020 amounted to EUR 1 259 billion, or 34.5% of total EU external trade: EUR 672 billion for exports and EUR 586 billion for imports, resulting in an EU trade surplus of EUR 86 billion.


(26) The Andean partners, Canada, the Cariforum partners, Central America, Chile, Georgia, Japan, Mexico, Moldova, Norway, South Korea and Ukraine.

(27) Detailed information on individual applications in agreement in 2020 can be found in the staff working document (https://trade.ec.europa.eu/doclib/html/159786.htm).


(35) Shipments of feta cheese to Egypt were rejected in recent years due to the amount of yeast in the cheese surpassing the Egyptian limits. However, a high yeast level is a natural property of feta cheese and does not have a negative effect on human health.


(37) More detailed information on the dispute can be found in Section V.

(38) Eleven of these agreements are covered by this report. The 12th, the EU–UK Trade and Cooperation Agreement, is not yet covered as its application only started on 1 January 2021.


(46) The EU side provides financing under the 2020 work programme for the competitiveness of enterprises and small and medium-sized
The EU, Australia, Benin, Brazil, Canada, Chile, China, Colombia, Costa Rica, Ecuador, Guatemala, Hong Kong (China), Iceland, Mexico, Montenegro, New Zealand, Nicaragua, Norway, Pakistan, Peru, Singapore, Switzerland, Ukraine and Uruguay.

The customs union that was formed when five members of the SADC: Botswana, Eswatini, Lesotho, Mozambique, Namibia and South Africa, decided not to impose import tariffs on each other. SADC (Botswana, Eswatini, Lesotho, Namibia and South Africa) has set itself the objective of implementing a customs union. The work plan and activity report are available online (https://www.sadc.int/about-sadc/overview/).

The EU–SADC EPA applies between the EU and six countries from the SADC (Botswana, Eswatini, Lesotho, Namibia and South Africa) and Montenegro. The EEN, co-financed by the EU COSME programme (https://ec.europa.eu/growth/innovations/cosme_en), is active in more than 60 countries and brings together 3,000 experts from 600 member organisations. Its objective is to help SMEs in their international activities.

An SME recommendation has been agreed with Canada, and the EU–Japan EPA and the EU–UK Trade and Cooperation Agreement have SME chapters, as do the agreements concluded with Mercosur and the modernised agreement with Mexico. SME chapters are also part of the negotiations with Australia, Chile, Indonesia and New Zealand.

The first update taking account of stakeholders’ input was made 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/).

The EU–SADC EPA applies between the EU and six countries from the SADC (Botswana, Eswatini, Lesotho, Namibia and South Africa) decided not to impose import tariffs on each other.

Some of these measures were recorded in the EU’s database for monitoring purposes (see Access2Markets: https://trade.ec.europa.eu/access-to-markets/en/barriers). A complete list of new barriers that were reported and old barriers that were resolved in 2020 can be found in the staff working document (https://trade.ec.europa.eu/doclib/html/159786.htm).

The analysis includes 130 barriers removed from 2014 to 2019 (438) with the 41 barriers that were added and the 33 that were resolved in 2020 yields 446 active barriers at the end of 2020. This increase in the number of measures mainly stems from the fact that, to monitor partially resolved barriers, the Commission started to track follow-up active barriers as of 2020, leading to a nominally higher number of barriers although the underlying trends remained unaltered.

This large proportion of measures with cross-cutting effects makes it difficult to properly quantify the trade flows affected.

Some of these measures were recorded in the EU’s database for monitoring purposes (see Access2Markets: https://trade.ec.europa.eu/access-to-markets/en/barriers).

The supplies concerned by the restrictions included hydroxychloroquine, other active pharmaceutical ingredients and paracetamol formulations (over a third of India’s production of the latter is exported to the EU).

This methodology estimates the current trade flows that benefited from the elimination/prevention of TBTs and does not provide a quantification of export increases or other trade effects. See also Cernat, L. and Boucher, D., ‘Multilateral cooperation behind the trade war headlines – How much trade is freed up?’, Centre for European Policy Studies, 2021 (https://www.ceps.eu/download/publication/?id=32164&pdf=PI2021-03_Multilateral-cooperation-behind-the-trade-war-headlines.pdf).

The analysis includes 130 barriers removed from 2014 to 2019. Only some barriers can be quantified by this analysis, notably the ones affecting EU exports in goods. The methodology does not allow for the inclusion of complex cross-cutting barriers affecting goods, nor barriers to trade other than that of goods. The analysis does not cover barriers removed in 2020 because at least one full year of data after the barrier is removed is required in order to determine the impact on trade.


The EEN, co-financed by the EU COSME programme (https://ec.europa.eu/growth/innovations/cosme_en), is active in more than 60 countries and brings together 3,000 experts from 600 member organisations. Its objective is to help SMEs in their international activities.

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35