2021 Commission report on implementation & enforcement of EU trade agreements

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Overview of presentation

I. Implementation & Enforcement: Year 1

II. The report (actions & results):
- Advancing FTA implementation
- Supporting SMEs
- Work on barriers
- Dispute settlement

II. Outlook at year 2
Implementation and Enforcement:

Main changes following the appointment of the CTEO
Implementation & enforcement in year 1

Widening scope and accelerating the pace of action

1. COM/TRADE reorganised and improved its working methods around the CTEO, strengthening also work with other Commission services & DEL

2. COM/TRADE upgraded its communication with stakeholders: Access2Markets, Single Entry Point, launched in Oct and Nov 2020 respectively; CSD review completed in May 2021;

3. EU started tackling the strategic challenges related to economic security (entry into force of EU FDI screening regulation in Oct 2020) and took steps to defend the credibility of WTO dispute settlement (MPIA: July 2020);

4. New Enforcement Regulation entered into force in Feb 2021, safeguarding EU interests when denied fair process.
Implementation & enforcement in year 1

Trade Policy Review codifies these steps and sets the compass at “OSA” (Feb 2021): an “open, sustainable and assertive trade policy”.

Thereafter:

- COM revisits the means of making operational the EU values’ agenda (launch of the TSD review in July 2021; proposal for a new GSP regulation in Sept 2021)
- EU adopts a new export control regime (Sept 2021)
- Commission reports on FDI Screening & export control (Nov 2021)
Chief Trade Enforcement Officer

The European Commission implements and enforces trade rules in the EU and with its trading partners. The Chief Trade Enforcement Officer (CTEO) takes this forward effectively in a number of ways:

1. Strengthening implementation of the EU’s multilateral, regional and bilateral trade agreements.

2. Ensuring that countries the EU has trade agreements with meet the commitments they make under them on:
   - opening their markets to EU exports and investments;
   - respecting other trade commitments that benefit EU operators;
   - workers’ rights;
   - tackling climate change, and;
   - the environment.

3. Managing the single entry point where EU companies, trade organisations or non-governmental organisations can submit complaints:
   - on barriers to trade in non-EU countries, and;
   - about non-EU countries not meeting the commitments they have made in trade agreements on:
Annual Report on implementation & enforcement of EU Trade Agreements (2020 and first half of 2021)
The Annual Report on Implementation & Enforcement ....

• Provides a comprehensive overview of all the tools and instruments of implementation & enforcement;

• Dives into 4 priority areas: FTA implementation, work supporting SMEs, addressing barriers and settling disputes in 2020 and first half of 2021. Statistics (goods: 2020; services: 2019);

• Main instrument for CTEO to report to the European Parliament as well as to the Council and the public;

• Will be published annually, together with a Staff Working document providing information as per FTA/partner & updated barrier list.
Annual Report: Main findings
EU Preferential trade in 2020

- Preferential partners covered by this report: 32.0%
- Other partners: 62.4%
- Other preferential partners (incl. Vietnam): 2.5%
- FTAs under adoption/ratification (incl. Mercosur): 3.1%
Covid 19: Preferential trade in goods held up slightly more strongly

<table>
<thead>
<tr>
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<th>All partners</th>
<th>67 preferential partners</th>
<th>Other partners</th>
</tr>
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<tbody>
<tr>
<td>Imports</td>
<td>-11.6%</td>
<td>-10.2%</td>
<td>-12.3%</td>
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<tr>
<td>Exports</td>
<td>-9.4%</td>
<td>-8.1%</td>
<td>-10.0%</td>
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<tr>
<td>Total trade</td>
<td>-10.5%</td>
<td>-9.1%</td>
<td>-11.1%</td>
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Legend: Red = Imports, Green = Exports, Blue = Total trade
EU services trade with preferential partners (2019)

- EU services trade with FTA partners grew by +7.8% (i.e. slower than EU services trade overall: +10.5%).

- BUT: Services trade between EU & 19 preferential partners with commitments was up 14%.

- Strongest growth with ACP (40%) and the DCFTA partners Georgia, Moldova, Ukraine (16%)

- EU trade with 67 partners: surplus of € 90 billion
Advancing FTA implementation through the institutional framework

Over 200 committees and working groups met & provided a structure to

- Improve market access
- Avert problems
- Eliminate existing barriers
- Cooperate with EU trading partners
Trade and sustainable development

- **All TSD committees met** (EU-Vietnam FTA: Nov 2021)

- **Korea/labour dispute**: Ruling 20 January 2021 clarifies TSD commitments & confirms importance of assertive enforcement.
Trade and sustainable development

- **COM-ILO cooperation**: Technical assistance helped advance work on labour codes and improve inspections (Georgia, Andean countries).

- **Environmental cooperation** continued with Vietnam and Ukraine on timber legality and wood harvesting and trade, respectively.

- **Work with Domestic Advisory Groups**: EU DAGs provided information & advice on TSD (e.g. Korea labour law, human rights in Andean countries).
Supporting SMEs: IT tools, platforms & campaigns

A2M, RoSA (released last October, received 2021 European Ombudsman’s Good Administration Award), a one-stop shop provides a multilingual information service on 120 export destinations.

“A2P
IT tool within A2M, the Access2Procurement platform which will help European suppliers to find out whether they are eligible to bid on a given government procurement contract in Canada).

working with others to build awareness, e.g. chambers of commerce and European Enterprise Network
ROSA— the Rules of Origin Self-Assessment tool in Access2Markets

Presenting ROSA

RULES OF ORIGIN SELF-ASSESSMENT
Experience with Access2Markets

- **A2M** is being visited by up to 10,000 users daily, over 70% are from the EU; 1.5 million visitors in just a year. **Next:** trade assistant for services.

- The Rules of Origin Tool, **ROSA**, has around 500 users every day and captures 26 trade agreements with 36 countries. Expected to cover all trade agreements in 2022.
NEW on A2M: Access2Procurement

Procurement

Want to bid for a government contract? This tool helps you find out if you are entitled to participate in a given government procurement tender outside the EU. You will need to provide information that is usually contained in the tender notice: the procuring entity, the subject matter and the estimated value of the procurement. Enter this information in the relevant fields and answer the follow-up questions.

Please indicate the country where the procurement is taking place

Country

Select a country

Next
Trade barrier removal in 2020

- **33 barriers were** removed in 22 countries
- European companies could export an additional €5.4 billion thanks to barriers eliminated between 2014 and 2019.
- **COM launched Single Entry Point**, a dedicated complaints office to steer and support stakeholders, who want to lodge complaints on market access, TSD or GSP.
- **Trade Barriers Regulation** saw the initiation of 2 investigations regarding Saudi Arabia (ceramic tiles) and Mexico (tequila), *both completed in 2021*. 
The new Single Entry Point

**Operating guidelines for stakeholders**

- **MARKET ACCESS**
  - Identity of the complainant
  - Legal basis
  - Factual description of the measure
  - Economic/systemic impact
  - Actions
  - Confidentiality

- **SUSTAINABILITY (TSD/GSP)**
  - Identity of the complainant
  - Legal basis
  - Factual description of TSD/GSP violation
  - Impact/seriousness of the breach
  - Actions
  - Confidentiality
Experience with the SEP so far

• >130 contacts by external stakeholders
• 30 formal complaints (market access only)
• Operating guidelines were updated and will continue to be updated in view of experience, inter alia to provide additional clarifications on process, address concerns on confidentiality, etc.
Main results: Bilateral dispute settlement

Two panels have ruled in favour of the EU:

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

• In the case of Korea, the panel of experts on 20 January 2021 found that Korea had not complied with its obligations under the FTA on labour rights.
Main results at the WTO

- WTO remains important: EU launched 104 of 600 cases brought since 1995

- **Airbus-Boeing dispute**: Decisive step towards ultimate settlement, suspending for 5 years tariffs worth 11.5 billion.

- Multiparty interim appeal arbitration agreement (MPIA): 50 Members (incl. EU and Member States)
PART III
Implementation and Enforcement in Year 2
Completing the toolbox

The COM will continue completing its toolbox:

• New **Anti-coercion** instrument (proposal 8 Dec 2021);

• **International Procurement Instrument** to work towards ensuring a level playing field in the global procurement market;

• New legal instrument to deal with distortions caused by **foreign subsidies** in the internal market.
Advancing major trade relationships outside FTAs (EU/US)

- **June**: EU-US Summit confirmed that both sides have a great interest in working closely as partners and allies based on shared values.
- **July**: Decisive steps towards grounding the *Airbus-Boeing dispute*
- **Sept**: EU-US Trade and Technology Council launched
- **Oct**: Pausing our steel and aluminium trade disputes, starting cooperation on Global Arrangement
- **Nov**: EU, US, Japan renew trilateral partnership to address non-market policies and practices of third countries
Finalising the TSD Review

The COM will complete its ongoing review of the TSD 15 points action plan:

• Public consultation completed (replies being analysed);

• External comparative study in final phase: Inception and interim reports were published; final report to be published in early 2022;

• TSD recommendations expected for the first half of 2022.
More information on DG TRADE’s enforcement website:


Thank you very much for your attention!