
March 2021

amfori Insight

Overview of EU Trade Negotiations

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1. Overview of EU Trade Negotiations

The EU is currently negotiating preferential trade agreements with 130 countries across the globe on bilateral, regional and multilateral levels. It also envisages launching further talks with a number of other states. This report highlights the main aspects which are of relevance for amfori's members to help navigate the complex web of today's trade agreements.

Introduction

Although amfori is a global organisation, over 80% of our members are companies that are headquartered in Europe. Moreover, the EU is the leading world economy that uses trade and economic relations to promote higher global standards for social, environmental and human rights issues. For these reasons, EU's trade agreements are the most appropriate instrument for promoting amfori's vision of trade that delivers social, economic and environmental progress for all.

Types of Agreements

There are many types of agreements that the EU concludes with other countries, and their aims range from boosting trade to supporting development or reforms. The main types of agreements are the following:

- A **Free Trade Agreement (FTA)** is a treaty between two or more countries establishing a free trade area where commerce in goods and services can be conducted across their common borders, with lower or no tariffs.
- A **Customs Union** is an agreement between two or more (usually neighbouring) countries to remove trade barriers and reduce or eliminate customs duties on mutual trade. A customs union, unlike a free trade area, generally imposes a common external tariff for non-member countries and (unlike a common market) generally does not allow free movement of capital and labour among member countries.
- A **Deep and Comprehensive Free Trade Area (DCFTA)** is a free trade arrangement forming part of a wider political and security-oriented Association Agreement.¹ It grants the associated country access to the EU's internal market and vice versa. It further provides for removal of obstacles to trade in services and better access for companies to establish in the respective markets.
- A **Bilateral Investment Treaty (BIT) or Investment Agreement (IA)** establishes the terms and conditions for private investments by nationals and companies between the EU and the partner country.
- An **Economic Partnership Agreement (EPA)** is a scheme to create a free trade area between the European Union and African, Caribbean and Pacific group of states (ACP) which aims to help the partner countries develop through better access to the European Single Market and regional integration. However, due to various political and economic challenges, very few countries have ratified and put into force EPAs. For this reason, this overview does not cover EPA agreements.

¹ The EU concludes Association Agreements with third countries to set-up an all-embracing framework to conduct bilateral relations. These agreements normally provide for the progressive liberalisation of trade conditioned on the implementation of sector specific reforms in the country relating to social, economic and environmental reforms.

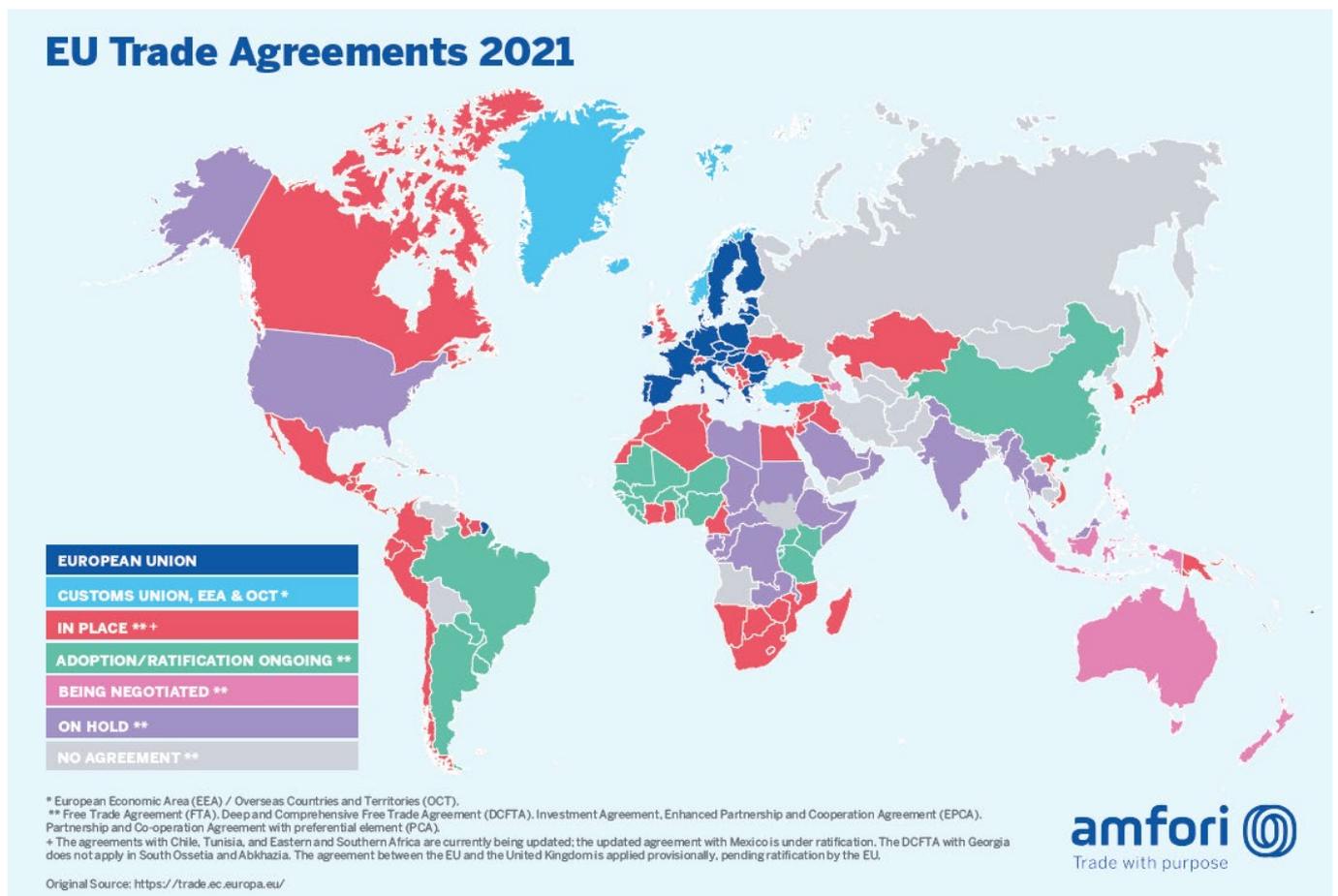
What do EU Trade Agreements mean for amfori Members?

Trade agreements decrease costs, boost the opening of markets and increase business opportunities. Increasingly, trade agreements are becoming the main tool for instigating social and environmental reforms through economic relations. **European retailers and importers benefit in multiple ways** from preferential trade agreements between the EU and third states:

- ✓ **Customs:** lowering or abolishment of tariffs and simplification of rules of origin.
- ✓ **Non-tariff-barriers:** reduction of technical obstacles to trade (e.g. standards).
- ✓ **Trade rules:** implementation of smooth legislation and IPR protection.
- ✓ **Market access:** facilitation of investments and commercial presence.
- ✓ **Sustainable trade:** agreements create platforms to address sustainability challenges.

Important to note: Each agreement that the EU concludes provides a specific mix of the above, which means that no two agreements are exactly alike, which necessitates a proactive scrutiny of all agreements being negotiated.

Overview of EU Trade Agreements and Negotiations



2. Multilateral Negotiations



Trade in Services Agreement (TiSA)

Negotiation status: **On-hold**

Background

The agreement is being negotiated by [23 members](#) of the World Trade Organization (WTO), including the EU. Together, **these countries account for 70% of world trade in services**. It is based on the WTO's General Agreement on Trade in Services (GATS). The talks cover all sectors, including retail, e-commerce, information and communication technology (ICT) services, logistics and transport, financial services and services for businesses.

Since TiSA is negotiated under the umbrella of the WTO all members can request to join the current negotiations. Both the Mauritius and Uruguay have done so since the start of the talks. China also applied but has not yet been admitted due to opposition from the US.

Status

In the autumn of 2016, the negotiations were in the final phase, and the US was putting pressure on their conclusion. However, the EU still had sensitivities regarding data protection, and did not feel that the talks could be finalised. **The talks were put on hold until after the US Presidential elections, but have not yet resumed.**

Outlook

The likelihood of negotiations restarting is very low. Considering that the major parties in the TiSA negotiations have started talks on the plurilateral e-commerce agreement (see below), the interest in continuing with TiSA has severely diminished. However, many aspects of the TiSA agreement may be replicated in the e-commerce plurilateral or any other future agreements.



Plurilateral negotiations on electronic commerce

Negotiation status: **Ongoing**

Background

[Plurilateral WTO negotiations on e-commerce](#) were launched in Davos in January 2019 after a year of exploratory talks. The negotiations cover both goods and services and their aim is to agree on global rules on digital trade. Since the launch of the negotiations, five negotiating rounds have taken place on the basis of text proposals submitted by WTO Members. So far 86 WTO Members have formally joined the talks.

Status

There is good progress and on 5 February 2021, WTO members finalised a “ceán text” regarding unsolicited commercial messages (i.e. spam).

Outlook

Progress has slowed recently but it is hoped that work can intensify so that substantial progress can be made before the 12th Ministerial Conference due to take place in November 2021.

3. Bilateral Negotiations

Asia and Oceania



The region is crucial for European economic interests in both the short and the long term. Although the EU already concluded a wide-ranging agreement with South Korea, it has been trying to catch up with the US, which already finalised several bilateral deals in the Asia-Pacific. For this reason, the EU needs to move quickly to ensure that it does not stay out of the most crucial markets of future growth.



China

Title: **Bilateral Investment Agreement**
Negotiation Status: **Concluded in principle**

EU27 (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Clothing</i>	<i>Footwear</i>	<i>Textiles</i>
586Bn	383.5Bn	202.5Bn	21Bn	6.3Bn	5.1m

The purpose of the Investment Agreement is to **abolish restrictions on investment and improve investment protection**. Market access for goods is not part of the agreement, therefore it mainly benefits traders with a commercial presence and/or production facilities in China.

Background

In November 2013, the EU and China officially launched negotiations for an agreement which would **replace the existing 27 EU member states' deals with China**. amfori had been advocating in favour of such talks for several years.

For more information, see the [amfori Position Paper on EU-China trade relations](#).

Status

The two sides concluded in principle the [Comprehensive Agreement on Investment](#) on 30 December 2020. Work is now being done towards finalising the text of the agreement, which will need to be legally reviewed and translated before it can be submitted for approval by the EU Council and the European Parliament.

Outlook

Several NGOs, and groups within the European Parliament, have raised concerns that the provision within the agreement regarding China's commitments on labour standards and the ratification of ILO conventions, is too weak. This threatens to delay, or possibly stop, its ratification. amfori has [called for a roadmap and monitoring of these commitments](#).



India

Title: **Bilateral Trade and Investment Agreement**
Negotiation Status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
Total	EU Imports	EU Exports	Clothing	Textiles	Footwear
65.3Bn	33.1Bn	32.2Bn	3 Bn	1.1Bn	846m

Due to the importance of India as a sourcing country, **amfori is urging the two sides to resume talks**, which were close to be finalised in 2014 but have been on-hold since. The agreement would deliver substantial gains for members, such as the removal of tariffs (98% of tariff lines and trade volume) and improved market access for retailers.

Background

The Bilateral Trade and Investment Agreement (BTIA) **negotiations between the EU and India started in 2007 and have been slow and complicated**, particularly as the Indian government is facing domestic resistance from political and social actors to open up its economy, also with regards to the distribution sector which is mainly dominated by small shops.

Status

The talks were **suspended after 12 full rounds** in autumn 2013. Stumbling blocks on the EU side are tariffs on automobiles and alcohol, as well as intellectual property rights, and on the Indian side the demand for free movement of Indian professionals in Europe.

Outlook

Despite continuous public commitments from the EU and Indian leaders to re-start the talks, there have been no concrete steps for the resumption. Nevertheless, the Chancellor of Germany, Angela Merkel and Prime Minister of India, Narendra Modi repeated their willingness to continue talks during the former's visit to India on 1st November 2019. Hope that this might have more weight during the **Germany Presidency of the Council of the EU in the second half of 2020** did not come to fruition.



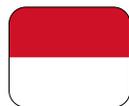
ASEAN

Title: **Free Trade Agreement**
Negotiation status: **On-hold**

Negotiations with the regional grouping of seven ASEAN countries were launched in July 2007, but in March 2009 **it was agreed those negotiations be put on hold**. In December 2009, EU decided that the Commission will pursue talks on a bilateral basis with countries of ASEAN.

Unexpectedly, on 10th March 2017, **EU and ASEAN Ministers stated that they will start preparations towards re-launching the region-to-region negotiations**. The Ministers tasked the Senior Economic Officials to work out the parameters of a future ASEAN-EU region-to-region agreement. amfori is following the issue closely, but primarily regarded that as a political statement aimed at giving impetus to the ongoing bilateral negotiations and combatting rising protectionism around the world.

Therefore, it is clear that the EU will continue bilaterally for the time being. The agreement with Singapore entered into force in November 2019, the agreement with Vietnam entered into force in August 2020. The status of the remaining five bilateral negotiations is outlined below.



Indonesia

Title: **Comprehensive Economic Partnership Agreement**

Negotiation status: **Ongoing**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Palm oil</i>	<i>Footwear</i>	<i>Clothing</i>
20.6Bn	13.4Bn	7.2Bn	2.2Bn	1.3Bn	913m

amfori believes that trade relations between the EU and Indonesia are currently highly under-utilised, taking into consideration that Indonesia is ASEAN's most populous nation with over 260 million inhabitants, it is only the fifth trading partner of the EU in ASEAN. Therefore, **we urge the two sides to rapidly conclude a deep and comprehensive agreement.**

Background

Owing to negative economic experiences from a free trade agreement with China, signed in 2004, Indonesia had been reluctant to negotiate other free trade agreements. However, following his election as President, in July 2012 Joko Widodo announced an economic reform programme including an **opening of the Indonesian market**. On 17th July 2016, **the EU and Indonesia officially launched negotiations for a Comprehensive Economic Partnership Agreement (CEPA)**. The EU has published its [textual proposals](#) on most chapters, including customs and trade facilitation, rules of origin and sustainable development.

Status

Two issues at the WTO have delayed progress in the talks; the EU ban on palm-oils which Indonesia raised at the WTO, and the EU dispute against Indonesian export restrictions for raw materials used in the production of stainless steel. That said, negotiations have continued and **the 10th round took place between 22 February and 5 March**. Importantly, there was convergence on issues surrounding rules of origin of certain textiles and clothing products. There was also detailed discussion on TSD aspects, and the text on customs and trade facilitation is almost finalised. However, it was not possible to conduct detailed discussions on technical barriers to trade and there remains differences concerning IPR, particularly GIs.



Malaysia

Title: **Free Trade Agreement**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Palm oil</i>	<i>Clothing</i>	<i>Textiles</i>

35.2Bn	24.7Bn	10.5Bn	1.2Bn	85m	39m
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Negotiations were officially launched in October 2010. However, **owing to conflicting positions on key points, official negotiations were put on ice** with only technical groups still meeting. The EU remains unsatisfied regarding cars, religious linked barriers (e.g. Halal requirements and alcoholic beverages) and the status of state-owned enterprises. As Malaysia is mainly interested in goods, it tabled a disappointing offer on services.

For the moment, the EU and Malaysia are exploring the basis for a possible resumption of negotiations. The EU is willing to conclude a comprehensive and ambitious FTA with Malaysia, like the ones it has with Singapore and Vietnam, however Malaysia has yet to take a position on the resumption of negotiations.



Myanmar (Burma)

Title: **Investment Protection Agreement**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
Total	EU Imports	EU Exports	Clothing	Footwear	Fish
3.1Bn	2.6Bn	532m	2.1Bn	170m	11m

Myanmar benefits from zero duties under the GSP 'Everything but Arms' regime therefore, a free trade agreement is not a top priority. However, in March 2014, the EU and Myanmar officially announced the start of negotiations for an investment agreement. Although this would improve the legal environment for EU investors in Myanmar, as well as easier access to arbitration and investor-to-state dispute settlement, **market access for investment is not covered by the negotiations.**

The last round of talks took place in April 2017. The two sides discussed the new elements of the EU proposal, notably the investment dispute settlement, the Investment Court System (institutional set-up, ethics and appellate mechanism), the right to regulate and transparency.

However, owing to the crisis surrounding the Rohingya minority in Myanmar, **no date has been set for the next round of talks.** This has undoubtedly been put into further uncertainty following the military coup in February 2021.

For more information, see the [amfori Position Paper on Myanmar](#) and [joint statement](#).



The Philippines

Title: **Free Trade Agreement**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
Total	EU Imports	EU Exports	Clothing	Fruit	Fish

12.3Bn	6.5Bn	5.8Bn	100m	65m	56m
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Negotiations between the EU and the Philippines for a trade and investment agreement were formally launched on 22 December 2015. The intention was to build upon the PCA that was signed in 2012 (and ratified in 2018). The first round took place in May 2016 and the second in February 2017 (no further rounds have taken place). Initial possible challenges that were identified included geographical indications (GIs), since the Philippines do not have as many GIs as the EU.

The aim of the Philippines is to continue to benefit from zero duty rates on textiles and most commercial goods which it was granted in December 2014 under the EU's GSP+ – something amfori advocated strongly for. However, GSP+ is only a temporary measure, that is granted until the country's economy develops to a certain level. Therefore, a trade agreement between the EU and the Philippines is the only way to ensure long-term preferential access to the EU market.

No date has been set for a third round of negotiations. In addition, owing to human rights violations, **the EP has urged the Commission to remove GSP+ preferences.**



Thailand

Title: **Free Trade Agreement**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
Total	EU Imports	EU Exports	Clothing	Textiles	Fish
29.1Bn	17.7Bn	11.4Bn	359m	172m	88m

After several years of difficult discussions and hesitation from the Thai side, the two sides eventually started negotiations in November 2012. Initially, both sides aimed at concluding talks within two years and until April 2014 there were four rounds of talks. However, talks were suspended by the EU following the military coup that took place in 2014.

No further round has been announced, however in October 2019, after Thailand's elections, the Council stressed the importance of resuming talks on an ambitious agreement. **The EU is currently engaged in a mapping exercise with the country to establish the level of ambition on the Thai side. There are also some concerns about the level of commitment to improve workers' and human rights.** Toward the end of 2020 Thailand publicly announced its willingness to resume talks.

Thailand lost preferential market access to the EU on 1st January 2015 after the revision of the GSP. Therefore, **importers pay the full EU tariffs for Thai products.** In response, a considerable number of Thai companies are relocating their production to Cambodia, Laos, Myanmar and Bangladesh.



Australia

Title: **Free Trade Agreement**

Negotiation status: **Ongoing**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Wine</i>	<i>Fruit</i>	<i>Beef</i>
35.8	6.8Bn	29Bn	166m	107m	91m

To date, the EU and Australia have been trading under the EU-Australian Partnership Framework of 2008. The two sides agreed on 15 November 2015 to start the process towards a comprehensive and high-quality free trade agreement. This would help remove barriers to trade in goods and enhance regulatory cooperation.

There have been nine negotiating rounds held since the launch in June 2018, **the last took place in December 2020** – issues included: technical barriers to trade, rules of origin, intellectual property rights and geographic indications.



New Zealand

Title: **Free Trade Agreement**

Negotiation status: **Ongoing**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Fruit</i>	<i>Sheep/lamb meat</i>	<i>Wine</i>
6.5Bn	2.3Bn	4.2Bn	436m	434m	115m

On 29 October 2015, the EU and New Zealand announced the preparations for a comprehensive free trade agreement. The agreement will aim to eliminate tariffs, open services markets and promote investment.

There have been nine negotiating rounds held since the launch in June 2018, **the last was held in December 2020** - issues included: rules of origin, geographic indications, and trade and sustainable development.

Mediterranean



A multitude of trade agreements with the North African and the Middle Eastern countries are already in place, and they mainly cover tariffs on industrial and agricultural products, which lead to an increasing number of retailers importing these goods from the region. The EU and its partner countries are now looking into modernising these agreements to cover investment protection, public procurement, customs procedures, trade facilitation, intellectual property and sustainable development.



Turkey

Title: **Modernisation of Customs Union**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
Total	EU Imports	EU Exports	Clothing	Textiles	Fruit/Vegetables
132.6Bn	62.6Bn	70Bn	8.2Bn	3Bn	2.2Bn

On 31st December 1995, the Customs Union between the EU and Turkey came into effect and at the time was considered to be a steppingstone to Turkey's accession to the EU. To date, Turkey has not fulfilled the conditions to join the EU (arguably progress has regressed in recent years). Turkey has **pushed for an update of the Customs Union**, and in January 2017, the Commission proposed a modernisation of the Customs Union to the EU Member States which included elements such services, public procurement and most agricultural goods.

amfori has been [calling for an enhanced Customs Union](#) since March 2015 and has been holding discussions with the Commission on the various problems faced by exporting goods to the country.

Status

The Council is currently deliberating the proposal from the Commission before they issue the mandate for negotiations. According to sources, there are strong concerns amongst the EU Member States with the core Turkish demands, such as having an observer status in sensitive briefings on EU trade negotiations and visa free travel. Eastern European countries are also very defensive over Turkey's ambitions in services, such as gaining greater access for road haulage businesses.

Outlook

Considering the current political instability in Turkey as well as its ambitious liberalisation requests, it is difficult to foresee when the EU Member States will agree on a joint mandate for the talks.

The negotiations can start once the Council adopts the Negotiating directives. However, the council noted on 26 June 2018 that Turkey is moving further away from EU politically and that currently **no further work towards the modernisation of the Customs Union is foreseen.**



Tunisia

Title: **Deep and Comprehensive Free Trade Area**

Negotiation status: **Ongoing**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Clothing</i>	<i>Footwear</i>	<i>Fruit/Vegetables</i>
17.4	8.6Bn	8.8Bn	1.7Bn	383m	187m

An Association Agreement with Tunisia was concluded in 1995 and which sets up a Free Trade Area for industrial products. In December 2011, the Commission was mandated to start talks with Tunisia on integrating services, establishment and agriculture (among others) in the already existing Association Agreement.

The first round of talks was held on 18th April 2016 in Tunis. Discussions covered a wide range of issues including agriculture, services and sustainable development. The fourth round took place in April 2019 in Tunis, covering similar themes. However, since then talks have been suspended and the **next round has yet to be scheduled**.



Jordan

Title: **Deep and Comprehensive Free Trade Area**

Negotiation status: **Preparations stalled**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Clothing</i>	<i>Fruit/Vegetables</i>	<i>Spices</i>
3.36Bn	360m	3Bn	40m	11m	805,000

The EU and Jordan already have a number of agreements in place such as the Association Agreement (2002), Liberalisation Agreement on Trade in Agriculture (2007) and a protocol on Dispute Settlement Mechanism (2011). **Preparations for launching negotiations on a Deep and Comprehensive FTA started in 2014**, but so far Jordan has not agreed to start negotiations.

In July 2016, the EU and Jordan **agreed to simplify the rules of origin** that Jordanian exporters use in their trade with the EU under the Association Agreement (2002). This is intended to make it easier for Jordan to export to the EU, encourage investment and create jobs for Jordanians and Syrian refugees. The measure will apply for 10 years and covers a wide range of manufactured products.



Morocco

Title: **Deep and Comprehensive Free Trade Area**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Clothing</i>	<i>Fruit/Vegetables</i>	<i>Fish</i>
35Bn	15Bn	20Bn	2.05Bn	1.9Bn	764m

There is an Association Agreement in place between the EU and Morocco since 2000. Negotiations for a Deep and Comprehensive FTA were started in March 2013 and four rounds were completed by April 2014. Since then, a [judgement from the European Court of Justice](#) in December 2015 has caused a political disagreement and no further rounds are planned.



Egypt

Title: **Deep and Comprehensive Free Trade Area**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Fruit/Vegetables</i>	<i>Clothing</i>	<i>Textiles</i>
24Bn	6Bn	18Bn	741m	309m	216m

The EU and Egypt currently have had an Association Agreement in force since 2004 and an agreement on further liberalisation of trade in agricultural and fisheries products since 2010. Preliminary talks on a Deep and Comprehensive FTA, that would liberalise trade in services were started in June 2013 but **were stopped because of the political instability** in the country. No further talks are scheduled.

Americas



For amfori Members, trade agreements with North American countries are of interest due to the sheer volume of goods and services traded, where even a small preference would have a large effect on accessing markets or reducing costs. With Latin American countries, trade deals are mainly beneficial for tariff cuts in agricultural goods – which are the main sourced products from the region.



USA

Title: **Sectoral Trade Agreement**

Negotiation status: **On-hold**

EU27 Trade (€)					
Goods (2020)			Select imports		
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Nuts</i>	<i>Textiles</i>	<i>Fish</i>
555Bn	202Bn	353Bn	2.4Bn	746m	743m

Negotiations with the US are not high on the agenda for amfori members; for most, it is not a major sourcing country, and for others they are already present on the US market. Nevertheless, the distribution sector stands to gain from the agreement primarily due to the **elimination of all tariffs** and the **reduction of all technical barriers** to trade.

Background

After negotiations for the Transatlantic Trade and Investment Partnership (TTIP) fell through, the EU and US decided to negotiate a less ambitious agreement covering the elimination of tariffs for goods and on conformity assessment. Furthermore in April 2019 the EU decided that the negotiating directives for TTIP were obsolete.

Status

The EU and the USA diverge on two main issues in their initial positioning: cars and agriculture. The USA wants to abolish tariffs for both industrial and agricultural goods, in contrast to the EU who seeks to limit the agreement to industrial products.

Outlook

The Council of the European Union is divided how to respond to the US proposal to include agriculture, and this has caused severe delays. Moreover, disputes between the EU and US over the WTO concerning *Airbus* and *Boeing* subsidies have soured relations in recent years – although in March 2021 the two sides agreed to suspend all retaliatory tariffs until July 2021. Therefore, it is **difficult to assess the prospects of a trade agreement**.



Mercosur

Title: **Free Trade Agreement**

Negotiation status: **Agreement reached in principle**

EU27 Trade (€)						
Goods (2020)			Select imports			
<i>Total</i>	<i>EU Imports</i>	<i>EU Exports</i>	<i>Arg. (Beef)</i>	<i>Brazil (Coffee)</i>	<i>PY (Wool)</i>	<i>UY (Beef)</i>
68.7Bn	33.2	35.5	358m	1.9Bn	943m	210m

Four of the Mercosur countries; Argentina, Brazil, Paraguay, and Uruguay are part of the agreement (Venezuela has the option of joining at a later stage). The countries are important sourcing markets for agricultural products – although the bulk of imports, understandably, come from Argentina and Brazil, and they are increasingly developing their clothing and textiles sectors. The agreement liberalises 92% of EU import tariffs over a ten-year period and provides an opportunity for foreign retailers to penetrate the highly protected markets.

Status

Negotiations for an inter-regional Association Agreement between the EU and Mercosur were launched in 1999 but were suspended in October 2004 due to strong divergences. The two sides agreed to relaunch negotiations in May 2016 and reached a political agreement in June 2019.

Although the main parts of the agreement have been published, the tariff schedules are not yet available. Currently, both sides are engaged in the ‘legal scrubbing’ of the agreement – although this is unlikely to affect the final version to a great deal. Before coming into force, as with all agreements, it needs the approval of the European Parliament and the EU Member States.

However, in recent months there has been strong criticism over the potential environmental impact (notably deforestation) that may result from the agreement – from NGOs, the European Parliament, and from certain EU member states. This threatens to delay, or potentially stop, its approval. Therefore, **it is not possible to predict the date of entry into force.**



Mexico

Title: **Association Agreement**

Negotiation status: **Agreement reached in principle**

EU27 Trade (€)					
Goods (2020)			Select imports		
Total	EU Imports	EU Exports	Fruit/Vegetables	Coffee	Fish
51Bn	20Bn	31Bn	320m	104m	96m

The EU and Mexico have a long trading relationship dating back to the initial EU-Mexico Global Agreement from 2000. The overall objective of the ongoing negotiations is to overhaul that agreement by eliminating Mexican tariffs on EU food and drink, open up the Mexican services market to EU firms and improve workers’ rights and the environment.

Status

The EU and Mexico started the negotiation process in 2016. A political agreement on the main trade elements was reached on 21 April 2018. The two sides finalised negotiations on the remaining technical issues on 28 April 2020.

Outlook

The agreement will now undergo “legal scrubbing” and translation before being submitted to the European Parliament and EU Member States for their approval.



Chile

Title: **Free Trade Agreement**

Negotiation status: **Modernisation on-going**

EU27 Trade (€)					
Goods (2020)			Select imports		
Total	EU Imports	EU Exports	Fruit	Fish	Textiles
13.4Bn	5.9Bn	7.5Bn	1.2Bn	251m	10m

The EU and Chile concluded an Association Agreement in 2002, which includes a comprehensive free trade agreement that entered into force in February 2003 covering EU-Chile trade relations.

Negotiations for a modernisation of the trade aspects of the FTA, including a chapter on sustainable development, were launched on 16 November 2017.

Status

The ninth round of negotiations took place 11 to 22 January 2021. Issues discussed included rules of origin, technical barriers to trade and IPR. There was also good progress made on the sustainability aspects, including gender.

Outlook

The tenth round is tentatively scheduled for **19 to 30 April 2021**.

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