

EU trade policy digest January–March 2024

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Recent developments in EU trade policy

European Commission: [Negotiations and agreements](#)

Update

A brief outline of progress in EU trade negotiations with low- and middle-income countries, and key developments in trade policy. For detail see the AGRINFO Quarterly Trade Digest: [EU Trade Policy January–March 2024](#).

Recent developments

EU negotiations with low- and middle-income countries

India: There has been some progress in negotiating three agreements – on trade, investment, and geographical indications – in relation to intellectual property rights, and sanitary and phytosanitary (SPS) measures. However, there is still disagreement on other key issues, including trade and sustainable development. The next round of negotiations will be after the Indian elections in May and June.

Indonesia: “Very good progress” has been reported at talks held in February, with 11 of the 20 chapters of the proposed Indonesia–EU Comprehensive Economic Partnership Agreement (CEPA) completed. However, there is still disagreement on several issues, including trade and sustainable development, and import/export restrictions. The aim is to complete these talks by the end of 2024.

Kenya: The European Parliament has approved the EU and Kenya Economic Partnership Arrangement (EPA) signed in 2023. The EPA will remove import tariffs on all goods exported from Kenya to the EU. Kenya will remove import tariffs on the majority of goods over the coming 15–25 years, but, notably, agricultural products will be excluded. The agreement now just needs the formal approval of the Council of the EU (Member States) before entering into force.

Philippines: In March 2024, the EU and the Philippines officially resumed talks on a Free Trade Agreement, which have been on hold since 2017. The EU is aiming for a comprehensive agreement that includes improved market access for agri-food products, more efficient SPS procedures, sustainable food systems, and protected geographical indications for agricultural

products. The first round of negotiations is due to take place later this year.

Mercosur: Since provisional agreement was reached in 2019, the EU has asked Mercosur countries for additional guarantees that they will stop deforestation and protect labour rights. Further discussions were expected in February, but a visit to Brazil by EU Commission Vice-President Dombrovskis was cancelled. The proposed deal with Mercosur has been one of the primary criticisms by farmers who have been protesting across Europe in January to March. Some Member States, notably France, are also outspoken critics of the deal. No further progress in talks is expected before the European elections in June 2024.

Trade policy

EU fails to agree new GSP rules: The EU institutions have failed to reach agreement on a European Commission proposal for new rules for managing the Generalised Scheme of Preferences (GSP) that establishes reduced tariffs for lower- and lower-middle-income countries. Agreement has not been possible due to some EU Member States' demands to link developing countries' advantageous access to the EU market with those countries' commitments on the readmission of migrants. There was also disagreement on mechanisms proposed by the European Parliament to limit imports of rice. The new European Parliament, to be elected in June 2024, will have to decide how to proceed with the Commission's proposal.

EU reaches agreement on prohibition of products made with forced labour: EU has reached an agreement on new rules to prohibit the sale of products made with forced labour, including agricultural products. The new Regulation will establish information, investigation, and enforcement systems to prevent these products entering the EU market. The new rules will apply from 2027.

European Commission sets out EU's agricultural trade vision: In February, Vice President Dombrovskis presented the Commission's view on the impact of trade on EU agriculture to the European Parliament. Europe's farmers are extremely critical of trade deals and increased imports, but he emphasised that trade deals offer significant benefits to EU farmers in terms of increased exports and lower cost inputs. He highlighted the role the EU could play through trade in enhancing environmental standards around the world, but emphasised the importance of following WTO rules, rather than introducing EU regulations in response to fears that EU agriculture cannot compete with trading partners.

"Graduation" of Bhutan from special EBA status: The Commission has announced that from January 2028 Bhutan, due to its economic development, will no longer benefit from the Everything But Arms (EBA) special arrangement that currently provides duty-free and quota-free market access to the EU market. Bhutan will still benefit from the general preferential tariff arrangement under the GSP.

EU supports WTO initiative to improve special and differential treatment: The EU supported initiatives agreed at the World Trade Organization (WTO) Ministerial Conference in

February–March 2024 to improve the capacity of developing-country WTO members to comply with technical regulations affecting agri-food trade, including better training and technical assistance, and improved information on notification of new measures.

Commission report highlights benefits of trade agreements for agri-food trade: a recent study analysing trade agreements that have been negotiated but not yet implemented (with Australia, Chile, India, Indonesia, Malaysia, Mercosur, Mexico, New Zealand, the Philippines, and Thailand) shows that these deals would increase both imports and exports of agri-food products by €3–4 billion by 2032, compared to if these agreements are not implemented. Trading partners would benefit most in the beef and veal, poultry, rice, and sugar sectors, with growth also in exports of cheese, pig meat, and sheep meat.

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