

**EU TRADE POLICY
APRIL–JUNE 2024**

QUARTERLY TRADE DIGEST





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AGRINFO summary of progress in EU trade negotiations with low- and middle-income countries, and key developments in trade policy

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AGRINFO prepares quarterly briefings on the latest developments in EU trade policy and trade negotiations that concern low- and middle-income countries. These are designed to highlight the topics of current interest, in particular for policymakers and public authorities. Links are given to resources where more detailed information can be found, including the official EU website on trade [Negotiations and agreements](#).

KEY POINTS

EU negotiations with low- and middle-income countries

Indonesia: “Good progress” has been reported at talks held in May on the EU Comprehensive Economic Partnership Agreement (CEPA), in particular on rules of origin, and on the trade and sustainable development chapters. Indonesian negotiators are reported to be optimistic about completing negotiations in July, but sensitive areas of discussion remain, such as EU rules on palm oil.

Kenya: Following approval by the Council of the EU in June, the EU and Kenya Economic Partnership Arrangement (EPA) enters into force on 1 July 2024. 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.

Kyrgyz Republic: The EU and the Kyrgyz Republic have signed an Enhanced Partnership and Cooperation Agreement (EPCA) in June 2024 to reinforce cooperation in a range of areas, including trade and investment, and sustainable development.

Viet Nam: The EU–Viet Nam Domestic Advisory Group (DAG), which monitors the implementation of the Free Trade Agreement (FTA) between the two parties, has criticised the a new national security directive (Directive 24) that it claims prevents the formation of independent political organisations, limits freedom of assembly, and increases surveillance of citizens and workers’ unions. The DAG argues that this does not comply with trade and sustainable development commitments included in the FTA, and calls for reinforced monitoring by the European Commission.



KEY POINTS

Trade policy

EU extends preferential access for Ukrainian products: Until June 2025, the EU has extended full trade liberalisation – zero duties and zero quota limitations – on all goods from Ukraine. The EU can choose to reimpose import tariffs for eggs, poultry, sugar, oats, maize, groats, and honey where imports of a given product threaten to have adverse effects on EU producers. In June, 2024 import tariffs were reintroduced for oats.

EU sets higher tariffs on Russian and Belarusian grain products: The EU has introduced higher tariffs on cereals, oilseeds, and derived products, as well as beet pulp pellets and dried peas from Russia and Belarus, and has prevented these countries' access to preferential tariff rate quotas on cereals, oilseeds, and derived products.

EU publishes report on Customs cooperation with China: A European Commission study of the EU–China Agreement on Customs Cooperation and Mutual Administrative Assistance (CCMAA) reported the success of the agreement in terms of sharing information and developing dialogue. While the recognition of authorised economic operators has been positive, incomplete IT systems have hindered progress. Meeting in June, both parties expressed their commitment to reinforcing the effectiveness of customs controls.

European Parliament approves Samoa Agreement with OACPS: In April 2024, the European Parliament gave its support to the Samoa Agreement. The Agreement has provisionally applied since 1 January 2024, and will fully enter into force once adopted by EU Member States and two-thirds of Organisation of African, Caribbean and Pacific States (OACPS) members.

“Graduation” of Bhutan from special EBA status: The Commission has confirmed 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 Generalised Scheme of Preferences (GSP).

European Commission evaluates EU SADC Agreement: The Commission reported on the increase in trade between the two parties between 2016 and 2021 in spite of the Covid-19 pandemic. The report also found an overall increase in rejections of food consignments from South African Development Community (SADC) States, primarily from Mozambique and South Africa, due to food safety and plant health concerns.



EU NEGOTIATIONS WITH LOW- AND MIDDLE-INCOME COUNTRIES

Indonesia

The European Commission reports “good progress” in negotiations between the EU and Indonesia to complete an Indonesia–EU Comprehensive Economic Partnership Agreement (CEPA) ([European Commission 2024a](#)). At the eighteenth round of negotiations, held in May, work advanced on rules of origin and the trade and sustainable development (TSD) chapter. The TSD chapter includes provisions on trade and gender equality, trade and investment favouring sustainable development, and a review of sustainability impacts. Further discussions are needed in relation to trade and labour, marine biological resources, responsible business, transparency, and dispute settlement. Other areas requiring further negotiation are import and export restrictions, subsidies, and digital trade.

Indonesian officials have also reported positively on the state of talks, expressing expectations that negotiations will be completed at the next round of talks due in early July. Among the potential obstacles to reaching agreement, EU rules in relation to palm oil are reported to be a particularly sensitive issue ([Indonesia Business Post 2024](#)).

Kenya

In June 2024, the Council of the EU (Member States) approved the EU–Kenya Economic Partnership Agreement (EPA) signed in December 2023 (Council Decision [2024/1647](#)). The new [Agreement](#) entered into force on **1 July 2024**.

Under this Agreement, Kenya will be able to export all goods to the EU free of import tariffs. For most goods exported from the EU to Kenya (83% of current imports in value terms), import tariffs will be phased out gradually over the coming 15–25 years, except for a list of agricultural products including specific meat, fish, and dairy products, fruit, vegetables, spices, rice, flours, and oils, for which there will be no reduction in tariffs (Annex IId, Part 5).

The EPA supports Kenya’s diversification of agricultural exports and the development of value-added agricultural products. It foresees the establishment of a Kenya–EU Agriculture Dialogue aimed at raising farm incomes, improving food security, sustainable use of resources, and rural development/economic growth (Art. 60).

The Agreement also includes a chapter on sustainable agricultural development (Annex V) that aims to increase scrutiny of labour standards, gender equality, good environmental governance, and action on climate change/ biodiversity. A domestic advisory group bringing together stakeholders (NGOs, business organisations, trade unions) should advise on the implementation of the EPA. The European Commission describes this Agreement as the “the most ambitious EU trade deal with a developing country when it comes to sustainability provisions such as climate and environmental protection and labour rights” (European Commission 2023a).

An earlier agreement previously agreed in 2016 between the EU and the East African Community (EAC) could not be implemented as not all EAC partner countries signed and ratified it. The EAC therefore allowed Kenya to move forward separately with a bilateral trade deal.



Kyrgyz Republic

The EU and the Kyrgyz Republic signed an Enhanced Partnership and Cooperation Agreement (EPCA) in June 2024. Since 2017, Kyrgyzstan has had preferential market access through the EU Generalised Scheme of Preferences (GSP) Special Incentive Arrangement for Sustainable Development (GSP+). The Agreement ([European Commission 2023b](#)) is intended to reinforce cooperation in a range of areas including trade and investment and sustainable development. [EEAS \(2024\)](#) provides questions and answers related to the EPCA.

Viet Nam

For most trade agreements between the EU and non-EU countries, a [Domestic Advisory Group](#) (DAG) is set up, composed of business organisations, trade unions, and environmental and other organisations that monitor and seek to improve the implementation of Free Trade Agreements (FTAs).

The [EU DAG \(2024\)](#) has raised questions about a new national security directive (Directive 24) that it claims prevents the formation of independent political organisations, limits freedom of assembly, and increases surveillance of citizens and workers' unions. It argues that the law does not comply with the trade and sustainable development commitments included in the EU–Viet Nam FTA. The DAG has called on the Commission to raise these concerns at the highest level and step up monitoring. In addition, the group discussed illegal regional trading of cat and dog meat sourced from animals not fit for human consumption. It also raised concerns that many Vietnamese companies are not prepared for the impacts of EU legislation on [corporate sustainability due diligence](#), [products made with forced labour](#), and [deforestation-free commodities and products](#).

See the EU webpage [Negotiations and agreements](#): scroll down to download Overviews and a Map summarising the state of play of EU trade agreements.

EU TRADE POLICY

EU extends zero duty/zero quota market access for Ukraine

In 2022, the EU granted Ukraine full trade liberalisation – zero duties and zero quota limitations – on all goods for a temporary period in response to Russia's aggression against Ukraine (Regulation [2022/870](#)). These trade preferences were extended in 2023 (Regulation [2023/1077](#)). In May, the EU decided that these measures should be extended again until 5 June 2025 (Regulation [2024/1392](#)). The European Commission has indicated that it will monitor and regularly report back to Member States on the quantity of imports. The Commission has the option to initiate a “safeguard mechanism” that can reinstate tariffs if there are adverse effects on the EU market resulting from imports of wheat from Ukraine (see below) ([Commission 2024b](#)).

There have been concerns among European farmers about the size of imports of grain, particularly wheat, especially in the EU Member States neighbouring Ukraine.

Restrictions reintroduced on Ukrainian oats

The trade liberalisation measures include a safeguard mechanism for eggs, poultry, sugar, oats, maize, groats, and honey. In June 2024 (Regulation [2024/1726](#)), the EU reintroduced the import tariff for oats from Ukraine, as imports were higher than the average 2021–2023 import volumes (and beyond the 4,000 tonnes zero duty quota allocated to the Ukraine).



EU sets higher tariffs on Russian and Belarusian grain products

The EU has introduced higher import tariffs on cereals, oilseeds, and derived products, as well as beet pulp pellets and dried peas from Russia and Belarus (Regulation [2024/1652](#)). The EU's imports of cereals from Russia and Belarus are relatively small, but trade has increased since the invasion of Ukraine in February 2022. The new tariffs are considered to be sufficiently high to effectively stop imports of grain from these countries ([Council of the EU 2024](#)). Through these measures, the EU aims to avoid destabilisation of the EU's grain market, prevent exports by Russia of products illegally appropriated from Ukraine, and prevent Russia using revenues from exports to fund the war against Ukraine.

A further Regulation (Commission Implementing Regulation (EU) [2024/1835](#)) prevents Belarus and Russia benefiting from preferential market access to the EU through tariff quotas on agricultural products (cereals, oilseeds and derived products). The new rules will not affect the transit through the EU from both countries to other non-EU countries.

EU publishes report on customs cooperation with China

The EU and China have been cooperating since 2004 under the EU–China Agreement on Customs Cooperation and Mutual Administrative Assistance (CCMAA). The Commission has now reviewed 20 years of cooperation to assess how the existing Agreement has functioned and can be improved.

The Commission's report ([European Commission 2024c](#)) found that:

- Customs cooperation has provided a successful platform for dialogue.
- The Mutual Administrative Assistance (MAA) aimed at exchanging information in order to prevent customs barriers has not been satisfactory due to China's imposition of restrictions on the use of information exchanged, and communication difficulties. Information exchanges related to fraud and anti-smuggling have been useful.
- The recognition of Authorised Economic Operators (traders that fulfil criteria aimed at ensuring secure and safe trade) has led to positive outcomes such as reduced clearance lead times, but efforts to establish Smart and Secure Trade Lanes (SSTL) have been hampered by incomplete IT systems.
- Cooperation regarding enforcement of intellectual property rights (IPR) has led to joint investigations and exchanges of best practices, but the Commission continues to note a high percentage of IPR infringing goods.
- In the Fight Against Fraud, cooperation has led to successful targeting of some fraudsters and reduction of tax revenue losses. However, the limitations related to the MAA have prevented a fully effective system. The combat in illegal trade in waste has been more successful.

The Commission concludes that Customs cooperation with China has made a difference, although more effectively in some areas than others. The CCMAA has allowed the EU to take coordinated action with China and "speak with one voice". It remains relevant today, but needs to better address challenges that have emerged over the past two decades, such as e-commerce, drug precursors, digital transformation, and developments in data protection. The Commission therefore recommends continuing and deepening Customs cooperation with China.

At a meeting held in June, the EU and China reaffirmed their commitment to actively reinforcing the effectiveness of customs controls ([Commission 2024d](#))



European Parliament approves Samoa Agreement with OACPS

In April 2024, the European Parliament consented to the new partnership agreement (known as the Samoa Agreement) between the EU and the member states of the Organisation of African, Caribbean and Pacific States (OACPS). The Agreement has provisionally applied from January 2024, but fully enters into force when formally adopted by each EU Member State and two-thirds (53) of OACPS members (in addition to the European Parliament). For further information see [EU–ACP Samoa Partnership Agreement](#).

“Graduation” of Bhutan from special EBA status

Bhutan currently benefits from the special arrangement for least-developed countries known as “Everything But Arms” (EBA), which provides duty-free and quota-free access to the EU market for all products except arms. Since December 2023, according to United Nations criteria, Bhutan is no longer a least-developed country. This means that Bhutan no longer qualifies for EBA status under EU law.

The EU confirmed in May 2024 that Bhutan has 3 years to adjust to new trading relations with the EU (Regulation [2024/1363](#)). From 1 January 2028, the country will no longer benefit from the special arrangement, but it will still benefit from the Generalised Scheme of Preferences (GSP).

European Commission evaluation of EU–SADC Agreement

In April 2024, the European Commission published its evaluation of the EU–South African Development Community (SADC) Agreement. The Commission reported that trade between the EU and SADC increased by 24% during the reference period (2016–2021), driven by a 40% increase of the SADC Economic Partnership Agreement (EPA) States’ exports to the EU. Growth in trade was interrupted by the Covid-19 pandemic, but bounced back in 2021. The largest trade was with Germany and Belgium. The share of agricultural trade has remained stable over this period, but remains relatively small compared to trade in metals and diamonds.

The overall rejection rate of food consignments from SADC States due to sanitary and phytosanitary (SPS) concerns increased between 2016 (0.62% of consignments) and 2021 (1.38%), driven primarily by an increase in rejections of consignments from South Africa and Mozambique. This in part reflects an increase in the number of certified exporters, particularly from South Africa ([European Commission 2024e](#)).

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