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NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	Trade-related agricultural issues - *Exchange of views*

With a view to the meeting of the "Agriculture and Fisheries" Council on 27 January 2025, delegations will find attached a background document.

The Presidency would like to invite Ministers to hold a political discussion on the future handling of trade-related issues keeping in mind the information contained in this background note, and guided by the following questions:

1. What additional analytical work, in addition to that conducted so far, could be undertaken in the area of trade agreements? Would it be advisable for the European Commission to prepare a study giving a detailed yet global (cumulative) picture of the tariff preferences granted by the EU to third countries against the background of EU production and consumption in sensitive sectors of the agricultural market? What compensatory measures would be appropriate to alleviate possible negative impacts of cumulative effects on EU agricultural producers?

2. Which non-tariff barriers in third countries can be considered the most burdensome and restrictive of EU agricultural exports? What methods could be considered as possibly effective in eliminating or reducing these barriers - e.g., strengthening the provisions of sanitary and phytosanitary (SPS) chapters in free trade agreements, speeding up dispute settlement procedures in the WTO or bilateral agreements?

Trade-related agricultural issues

General situation

1. The latest trade statistics up to and including October 2024 have once more demonstrated that trade remains the power engine of the Union's agrifood sector. However, the geopolitical and other developments of more recent months have underlined once more how important it is for the Union to preserve existing international market access arrangements and to continue seeking new market outlets for its products paying due regard to the guidance provided by the European Council on ensuring a competitive, sustainable and resilient agricultural sector.

2. It is equally important to ensure that the entirety of the EU farming population benefits in one way or another from the economic advantages that international trade brings to the Union's economy and, in view of the considerable market access concessions made or offered by the Union, to take measures to safeguard the competitiveness of our agri-food products vis-à-vis imported ones, as provided by the strategic agenda for 2024-29, entitled "a new European competitiveness deal", adopted by the European Council in June.

3. It has been often argued that trade concessions in the form of tariff rate quotas (TRQs) made by the EU only represent a small percentage of EU total imports, production and consumption, and this may indeed be the case when the various agreements are viewed one by one. However, when the numerous TRQs granted by the EU under successive FTAs (more than 40) are examined cumulatively, their share may be quite significant, all the more so when the TRQs granted under WTO agreements, the tariff preferences under GSP, and the new concessions under FTAs currently negotiated are added to the list. It is true that, responding to Member States' requests, the Commission has already presented to the Council the results of analyses of the cumulative effect of FTAs on EU agriculture. While those are appreciated, it is important to keep in mind that they were based on methodological simplifications and concerned only selected FTAs.

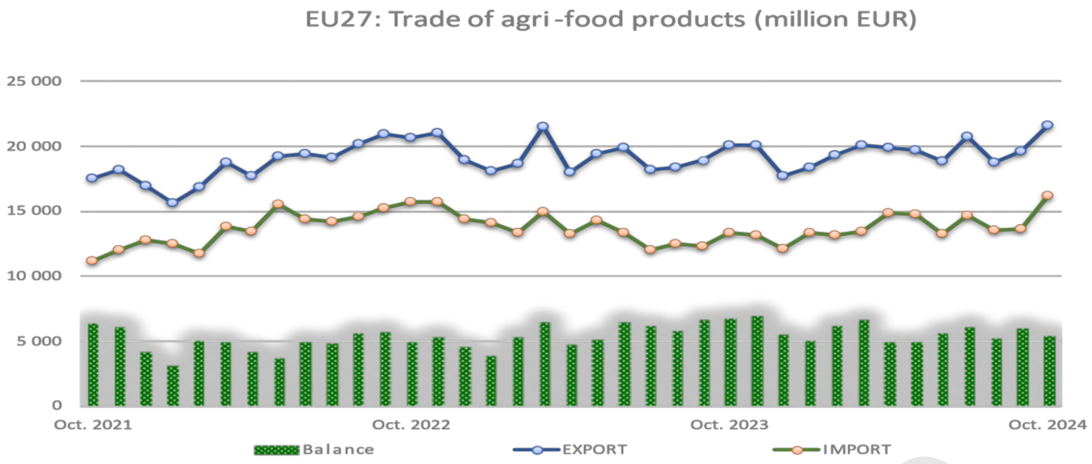
4. Turning to the detail of recent trade statistics, the EU trade surplus in agri-food products reached EUR 56.1 billion between January and October 2024, declining slightly compared to the same period in 2023. Moreover, EU cumulative exports totalled EUR 197.3 billion, an increase of 3% compared to the same period in 2023. EU imports increased, totalling EUR 141.1 billion for the period January-October 2024 (+6% compared to the period in 2023.

5. Since January, cumulative EU exports reached EUR 197.3 billion, 3% higher than in the same period in 2023. The value of EU exports of olives and olive oil increased significantly, by EUR 2 billion (49%). Similarly, EU exports of cocoa products also increased. In contrast, EU cereal exports saw the largest reduction in value, with a decrease of EUR 2.1 billion in value (- 17%). Exports of vegetable oils also decreased.

6. The US and the UK continue to be the top EU export destinations. EU exports to the US saw the largest increase compared to 2023 (+EUR 2.5 billion, +11%). The UK was the destination with the second largest increase of EU export value, with a rise of EUR 1.8 billion (+4%) compared to the same period in 2023, due to increases across a variety of products.

7. On the import side, cumulative imports between January and October reached EUR 141.1 billion, and therefore were 6% higher compared to 2023. The value of cocoa imports increased significantly compared to 2023, as world prices kept increasing. Imports of fruit and nuts also grew by EUR 1.9 billion (+10%). Conversely, imports of oilseeds and cereals decreased

8. Imports from Côte d'Ivoire had the largest increase between January and October compared to 2023 (+EUR 2.0 billion, +60%), driven by the increase of cocoa prices. Imports from Nigeria also increased significantly, by 153% (+EUR 851.6 million) for the same reason. Imports from Ukraine had the second largest increase in value, with a growth of EUR 1.3 billion compared to 2023 (+13%).



Source: Comext

9. A summary of trade data for the major product categories during the first half of 2024 is shown in the table below:

TRADE BALANCE			
AGRI-FOOD CATEGORIES/PERIOD	Exports Jan24-Oct24	Imports Jan24-Oct24	Trade balance Jan24-Oct24
	million EUR		
TOTAL Agrifood	**197 263**	**141 126**	**56 137**
Cereal preparations and milling products	20 693	4 332	16 362
Dairy products	16 449	1 845	14 604
Wine and wine based products	14 401	1 282	13 119
Pigmeat	10 298	306	9 992
Mixed food preparations and ingredients	13 704	5 611	8 092
Confectionery and chocolate	10 283	2 776	7 506
Beer, cider and other beverages	9 246	2 180	7 066
Olives and olive oil	6 167	1 564	4 603
Pet food and forage crops	7 045	2 834	4 211
Preparations of fruit, nuts and vegetables	10 305	6 210	4 096
Spirits and liqueurs	7 469	3 601	3 868
Poultry and eggs	5 090	1 991	3 099
Other animal products	7.016	4.226	2 790
Tobacco, cigars and cigarettes	6 588	4 078	2 510
Vegetables	7 306	5 085	2 221
Cereals	10 167	8 168	1 998
Horticulture	3 862	1 878	1 984
Beef and veal	4 059	2 151	1 908
Unspecified	1 638	0	1 638
Sugar and isoglucose	1 220	1 020	200
Sheep and goat	566	1 051	- 485
Margarine and other oils and fats (vegetable)	1 852	3 388	-1 537
Vegetable oils (oilseeds and palm)	2 183	6 274	-4 091
Non-edible for technical use	3 922	8 082	-4 160
Oilseeds and protein crops	1 765	16 283	-14 518
Coffee, tea, cocoa and spices	8 874	24 285	-15 411

Fruit and nuts	5 096	20 623	-15 526
For info: fish and fish products	*6 293*	*24 643*	*-18 350*
Total agrifood and fish	*203 556*	*165 769*	*37 787*

Source: European Commission.

Medium to long term projection.

10. Assuming that the Union's macroeconomic environment becomes stable in the medium to long term and GDP growth and inflation return to their 2% target, the latest Commission report on the EU's agricultural outlook - which presents the market projections for EU agriculture until 2035 – predicts that the EU will continue to be a net exporter of agri-food products and to contribute to global food security, while adapting to challenges such as climate change and changing consumer demand. The report projects a change in EU consumption patterns whereby meat consumption would marginally decline, mainly for beef and pigmeat, while plant protein consumption would grow. With changing habits and expanding novel uses, dairy products consumption would be expected to remain stable.

11. Further to the information reported to the Council through document 14322/24 on the occasion of the previous discussion of trade-related agricultural issues in October 2024, the following additional points and developments are worth mentioning:

Agri-food trade with the EU's principal trading partners

12. Until October 2024, exports to **Ukraine** reached EUR 3.0 billion, an increase of EUR 132 million (+5%) compared to the same period last year. Although imports also increased by EUR 1.3million (13%), Ukraine remained in third place - behind Brazil and the UK - on the list of the most important sources of imports to the EU, with a share of 8% in value. Autonomous Trade Measures will apply for Ukraine until 5 June 2025, and automatic safeguards were activated for oats (on 19 June), eggs and sugar (on 2 July), groats (on 22 July) and honey (on 21 August).

13. Until October 2024, exports to, **Russia** decreased by EUR 569 million (- 10%) compared to the same period in 2023 and reached EUR 5 billion,. Imports from Russia declined as well (-43-%, -691 million EUR) due to lower cereal and oilseed prices and volumes. As of 1 July 2024, the Union increased the tariffs on imports of certain cereals, oilseeds and derived products as well as beet pellets and dried peas from Russia and Belarus, and the two countries no longer benefit from the EU WTO erga omnes TRQs for those products. At the same time, the import ban that Russia applied to a number of EU agricultural products (almost half of EU pre-ban agri-food exports to Russia) as from August 2014 continues to apply.

14. Despite a decrease of EUR 936 million in the value of Union exports in comparison to the first half of 2023 (-8%), **China** remained the third most important destination of EU agri-food exports (EUR 11.4 billion, 6% of total EU export value). The decrease affected several EU commodities notably pigmeat, dairy products and cereal preparations. The imposition by China, as of 11 October 2024, of additional duties on brandy originating in the European Union in the form of a deposit at a rate of 30.6% to 39.0% (depending on the company involved), is considered unacceptable, all the more so as this came further to the launch by the Chinese authorities, on 17 June and 21 August respectively, of investigations on an anti-dumping subsidy on EU pork, spirits and dairy. In the EU's firm view, these investigations are based on questionable allegations and insufficient evidence. What is more, this succession of investigations against EU products was initiated a few months after the EU had launched its own investigation into Chinese electric vehicle batteries, strongly suggesting that they are retaliatory in nature. The EU is concerned that a pattern of unacceptable abuse of trade defence measures is emerging and has therefore decided to challenge the Chinese anti-subsidy investigations at the WTO as threatening to disrupt normal trade flows.

15. Until October 2024, exports to the **United Kingdom** confirmed its position as the first destination of EU exports, accounting for 23% in value. Compared to the same period in 2023, cumulative exports to the UK increased by EUR 1.8 billion (+4%), spread across a variety of products. The value of imports from the UK stood at EUR 7.3 billion in the first half of 2024, declining by EUR 203 million (-2%) in comparison with the same period the previous year. They made up 9% of the value of all EU imports, making the UK the second most important country of origin after Brazil. Concerning the new SPS certification requirements phased-in by the UK as of January 2024 and the new border checks as of the end of April 2024, and although EU operators have reported a range of problems because of the implementation of the new border checks, the trade data available so far (up to October 2024) do not suggest that they had a significant effect on EU exports.

16. The **United States of America** was the destination seeing the largest increase in EU exports until October 2024 compared to 2023 (+EUR 2.5 billion, +11%). This is largely explained by the increase in olive oil and olive prices. The US remained the second most important destination of EU agri-food exports (13% of EU exports). The value of imports from the US reached 9.6 billion EUR in the first quarter of 2024, a decline of EUR 51 million (-1%) in comparison with the same period last year. The maintenance of "countervailing and anti-dumping duties" imposed by the US on Spanish olives constitutes an important disagreement between the two sides. In November 2021, a WTO panel ruled that the US anti-subsidies duties were in breach of WTO rules. In March 2024, a WTO compliance panel report concluded that the US had failed to comply with the original panel's finding. The EU requested in November 2024 the WTO Dispute Settlement Body to authorise the imposition of countermeasures. In so doing, the EU's objective is clear and fair: impose to import tariffs on US products in order to offset the negative economic effects of the illegal US tariffs on EU olives, and induce the US to comply with the WTO ruling. The US immediately requested an arbitration on the level of the countermeasures proposed by the EU, and the procedure is currently ongoing. The conclusion of the arbitration proceeding is expected by June 2025. Once this step will be finalised, the EU could proceed with the imposition of countermeasures.

17. With a share of 10%, **Brazil** continued to be the first source of imports into the Union in the first ten months of 2024. Their value stood at EUR 14.4 billion, having gone down by 3% (EUR 388 millions) compared to the same period of 2023. Exports to Brazil increased during the same period by EUR 274 million (+13.

18. In the first ten months of 2024, imports from **Argentina** increased by 7% (+287 million EUR), up to 4.3 billion EUR. The value of exports from January to October 2024 was EUR 223 million (-6% compared to the same period in 2023). Exports to **Mexico** increased by EUR 300 million (+15%) reaching 2.3 billion EUR whereas imports dropped to EUR 1.1 billion, a decrease of EUR 87 million (-7%). From **Peru**, imports went up by 17% or 432 million, totalling 2.9 billion EUR, and exports decreased to EUR 291 million (-EUR 11 million, -4%). In the case of **Chile**, exports increased to EUR 904 million (+EUR 23 million, +3%), whereas imports reached EUR 1.8 billion (+EUR 42 million, +2%).

19. Concerning trade with **Africa**, it is worth noting that imports from **Côte d'Ivoire** had the largest increase (+2 billion EUR, +60%). They were followed by imports from **Nigeria** (+852 million EUR) which, in relative terms, increased even more significantly (+153%) for the same reason; exports to Nigeria reached EUR 1.4 billion (-EUR 25 million, -2%). Imports from **South Africa** to the Union reached EUR 2.5 billion EUR, -4% (-EUR 98 million) compared to the same period in 2023. The value of EU exports totalled 1.6 billion EUR, down by 265 million EUR or -14% compared to the same period last year. Imports from **Ethiopia** reached EUR 515 million (+EUR 62 million, +14%) while exports reached EUR 67 million (_EUR 31 million, -32%). Imports from **Kenya** reached EUR 1 billion (+EUR 62 million, +6%) while exports reached EUR 117 million (EUR 89 million, -43%). Imports from **Angola** reached EUR 15 million (4 million, 23%) while exports reached EUR 509 million (EUR 20 million, 4%).Imports from **Tanzania** reached EUR 377 million (+EUR 72 million, +24%) while exports reached EUR 153 million (+EUR 2 million, +1%). Imports from **Democratic Republic of Congo** reached EUR 105 million (+EUR 46 million, +77%) while exports reached EUR 417 million (+13 million, +3%).

20. On the other hand, a steep reduction in the value of imports from **Australia** was observed in the first half of 2024 (-786 million EUR, -34%), , whereas exports to Australia increased by 327 million EUR (+10%) reaching EUR 3.5 billion. In the case of **Indonesia**, imports to the EU decreased by 405 million EUR or -9%,. Exports to Indonesia reached EUR 835 million (-EUR 215 million, -20%) From **India**, imports increased by 425 million EUR (+15%), totalling 3.3 billion EUR, whereas exports reached EUR 1.1 billion (+EUR 36 million, +3%). Imports from the **Philippines** increased to EUR 762 million (EUR +26 million, +4%), whereas exports reached EUR 1.8 billion (+EUR 192 million, +12%). Finally, from **Thailand**, imports increased to EUR 1.7 billion (+EUR 110 million, +7%), whereas exports reached EUR 1.3 billion (+EUR 63 million, +5%). Imports from reached **Malaysia** EUR 2.7 billion (+EUR 186 million, +7%) while exports reached EUR 1 billion (-EUR 50 million, -5%). Imports from **Iraq** reached EUR 16 million (+EUR 2 million, +18%) while exports reached EUR 846 million (+EUR 44 million, +5%). Imports from **Iran** reached EUR 316 million (+EUR 54 million, +21%) while exports reached EUR 418 million (+EUR 11 million, +3%).

21. Turning to **Mediterranean countries**, the following figures concerning the first ten months of 2024 in comparison to 2023 are worth mentioning. Imports from **Morocco** increased by 6% or EUR 152 million reaching EUR 2.7 billion. A notable increase in the value of exports to **Lebanon** was observed (+EUR 201 million, +38%) totalling EUR 732 million; imports from this country increased to EUR 111 million (+EUR 10 million, +10%). Exports to **Israel** increased to EUR 2.4 billion (+EUR 46 million, 2%), whereas imports reached EUR 821 million (-EUR 7 million, -1%). To **Egypt**, exports decreased to EUR 1.6 billion (-EUR 3 million, 0.2%), whereas imports increased by 22% or 373 million EUR to reach 2.1 billion EUR. The value of imports from **Tunisia** increased of EUR 446 million (+66%; exports to Tunisia decreased to EUR 508 million (-EUR 84 million, 14%). Imports from **Türkiye** also increased (+10% or +EUR 535 million, up to 6 billion EUR). EU exports increased (+5% or +EUR 209 million, up to 4.3 billion EUR). Exports to **Algeria** also decreased (-EUR 77 million EUR or -3%, down to 2.3 billion EUR), whereas imports increased to EUR 71 million (+EUR 10 million, +17%).

22. Concerning trade with **partners with which the EU has concluded FTA agreements**, the first ten months of 2024 saw, notably, the following developments on a year-to-year basis. Exports to **Canada** increased by EUR 292 million to EUR 4 billion, whereas imports decreased by EUR 425 million or 18 % to EUR 1.9 billion EUR. Exports to **Japan** increased by EUR 370 million to 7.1 billion EUR, whereas imports reached EUR 441 million (+EUR 40 million, +10%). Exports to the **Republic of Korea** decreased by EUR 179 million (-5%) to 3.6 billion EUR, whereas imports reached EUR 381 million (+94 million, +32%). Imports from **Vietnam** went up by 543 million EUR (+19%), whereas exports reached EUR 1.2 billion (+EUR 68 million, +6%). Exports to **Switzerland** increased by EUR 467 million reaching EUR 10.1 billion, and imports by EUR 143 million (+4%) reaching EUR 4.1 billion. Similarly, exports to **Norway** increased by 75 million EUR (+1%), up to 5.1 billion EUR, and imports reached EUR 633 million (EUR 17 million, 3%). On the other hand exports to **Singapore** decreased by 287 million EUR (-14%), down to EUR 1.7 billion, whereas imports reached EUR 161 million (+EUR 58 million, +56%). Exports to **New Zealand** increased to EUR 584 million (+EUR 21 million, +4%) and imports increased to EUR 1.7 billion (+EUR 127 million, +8%). For **Colombia,** exports increased to EUR 626 million (+EUR 27 million, +5%) and imports increased to EUR 2 billion (+EUR 120 million, +6%).

<u>Update on trade agreements under negotiation or negotiated but not yet entered into force</u>

23. On the 6th of December 2024, the Commission, acting as the Union negotiator for trade agreements, finalised the negotiation with **Mercosur** countries for updating the EU-Mercosur agreement, already concluded in 2019, but not yet approved by the Council and the European Parliament. Following legal scrutiny and translation to all languages, the Commission is expected to submit a proposal to the Council for its approval during the summer. Without changing the provisions for agricultural market access, the updated agreement makes the Paris Agreement on climate change an essential element of the EU-Mercosur relationships by providing that the agreement can be suspended in case one of the parties is in serious breach or decides to walk out of it. It also includes clear and enforceable commitments on sustainable development, including on labour rights, animal welfare, sustainable management and conservation of forests and concrete commitments to halt deforestation. It also give an active role to civil society organisations to overview the implementation of the agreement, including human rights or environmental concerns. In terms of agriculture market access, the agreement provides, as did the original one, for the protection of 350 EU GIs by Mercosur countries and the removal of hight tariffs from key European exports of high value European products like

olive oil, malt, wines and spirits, chocolates, cheeses and other dairy products. It also provides for faster, simpler and more predictable export procedures of EU products to Mercosur including audit rules and the possibility for regionalisation of animal diseases in the Union, in order to allow for the possibility for non-affected EU regions to continue to export animal products to Mercosur. On the other hand, the agreement provides for: a quota of 99.000 tonnes of Mercosur beef to enter the Union market with a 7.5% duty. 55% of the quota will consist of fresh or chilled meat and 45% of lower-value frozen meat phased in yearly stages over six years; a zero tariff quota of 180,000 tonnes of poultry, divided into 50% of boneless and 50% bone-in poultry will be phased-in over five years; a zero tariff quota of 10.000 tones of sugar, 1.500 tonnes of pork from Paraguay only and the possibility of using the existing WTO commitment for the import of 180,000 tones of raw cane sugar into the EU duty free; a duty free quota of 450,000 tonnes for ethanol, to be used by the chemical industry, and of an additional 200,000 for all other uses, to be phased-in gradually over five years; tariff free quotas of 45,000 and 60.000 tonnes of Mercosur honey and rice respectively, to be phased-in over five years. In addition, 10.000t of milk powder, 30.000t of cheeses, 5.000 of infant formula, 3.000t of egg albumin, 3.000t of fresh eggs subject to compliance with EU animal welfare standards, 2.400t of rum (in pure alcohol), 6.000t of starch derivates will be allowed to with a gradual duty reduction over six years duty-free at the final stage into the EU. Finally the agreement provides for a bilateral safeguard clause that can be applied in the case of increased imports of these products from Mercosur, causing or even only threatening to cause serious injury to the relevant EU sectors. This safeguard clause applies also to sectors and products, which are not fully liberalised, but only subject to a limited preferential market access commitment such as beef and poultry. The agreement also maintains that any product entering the EU market must comply with the EU's stringent food safety standards, and reaffirms the 'precautionary principle' i.e. that both sides are free to adopt measures to protect human, animal and plant health, including in situations where scientific information is inconclusive.

24. On the 17th of January 2025 Commission acting as the Union negotiator for trade agreements finalised the negation with **Mexico** to modernised the existing Global Agreement. Following legal scrutiny and translation to all language the Commission is expected to submit a proposal to the Council for its approval. Mexico is currently the second biggest importer of EU agri-food products in Latin America (worth €2.3 billion euro in 2023). The agreement will help boost these exports, as zero duties will apply on EU's key export interests either at entry into force or within 7 to 10 years of the agreement starting to apply. These are pasta (currently subject to tariffs of up to 20%), chocolate and confectionary (with tariffs exceeding 20%), blue cheeses (up to 20%), potatoes (up to 20%), apples and canned peaches (up to 20%), eggs (with a current tariff of 45%), pork products (up to 45%, with the exception of pork loins subject to duty-free tariff rate quota for EU exports to Mexico of 10.000t) and economically relevant poultry products (up to 100%). In addition annual zero tariff rate quotas will apply for certain products ie: 50.000 tonnes of milk powder (with a current tariff of 50%), 20,000 of other cheeses (with a current tariff of 45%), 13,000 of dairy preparations (with a current tariff of 45%), 5,000 of Fresh and processed cheeses(with a current tariff of 45%), 2,500 tonnes of butter (with a current tariff of 20%), 30,000 tonnes of beef (with a current tariff of 20%), 20,000 tonnes of poultry legs (with a current tariff of 100%) and 13,000 of pork loin (with a current tariff of 45%). The modernised agreement will protect in total 568 EUs GIs 336 new ones for EU wines and agri-food products, in addition to the 232 Geographical Indications for EU spirit drinks already protected in Mexico. Mexico and the EU also agree to lift other trade barriers such as cumbersome rules and regulations so it will be easier for European producers to export their produce to Mexico. The agreement also maintains that any product entering the EU market must comply with the EU's stringent food safety standards, the agreement and reaffirms the 'precautionary principle': ie that both sides are free to adopt measures to protect human, animal and plant health, including in situations where scientific information is inconclusive. Finally in terms of sustainable development the updated trade agreement includes commitments on: promoting the sustainable management of fisheries, forests and animal welfare, conserving biodiversity and combating the illegal wildlife trade. Further, the EU and Mexico pledge to put into practice all the Multilateral Environmental Agreements that they have signed, including the Paris climate accord.

25. Following the conclusion of the ratification of the EU-**Chile** Interim agreement by both sites end of 2024the EU-Chile Interim Trade Agreement will enter into force on 1st of February 2025.

26. With **India,** following the 9th round of FTA negotiations which took place from 23-27 September 2024 in New Delhi, the Indian side had submitted its textual proposal on a "framework for safeguarding market access commitments" (WK 15101/2024). This proposal was in principle asking to the rebalancing mechanism negotiated in the context of the EU-Mercosur trade agreement but went much further in terms of coverage: derogations for India from the application of EU legislation and the possibility for India to withdraw tariff concessions offered to the EU in the FTA and as a result. This proposal is considered unacceptable. The meeting between DG Trade Director General and her Indian counterpart at the end of November 2024 did not bring any breakthroughs beyond an agreement to explore the possibility of basing FTA talks on a new approach focusing on specific supply chains. When it comes to the possibility of recalibrating the level of FTA's ambition in a number of chapters, the Commission underlined that this would only make sense, if the Indian side would confirm its readiness to discuss the core parts of a commercially meaningful package (providing additional effective market access), going beyond what was agreed in (very shallow) FTAs between India and Australia, the UAE and EFTA countries.

27. Against this backdrop, a political level stock-taking between Commissioner Šefčovič and Minister Goyal, took place on the weekend of the 18th of January in Brussels with the view to provide political guidance, for the next FTA negotiating round to be held in the week of 10 March. As regards the parallel negotiations on an **EU-India Agreement on Geographical Indications,** 6 rounds of negotiations have been held so far. A milestone has been achieved in May 2024 with the exchange of a list of European and Indian GIs for pre-screening purposes. The Parties are currently running that exercise. A date for the next round has not yet been fixed but could be envisaged in early 2025.

28. The last EU – **Thailand** FTA negotiating round took place in Bangkok, 25-29 November 2024. Overall, the round was positive and marked by a very good level of preparation and engagement by the Thai counterparts. If all goes well, the initial tariff offers should be exchanged even before the next round (to be held at the end of March / early April 2025).The EUs negotiators used its visit to Bangkok also to meet some Thai government interlocutors to discuss ongoing market access irritants especially those related to SPS, impressing upon them the need to show concrete progress in that regard so as to create a positive atmosphere on the EU side ahead of (difficult) discussions on possible (agricultural) market access.

29. The Commission announced the relaunch of the negotiations for an EU-**Malaysia** Free Trade Agreement in 19 January 2025.

30. The last EU-**Indonesia** (19th) round of negotiations of the Comprehensive Economic Partnership Agreement was held in early July. Despite a renewed momentum on the Indonesian side before summer and intensive work since the last round, there are still several outstanding issues that prevent a swift conclusion of the Agreement. The new President Prabowo and his cabinet took office at the end of October 2024. The EU side remains committed to find solutions.

31. The 14th round of EU - Eastern and Southern African (ESA5) States (**Comoros, Madagascar, Mauritius, Seychelles, and Zimbabwe**) negotiations on deepening the existing Economic Partnership Agreement (EPA) was held in Brussels from 30 September to 4 October 2024. It focused on among others on the following thematic areas: Rules of Origin (RoO), Intellectual Property Rights (IPR) including Geographical Indications (GIs), Trade and Sustainable Development (TSD), Economic and Development Cooperation (EDC), and Dispute Settlement and Institutional Provisions (DS&IP). On Intellectual Property Rights, further discussions are needed notably on geographical indications.

WTO issues and negotiations

32. During the WTO General Council's meeting on 15-16 October the WTO Director General indicated that the facilitator-led process she intended to put in place was meant to facilitate the Committee on Agriculture in Special Session (CoA-SS) work while respecting its mandate with the setup of five thematic groups would be set up covering: (i) Public Stockholding, Special Safeguard Mechanism, cotton (already mandated issues), (ii) domestic support, (iii) market access, (iv) export competition and export restrictions (the exact name still to be determined), and (v) cross-cutting issues (food security, sustainability, transparency); Two facilitators should have been appointed for each group.

33. Despite these efforts however negotiations proceeded without success in the last session of the Committee on Agriculture-Special Session (CoA-SS) on 4 December due to the concerns expressed by a number of WTO MS on this process. In particular, Guyana, supported by India and South Africa, submitted a proposal on moving the agriculture negotiations forward (JOB/AG/264) suggesting the prioritisation of the text-based negotiations of the mandated issues of PSH, SSM, cotton in the CoA-SS dedicated sessions, whereas for the rest of the negotiations pillars the Chair was invited to prepared draft texts that could be considered as needed in the CoA-SS or through a facilitator-led process. Last but not least, the cross-cutting issues (transparency, sustainability, food security) were proposed to be addressed in the facilitator-led process. . The Chair of (CoA-SS) is expected to leave at the beginning of 2025.

34. At the TNC on 12 December, the Commission regretted the missed opportunity to agree on a text on a way forward at the July WTO General Council meeting, while it expressed interest in the Brazilian proposal on a dialogue on sustainable agriculture to be further discussed during a dedicated retreat tentatively scheduled for the first trimester of 2025.

35. At this point in time, the Union position on the negotiations on agriculture is that although it is regrettable that another opportunity to advance the agricultural negotiations agenda was missed, it is important to resume the negotiations without having to start from scratch but to build, rather, on what has been done so far in terms of work and to add further reflections, as needed. Most importantly, if the agricultural negotiations are to be resumed on the right footing, then the issue that has been the stumbling block for much too long, namely, the sequencing of the issues, has to be addressed. The EU recognises that the existing mandates (on public stockholding for food security purposes, as well as on a special safeguard mechanism) have to be fulfilled in one way or another, but it is of the view at the same time that we must consider all agricultural issues must be considered if we are to have progressive and inclusive negotiations.

Negotiations for adoption of the Commission proposal for a new General System of Preferences scheme from 2027 onwards:

36. The current GSP Regulation (EU) No 978/2012 expired on 31 December 2023. Trilogue negotiations on the Commission proposal for a new Regulation (adopted on 22 September 2021) started in January 2023. Seven meetings took place, the last one on 27 June 2023, supplemented by numerous technical meetings. Trilogues reached agreement on most issues except safeguards and readmission. The discussions highlighted again the need for more time to bridge fundamental difficulties among the divergent positions

37. On 4 July 2023, the Commission has then proposed a 4-year extension of the current Generalised Scheme of Preferences (GSP), from 1 January 2024 until 31 December 2027.

38. A planned 8th trilogue in March 2024 to reach agreement before the European elections was cancelled last minute by the European Parliament. In the Council, Member States agreed on a revised mandate last March in COREPER. Trilogues should now resume on the basis of the Council mandate, following also the appointment of the new rapporteur Ms Sbai (FR, Green).

39. The trilogues should resume during the Polish Presidency. A compromise on the reformed GSP should be reached at the latest at the end of 2026, to allow a period of adjustment for beneficiary countries and European stakeholders before the current rules expire and new rules come into force on 1 January 2028.

40. It should be recalled that the scheme provides tariff free access to the Union's market for least developed countries, and lowers custom duties on two thirds of tariff lines for low and lower-middle income countries that can become zero if these countries fulfil certain economic vulnerability criteria and, in addition, they ratify and implement 27 international conventions on human and labour rights, the environment and good governance.