



Annual Activity Report 2022

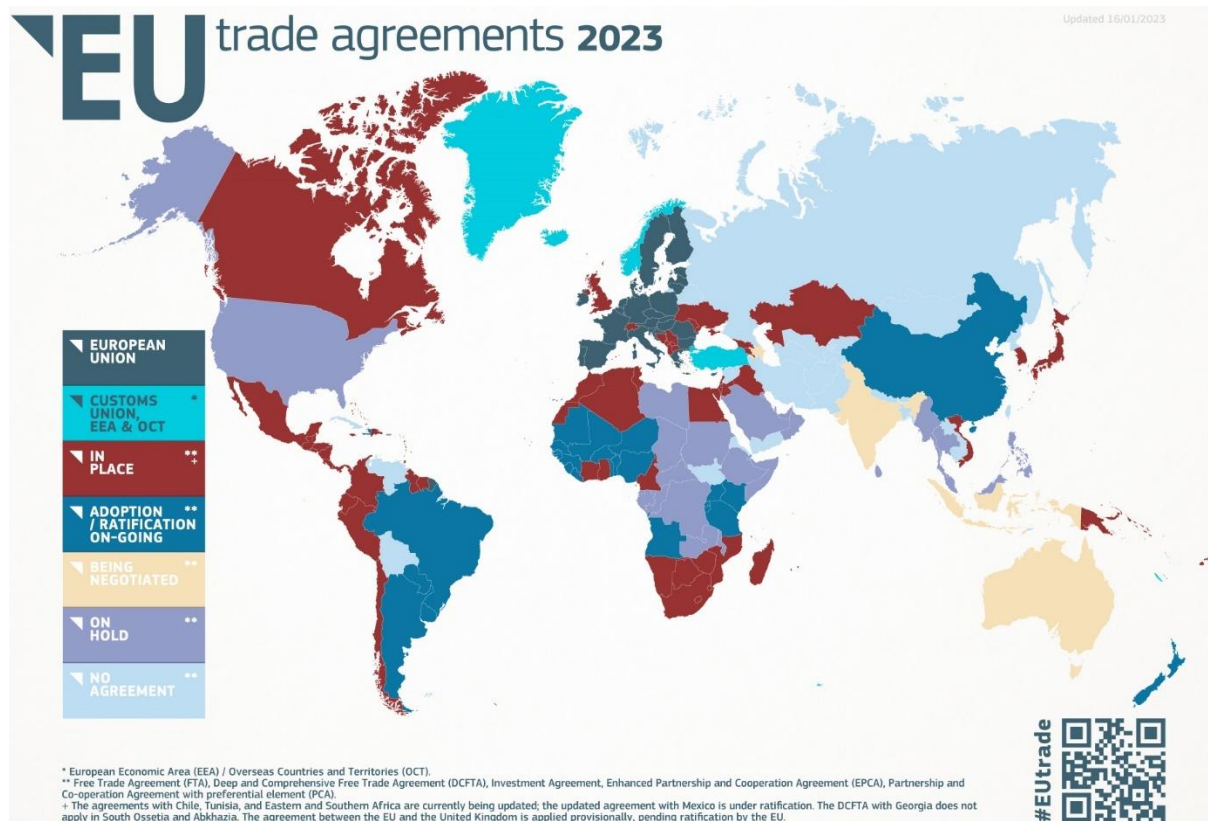
Directorate-General for Trade

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DIRECTORATE-GENERAL FOR TRADE IN BRIEF

The Directorate-General for Trade (DG Trade) is in charge of developing and implementing the common commercial policy of the European Union in accordance with the objectives set out in Article 207 of the Treaty on the Functioning of the EU. DG Trade supports the European Commission's Executive Vice-President Valdis Dombrovskis, in shaping a trade policy that benefits European citizens and European businesses of all sizes, while supporting sustainable development around the world.



DG Trade negotiates bilateral, plurilateral and multilateral trade agreements, ensures that the rules agreed are effectively applied, and works closely with the World Trade Organization (WTO) and other multilateral institutions. DG Trade also develops and enforces EU legislation in the area of trade and investment, such as the Generalised Scheme of Preferences, the foreign direct investment (FDI) screening regulation, the revised Enforcement Regulation, updated rules on dual-use goods and legislation on trade defence measures. Trade negotiations cover a wide range of areas such as goods, services, intellectual property, investment, government procurement, access to energy and raw materials, customs and trade facilitation, competition (including subsidies and disciplines on State Owned Enterprises), trade and sustainable development, investment and regulatory co-operation. DG Trade stands up for European interests and ensures that businesses can operate fairly in the EU and across the world. It makes full use of its powers to tackle unfair competition, dumping and subsidisation. Success in Europe is inextricably bound up with the success of the EU's trading partners, both developed and developing countries. For this reason, sustainable development and development policy are central to the overall approach.

While DG Trade does not have direct responsibility for any specific spending programme, in 2022 it managed a budget of €19.06 million (€18.62 million in its operational budget and €0.44 million in its administrative budget). This budget was used to support the negotiation and effective implementation of trade and investment policies and agreements, including in the field of trade and sustainable development. This budget has remained stable over recent years. At the same time, trade-related objectives are also embedded in the different financial programmes managed by other Commission departments, mainly under the instrument within external action “Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe”.

As the EU's trade negotiator and guardian of an effectively implemented EU trade policy, DG Trade's mission depends on close working relations with its partners, both inside and outside the Commission. DG Trade works very closely with the European Parliament and the Council of the European Union and with other international organisations, such as the WTO and the Organisation for Economic Co-operation and Development (OECD), as well as with civil society. Its success draws strongly on its close partnership with the European External Action Service (EEAS) and other Commission services.

In order to fulfil its mission, DG Trade has two related, but distinct, operational activities: trade policy and trade defence; and is organised into eight directorates. The Director-General is supported in managing operations by the Deputy Directors-General. Around a quarter of DG Trade staff are posted in EU Delegations and in two Commission representations in EU Member States.

ACRONYMS

ACP	African, Caribbean and Pacific
AfCFTA	African Continental Free Trade Agreement
CBAM	Carbon Border Adjustment Mechanism
CETA	Comprehensive Economic and Trade Agreement
CSR	Corporate Social Responsibility
CTEO	Chief Trade Enforcement Officer
DAGs	Domestic Advisory Groups
DCFTA	Deep and Comprehensive FTAs
DG INTPA	European Commission's department for International Partnerships
EBA	Everything But Arms
ECA	European Court of Auditors
ECT	Energy Charter Treaty
EEAS	European External Action Service
EPA	Economic Partnership Agreements
EPCA	Enhanced Partnership and Cooperation Agreement
ESA	Eastern and Southern African
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment screening
FTA	Free Trade Agreement
GSP	Generalised Scheme of Preferences
ILO	International Labour Organization
IP	Intellectual Property
IPPC	International Plant Protection Convention
IPR	Intellectual Property Rights
LDCs	Least Developed Countries
MADB	Market Access Database
MPIA	Multi-party Interim Appeal Arbitration Arrangement
OECD	Organisation for Economic Co-operation and Development
WOAH	World Organization for Animal Health
RBC	Responsible Business Conduct
ROSA	Rules of Origin Self-Assessment Tool
SACU	South African Customs Union
SADC	Southern African Development Community
SEP	Single Entry Point

SIA	Sustainability Impact Assessment
SMEs	Small and Medium Enterprises
TBT	Technical Barriers to Trade
TCA	Trade and Cooperation Agreement
TDI	Trade Defence Instruments
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TSD	Trade and Sustainable Development
TTC	Trade and Technology Council
WHO	World Health Organization
WTO	World Trade Organization

EXECUTIVE SUMMARY

This annual activity report is a management report of the Director-General for Trade to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the treaties ¹.

A. Key results and progress towards achieving the Commission's general objectives and department's specific objectives

Trade policy has contributed to deliver on the Commission's priorities in 2022²:

- *Making Europe stronger together: To strengthen the Union's global leadership role, in areas including the response to the pandemic, climate action and biodiversity, promoting a strong, open and fair trade agenda, and upholding the rules-based global order.*

DG Trade contributed to the EU's political, economic and sustainability objectives throughout 2022 helping advance the green and digital transition. It continued to strongly support the rules-based trading system and provided a robust response to Russia's military aggression against Ukraine, providing opportunities for EU businesses, helping diversify sources of supply and liberalising imports from Ukraine. DG Trade also contributed to impose unprecedented trade sanctions seeking to undermine Russia's ability to finance the war and deprive it of critical technologies and markets, weakening its economic base in the short and medium-term. DG Trade further continued to help stabilise the EU's economic situation in light of the economic impacts of the Covid-19 pandemic, and it provided support to the EU's climate, environmental and labour objectives.

Throughout 2022, the EU's trade policy continued to support the EU's open strategic autonomy and pursued the three core objectives outlined in the *Trade Policy Review Communication - An Open, Sustainable and Assertive Trade Policy*, which the Commission adopted in February 2021:

First, **supporting the recovery and fundamental transformation of the EU economy in line with its green and digital objectives.**

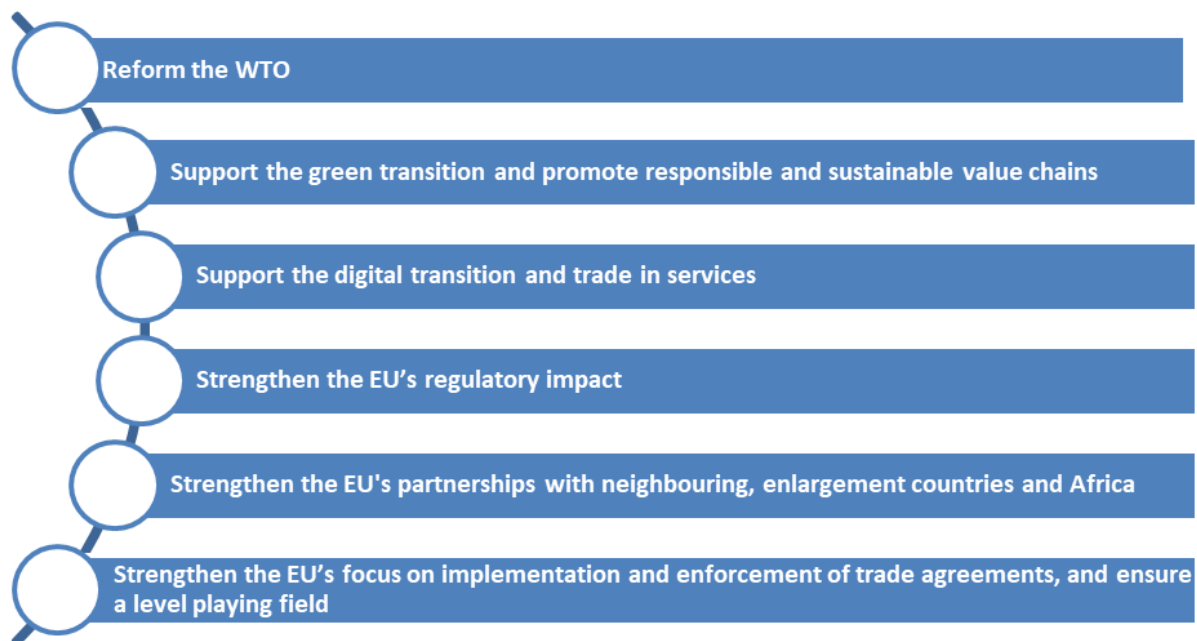
Second, **shaping global rules for a more sustainable and fairer globalisation.**

Third, **increasing the EU's capacity to pursue its interests and enforce its rights, including autonomously where needed.**

To deliver the three objectives outlined above, the Commission focused on six key areas:

¹ Article 17(1) of the Treaty on European Union.

² https://commission.europa.eu/system/files/2023-01/cwp2022_en.pdf



And to advance on these six key areas in 2022, DG Trade has worked in all 16 headline actions:

Reform the WTO			
1. Seek the adoption of a first set of reforms of the WTO		2. Work to restore a fully functioning WTO dispute settlement	
Support the green transition and promote responsible and sustainable value chains			
3. Promote climate and sustainability considerations in the WTO	4. Sustainability commitments on climate neutrality, cooperation and Paris agreement as an essential element	5. Review of the 15-point Action Plan on sustainable development	6. Promote sustainable and responsible value chains through a proposal on mandatory due diligence and forced labour
Support the digital transition and trade in services			
7. WTO agreement on digital trade		8. Closer regulatory cooperation on digital trade	
Strengthen the EU's regulatory impact			
9. Enhance regulatory dialogues with like-minded partners		10. Closer transatlantic partnership on the green and digital transformation/TTC	
Strengthen the EU's partnerships with neighbouring, enlargement countries and Africa			
11. Neighbours		12. Africa	
Strengthen the EU's focus on implementation and enforcement of trade agreements, and ensure a level playing field			
13. Consolidate the EU's partnerships with Latin America and Asia – conclude/ratify agreements	14. Make full use of the Chief Trade Enforcement Officer	15. Further strengthen the EU's tools to confront new challenges	16. Develop new online tools

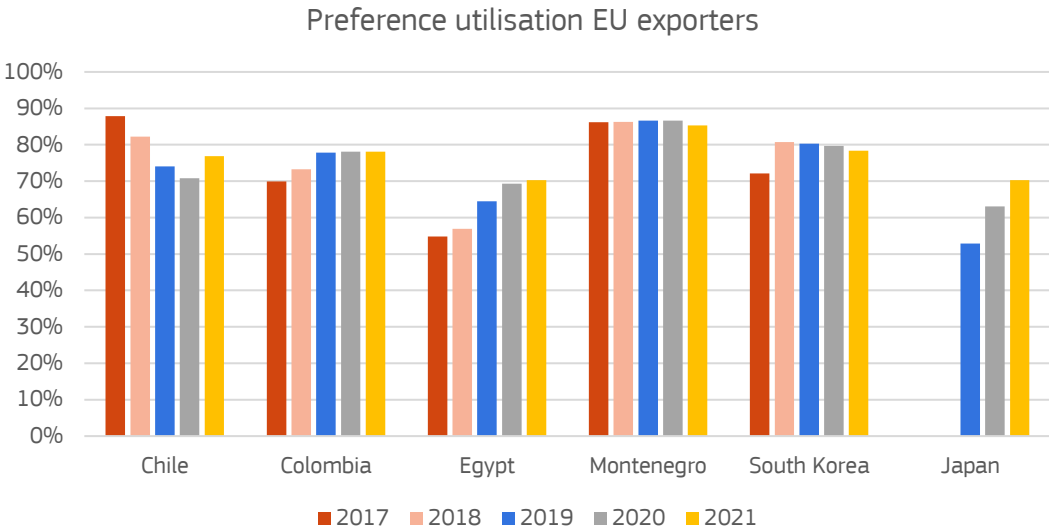
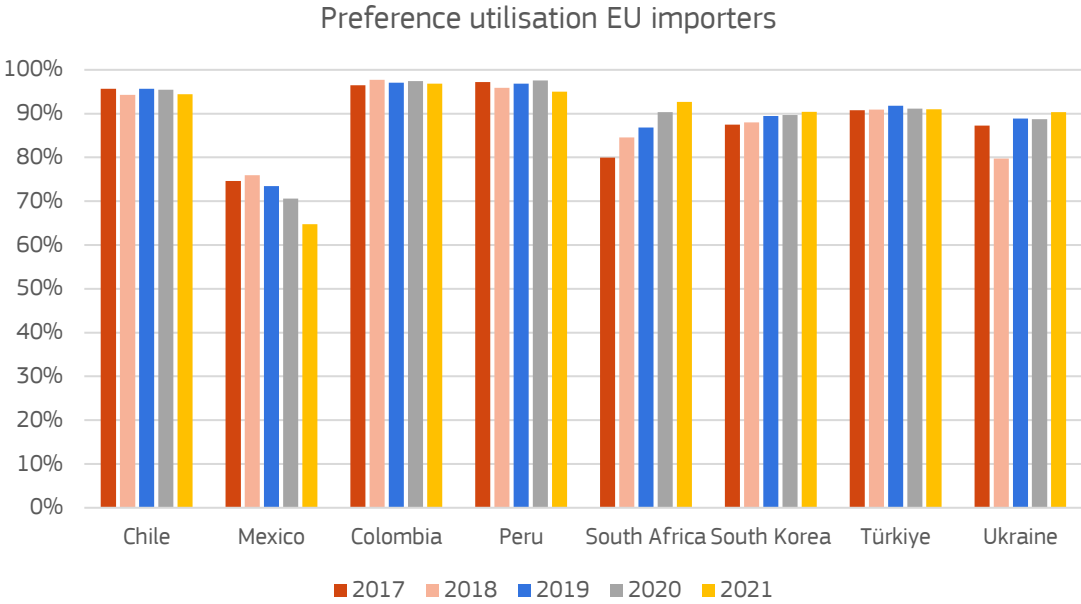
B. Key performance indicators

This section presents the three Key Performance Indicators identified in the DG Trade 2020-2024 Strategic Plan.

KPI 1: Preference utilisation rates of EU preferential trade arrangements³ for the EU and partners' side

Explanation: This indicator shows the extent to which businesses are making use of the EU preferential arrangements and how the uptake is handled in the EU Member States and the partner countries

Source of data: Eurostat and national customs registrations



³ A selection of countries is shown, where agreements have been in place for a certain time. This might be complemented in due course with more recently concluded agreements.

KPI 2: Percentage of trade covered by applied bi-lateral and regional agreements⁴

Explanation: This indicator shows the extent of EU trade covered by EU's applied preferential trade and investment agreements and the evolution of this coverage.

Source of data: DG Trade / Eurostat

Baseline			Interim Milestone (2022)			Target (2024)			Latest known results ⁵		
Goods (2017-2019) and services (2016-2018) average FTA status 31/12/2019									Goods (2019-2021) and services (2019-2021) average FTA status 31/12/2021		
Percentage of trade in goods and services											
Imp.	Exports	Total	Imports	Exports	Total	Imports	Exports	Total	Imports	Export	Total
29%	32%	30%	33%	36%	34%	34%	38%	36%	45%	52%	49%

KPI 3: Preferential imports from GSP beneficiary countries

Explanation: This indicator illustrates the extent of EU's contribution to increased exports from GSP beneficiaries which is conducive to economic growth and jobs, specifically in the poorest (least developed countries and other vulnerable lower income) countries.

Source of data: Eurostat, DG Trade

Baseline				Interim Milestone (2022)	Target (2024)	Latest known results		
Imports (M EUR)	2017	2018	2019			Imports (M EUR)	2020 ⁶	2021
All GSP	65,630	69,249	74,117	Increase	Increase	All GSP	52,633	55,907
GSP EBA	22,682	24,810	26,923			GSP EBA	21,311	22,307
GSP Standard	34,039	35,361	37,189			GSP Standard	23,705	24,214
GSP Plus	8,908	9,076	10,005			GSP Plus	7,617	9,386
Average / country	797	912	1,035			Average / country	741	847
Utilisation	83.4%	83.5%	84.2%			Over 85%	Utilisation	81.7%

⁴ This indicator does not cover multilateral WTO nor the plurilateral sectoral negotiations and agreements.

⁵ The important increase in 2021 is mainly due to the Trade and Cooperation Agreement between the EU and the UK that represents 12% of the imports, 16% of the exports and 14% of the total.

⁶ The relative decline of some indicators observed in 2020 was purely caused by the general collapse of world trade that occurred in 2020 in the aftermath of the COVID-19 first outbreak and that affected all major economies at the time.

⁷ the decrease in GSP utilisation rate from 82 % in 2020 to 76 % in 2021 is mainly due to Vietnam, one of the main contributors to the total GSP imports. The preference utilisation rate of EU imports from Vietnam is stable: 63% in 2020 vs 64% in 2021). But there is a shift and the growing use of preferential tariffs granted by the Trade agreement EU-Vietnam makes the GSP tariffs utilisation rate decrease (from 56% in 2020 to 30% in 2021).

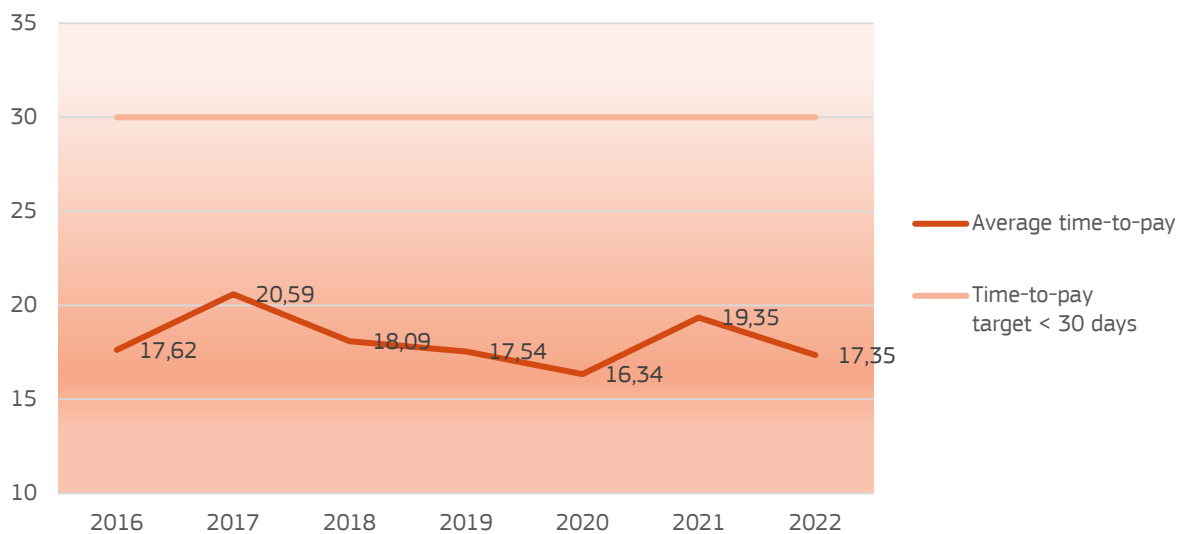
C. Key conclusions on financial management and internal control

In line with the Commission's Internal Control Framework DG Trade has assessed its internal control system during the reporting year and has concluded that it is effective, and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified. Please refer to annual activity report section 2.1.3 for further details.

Indicator: Time to pay (number of days)

Explanation: This indicator shows the efficiency of DG Trade's internal control processes managing payments to contractors and international organisations (time-to-pay).

Source of data: DG Trade



In addition, DG Trade has systematically examined the available control results and indicators, including those for supervising entities to which it has entrusted budget implementation tasks, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2.1 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Improvements are being implemented as described in details in section 2.1.3. The Director-General, in her capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

D. Provision of information to the Commissioner(s)

In the context of the regular meetings during the year between DG Trade and the Executive Vice-President on management matters, the main elements of this report and assurance declaration, have been brought to the attention of Executive Vice-President Dombrovskis, responsible for Trade.

1. KEY RESULTS AND PROGRESS TOWARDS ACHIEVING THE COMMISSION'S GENERAL OBJECTIVES AND SPECIFIC OBJECTIVES OF THE DEPARTMENT

DG Trade contributes to two key political objectives, namely 'A stronger Europe in the world' and 'An economy that works for people'. It also makes an important contribution to the Green Deal and the digital transformation, as follows:

A stronger Europe in the world

Specific objective 1: Lead the reform of the World Trade Organisation to preserve rules-based trade

Upholding a stable and predictable trading environment, and pursuing the reform and strengthening of the World Trade Organisation

An economy that works for people

Specific objective 2: Creating opportunities for European businesses through new and existing negotiations and an additional effort to monitor and improve the implementation and compliance of existing trade agreements

Opening markets and creating opportunities for EU companies by implementing existing agreements, assertively pursuing our values and interests, enforcing our rights, and negotiating new deals when the conditions are right

Specific objective 3: Protecting EU companies and citizens from unfair trade and investment by making full use of existing Trade Defence Instruments, developing new tools and focusing on enforcement of existing commitments at an EU or international level

Ensuring fair and open trade by pursuing mutually beneficial trading conditions and combatting unfair competition internally and in third countries

Specific objective 4: Ensuring trade policy is sustainable by effectively contributing to a wider set of EU policy goals, such as the Green Deal, adherence to international commitments on labour and the environment, gender and sustainable supply chains

Deploying trade measures to contribute to sustainability, including the achievement of Sustainable Development Goals (SDGs) by 2030, the fight against climate change, biodiversity loss, deforestation and other relevant global environmental priorities outlined in the Commission's European Green Deal as well promoting internationally agreed labour standards and human rights

Specific objective 5: Improve the acceptance and understanding of EU trade policy, in particular, by ensuring that it is pursued in an open, inclusive and transparent manner

More engagement and better communication with the European Parliament, the Council and civil society ensuring that trade policy responds to citizens' concerns

Specific objective 1: Lead the reform of the World Trade Organisation to preserve rules-based trade

Upholding a stable and predictable trading environment, and pursuing the reform and strengthening of the World Trade Organisation

The World Trade Organisation (WTO) has provided a stable and predictable trading environment since its establishment in 1995, allowing for a massive expansion of global trade, whilst providing a framework for settling trade disputes through adjudication. In more recent years, however, the WTO's effectiveness has been eroded on account of a paralysed dispute settlement system and limited progress on new rule-making.

The WTO's 12th Ministerial Conference (MC12) that took place in June 2022 was successful, with positive outcomes on WTO reform, an agreement on fisheries subsidies, the response to the pandemic (including the TRIPS waiver), food security, the World Food Program exemption from export restrictions, and the extension of the e-commerce moratorium.

WTO members importantly also committed to undertake a reform of the WTO looking into all aspects of its activities. This should reinforce its capacity as a forum for multilateral negotiations and to deliberate and respond to pressing global trade policy challenges. Critically, there is a commitment to restore a fully-functioning dispute settlement system no later than 2024. Reforming the WTO is an essential priority for the EU since it is key to ensure stability and to promote a rules-based approach to international trade. This is why the EU has played a leading role on WTO reform and intends to continue to do so as discussions advance in the WTO.

European Commission Executive Vice-President and Commissioner for Trade, Valdis Dombrovskis, said: *"Despite unprecedented challenges, this WTO Ministerial succeeded in clinching important outcomes of global significance. We showed that we can respond to urgent issues such as the emerging food security crisis and the pandemic. A historic agreement on prohibiting harmful fisheries subsidies to underpin sustainability was achieved. We maintained the moratorium on import duties for e-commerce, which was vital for SMEs and the digital transition"*.

In 2022, DG Trade continued to give impetus to the WTO reform also in other international organisations and fora, such as the Organisation for Economic Co-operation and Development (OECD), the G20 and the G7.

2022 saw the continuing blockage of appointments of members to the WTO's Appellate Body, making the WTO dispute settlement system unable to function fully. DG Trade continued its efforts to resolve this situation. Pending a resolution, the 'Multi-party interim appeal arbitration arrangement' (MPIA), championed by DG Trade, proved its worth in 2022, helping to ensure the binding resolution of certain disputes between its participating WTO Members despite the blockage of the Appellate Body. The interim arrangement maintains two-tier dispute settlement through appeal arbitration under WTO rules, preventing disputes from becoming blocked.

The reform of the WTO not only supported resilient economic recovery from the pandemic, but also sustainability, with advancing the Sustainable Development Goals (SDGs) as a guiding principle.

This specific objective has thus contributed to the Commission's general objective *A stronger Europe in the world*.

Specific objective 2: Creating opportunities for European businesses through new and existing negotiations and an additional effort to monitor and improve the implementation and compliance of existing trade agreements

Opening markets and creating opportunities for EU companies by implementing existing agreements, assertively pursuing our values and interests, enforcing our rights, and negotiating new deals when the conditions are right

In line with the Commission's general objective *An economy that works for people*, the EU continued to open markets, diversify trade links, and strengthen the resilience of supply chains, which was particularly important in the context of the disruptions caused by Russia's military aggression against Ukraine.

The Commission pursued this work by implementing and enforcing trade deals with partner countries or regions and continuing to negotiate new ones. Building on the multilateral trading system and the EU's broad network of trade and investment agreements with countries outside the Union, the EU creates opportunities for EU businesses and workers, including for Small and Medium-sized Enterprises (SMEs), and enhances the resilience and robustness of the EU's economy. EU exports supported almost 38 million jobs in the EU in 2019, up from 29 million in 2010. The EU economy equally relies on imports, providing access to critical raw materials and other inputs to EU companies, and access to innovative and diverse products at competitive prices to EU consumers. DG TRADE contributed to the Commission's efforts to negotiate and conclude new Partnerships on critical raw materials with resource-rich trading partners in 2022 (e.g. Kazakhstan and Namibia).

The multilateral and plurilateral agenda

In 2022, the Commission worked towards a successful MC12 driving forward negotiations in the WTO in order to demonstrate the organisation's ability to create new rules to address 21st century challenges.

During MC12, the moratorium on customs duties on electronic transmissions (the 'e-commerce moratorium') was extended. A critical win for the digital economy. WTO members agreed to maintain the current practice of not imposing customs duties on electronic transmissions until the WTO's 13th Ministerial Conference (MC13).

The Covid-19 crisis accelerated the digital transformation of the economy, highlighting the importance of digital trade, and its role in facilitating global value chains and developing innovative products and services. DG Trade actively participated and shaped the plurilateral WTO **e-commerce** negotiations that currently cover more than 80 WTO Members. The aim is to agree on modern, global rules for digital trade. Such plurilateral agreement would help

to harness the full potential of data, tackle trade barriers, improve market access in goods and services and enhance consumer and business trust in the online environment, in full respect of the EU's personal data protection framework.

Following the successful conclusion of the plurilateral negotiations on **domestic regulation in services** on 2 December 2021 among a group of 67 WTO Members, now 69, the EU finalised in 2022 its internal procedure to conclude the agreement and now is working with the other participants to incorporate the outcome of the negotiations in their respective schedules of specific commitments.

The Council adopted in October 2019 the negotiating directives for the WTO negotiation on **Investment Facilitation for Development**. Following the commitment by currently 112 WTO Members to work towards a multilateral Agreement, DG Trade continued in 2022 its efforts to achieve this objective ahead of MC13⁸.

During MC12, WTO members agreed on a significant new multilateral agreement to end harmful **fisheries subsidies** contributing to the protection of the oceans. The agreement is in line with the UN Sustainable Development Goal 14.6 (UN SDG). It includes a strong prohibition of subsidies contributing to illegal, unregulated and unreported (IUU) fishing with unprecedented transparency provisions. Secondly, it includes an absolute prohibition of subsidies for fishing on the unregulated high seas. This is a landmark prohibition for the most vulnerable areas lacking an established and coordinated fisheries management regime. And thirdly, the provision on overfished stocks will bring sustainability rules for subsidies regarding most vulnerable stocks in the first phase of the agreement.

DG Trade continued to support the implementation of the three plurilateral statements on Environmental Sustainability, on Fossil Fuel Subsidy Reform and on Plastics Pollution and Sustainable Plastics Trade adopted in December 2021. Furthermore, the Commission, together with the governments of Kenya, Costa Rica and New Zealand, played a leading role in the development of a Coalition of Trade Ministers on Climate, which is the first Ministerial-level global forum dedicated to trade and climate issues. The Coalition will foster global action to promote trade policies that can help address climate change through local and global initiatives.

Following the restart of work in the Trilateral process with the United States and Japan, the Commission continued working jointly with them to tackle market-distortive policies and practices that are currently not sufficiently addressed by WTO rules. This included work on identifying problems, coordinating autonomous tools, identifying gaps in the rules on industrial subsidies and state-owned enterprises, and developing ways to improve transparency of industrial subsidies.

Since 2019, the Commission has played an active part in setting the agenda for the modernisation process of the **Energy Charter Treaty (ECT)**, a multilateral agreement covering several policy areas related to energy, including investment protection. In June

⁸ MC13 will be hosted by the United Arab Emirates in Abu Dhabi during the week of 26 February 2024.

2022, the Commission fulfilled the negotiation mandate received from the Council reaching an agreement in principle on the modernisation of the ECT bringing the investment protection provisions in line with the standards developed under the new investment policy of the European Union since CETA. A debate on the next steps in the Council is currently on-going.

EU-US relations

The EU and the **United States**⁹ have the largest bilateral trade and investment relationship and enjoy the most integrated economic relationship between major players in the world. Although overtaken by China in 2021 as the largest EU import source for goods, the US remains the EU's largest overall trade and investment partner by far.

The EU is committed to developing a positive transatlantic trade agenda. Following the inaugural meeting of the Trade and Technology Council (TTC) in Pittsburgh in September 2021, there were two TTCs in 2022, one in Paris in May and one in Maryland in December. These meetings reflected the renewed transatlantic partnership and the strong commitment from both sides to work together to increase bilateral trade and investment and coordinate approaches to key global trade, economic and technology issues.

The work of the TTC takes place in 10 working groups that focus on a wide range of topics such as technology standards, advancing supply chain security, export controls, investment screening, global trade challenges, misuse of technology or promoting SMEs' role in digital and technology trade. The EU is committed to a fully transparent and inclusive process and stakeholder engagement is a key component of the TTC, notably via the centralised TTC platform on "Futurium"¹⁰.

Valdis Dombrovskis, Executive Vice-President and Commissioner for Trade, at the end of the TTC in May 2022 said: *"we have agreed to expand our cooperation with the US to address new and emerging global trade challenges, working as trusted partners. We will work closely to secure our supply chains and boost global food security. We will build on our unprecedented transatlantic coordination on export controls against Russia to further align our approaches in this critical field, while also boosting trade with Ukraine. We will also cooperate on promoting green trade, for instance through green public procurement."*

In parallel, the EU-US High Level Task Force was launched in November 2022 to address the EU's concerns over the US Inflation Reduction Act and its implementation.

The EU is committed to achieve a permanent solution to the dispute with the US on its Section 232 measures on steel and aluminium. The EU is therefore fully engaged in the process to deliver a successful Global Sustainable Arrangement on Steel and Aluminium (GSA). The aim is to achieve a successful outcome by the end of October 2023 to re-establish normal and undistorted transatlantic trade in the sector before the suspension of

⁹ [EU-US trade](#)

¹⁰ <https://futurium.ec.europa.eu/en/EU-US-TTC>

EU and US tariffs expires by the end of 2023. Key elements for the EU in the work on the GSA is to ensure WTO compatibility as full respect of the EU's domestic climate policies.

Finalising concluded bilateral and regional negotiations

The EU and **Mexico**¹¹ reached a political agreement in April 2018 on the negotiations to update their bilateral trade and investment framework. In 2022, DG Trade continued the work to conclude the technical work and internal procedures leading to the signature and conclusion of the agreement.

Following the conclusion of technical negotiations in November 2021, the EU and **Chile**¹² concluded negotiations in December 2022 on the modernisation of the existing Association Agreement (2002). The "EU-Chile Advanced Framework Agreement" is an ambitious, comprehensive and progressive agreement that puts shared values such as human rights, sustainable trade and gender equality, at the core of EU-Chile relations. Closer economic ties with Chile will also allow the EU to diversify its supply chains, in particular of critical raw materials, and thereby strengthen its economic resilience while increasing opportunities for EU exports and investments.

In 2019, the European Union and **Mercosur States**¹³ – Argentina, Brazil, Paraguay and Uruguay – reached a political agreement on the negotiations for an ambitious, balanced and comprehensive trade agreement. In 2022, the EU and Mercosur States continued the legal revision of the text. Moreover, the Commission has worked towards improving the sustainability conditions on the ground including through an additional instrument to address sustainability concerns, notably deforestation. This will be discussed with Mercosur States and be a critical element on the path towards ratification of the agreement.

The EU and the **Kyrgyzstan** concluded the negotiations of an Enhanced Partnership and Cooperation Agreement (EPCA) in June 2019. This agreement represents a major improvement on the current Partnership and Cooperation Agreement, in force since 1999 and creates the conditions for a safer business environment for economic operators. The Commission adopted the proposal for a Council Decision in June 2022.

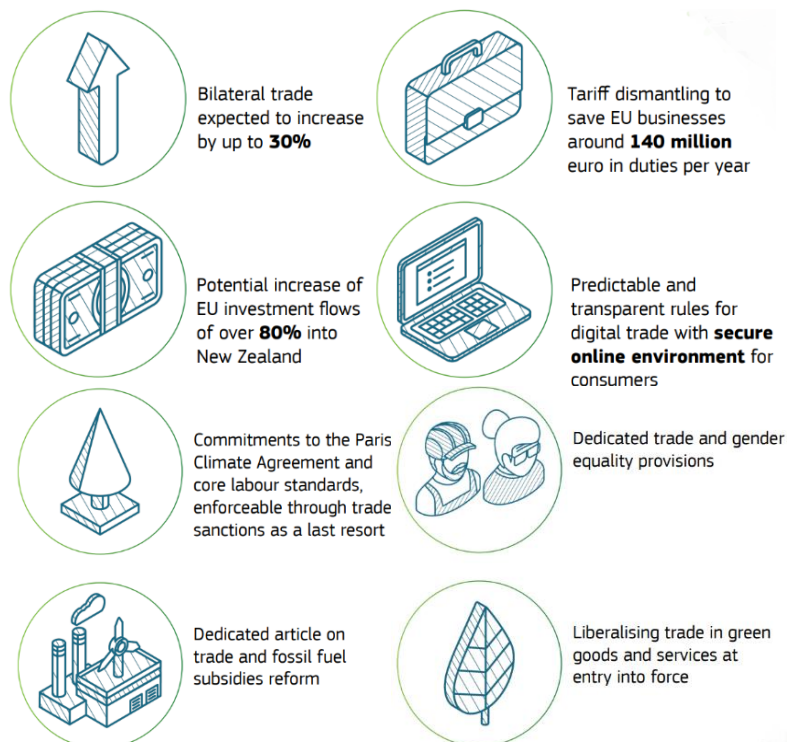
The EU and the Republic of **Uzbekistan** have concluded the negotiations of an Enhanced Partnership and Cooperation Agreement (EPCA) in July 2022 and now the Commission is working towards the adoption of the proposal for a Council Decision for signature of the EPCA.

¹¹ [EU-Mexico trade](#)

¹² [EU-Chile trade](#)

¹³ [EU-Mercosur trade](#)

The negotiations on a FTA between the EU and **New Zealand**¹⁴ were successfully concluded in June 2022. On 17 February 2023, the Commission sent the trade agreement to the Council for signature. Once the Council gives its green light, the EU and New Zealand can sign the agreement, paving the way for its entry into force. The agreement includes unprecedented sustainability commitments, reflecting the outcome of the 2022 Trade and Sustainable Development review, with strong commitments on the Paris Climate Agreement as well as core labour standards.



The Commission has also launched a sustainable investment initiative in Africa that will be rolled out with African partners either in the EPA/DCFTA negotiations or as standalone investment facilitation agreements to improve the investment climate and support sustainable development. Negotiations with **Angola** for a Sustainable Investment Facilitation Agreement (SIFA) were concluded in November 2022. The EU-Angola SIFA will make it easier to attract and expand investments while integrating environment and labour rights commitments in the EU-Angola relationship. This is the first-ever bilateral agreement on investment facilitation that the EU has negotiated.

On-going negotiations

Also in May 2018, the Council authorised opening negotiations for FTA between the EU and **Australia**¹⁵. The position paper on the SIA in support of the negotiations was published in July 2021. The negotiations continued over 2022.

The EU remained committed to strengthening the economic partnership with **India**¹⁶. On 8 May 2021, the EU-India Leader’s meeting agreed to resume negotiations for a balanced,

¹⁴ [EU-New Zealand trade](#)

¹⁵ [EU-Australia trade](#)

ambitious, comprehensive and mutually beneficial trade agreement, and to launch separate negotiations for a stand-alone investment protection agreement and an agreement on geographical indications. Negotiations were launched in March 2022 and three rounds were held so far.

The Economic Partnership Agreement (EPA) between the EU and **Japan**¹⁷ entered into force in February 2019. In October 2022, the EU launched negotiations to include rules on data flows in the EPA so that business can benefit from free flow of data between both sides in full compliance with EU privacy and data protection rules and preserving the right to regulate for public policy objectives.

The Commission also launched negotiations for trade agreements with **Indonesia**¹⁸, **Malaysia**¹⁹, the **Philippines**²⁰ and **Thailand**²¹. Only negotiations with Indonesia were actively pursued in 2022, while the other negotiations were paused. The SIA for the negotiations with Indonesia was published in June 2020.

In 2022, DG Trade continued working towards the conclusion of negotiations on the trade chapters of Enhanced Partnership and Cooperation Agreement (EPCA) with **Azerbaijan**²².

In 2021, the EU and the **UK** started a negotiation on the future EU-UK agreement in respect of Gibraltar. In 2022, DG Trade continued contributing to the negotiation of all trade related aspects, including ensuring a level playing field.

In line with the headline actions in the Trade Policy Review Communication, DG Trade continued working to enhance sustainable trade and investment relations between **the EU and Africa**. To this end, the Economic Partnership Agreements (EPA) with African regions and countries remained the cornerstone of Africa-EU trade relations and contributed to the on-going African integration projects, including the **African Continental Free Trade Agreement (AfCFTA)**. The EU-African Union (AU) Summit held in February 2022 adopted the Africa-Europe Global Gateway Investment Package. To uphold the joint work with the AU, a high-level dialogue on trade and economic integration was launched at the European Commission-AU Commission meeting that took place in November 2022.

Upgrading and expanding existing partnerships is part of the strengthening of the trade and investment agenda with Africa. There was good progress in the ongoing negotiations to deepen the existing EPA with five **Eastern and Southern African** countries (Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe). A SIA on these negotiations was carried

¹⁶ [EU-India trade](#)

¹⁷ [EU-Japan trade](#)

¹⁸ [EU-Indonesia trade](#)

¹⁹ [EU-Malaysia trade](#)

²⁰ [EU-Philippines trade](#)

²¹ [EU-Thailand trade](#)

²² [EU-Azerbaijan trade](#)

out and will be published in the first quarter of 2023. Discussions to implement bilaterally with Kenya the regional EU-East African Community (EAC) EPA continued in 2022. A political declaration between EU and Kenya was signed in February 2022 to agree on the addition of a trade and sustainable development chapter to the EPA. The EU-Central Africa (**Cameroon**) EPA was complemented with the finalisation of negotiations for a Protocol on rules of origin in June 2022 and a formal decision will be adopted in 2023.

Work continued in 2022 to expand the existing EPAs. Following the accession to the EU-Pacific EPA of Samoa in 2019 and Solomon Islands in 2020, an accession process is underway with Tonga, Timor-Leste, Tuvalu, Niue and Vanuatu. The launch of accession negotiations with **Angola** into the EU-SADC EPA²³ is expected at the beginning of 2023, with a final SIA report to be published in the first quarter of 2023.

The proposal of new bilateral negotiations

The Council approved in December 2022 the negotiating directives for an Enhanced Partnership and Cooperation Agreement with the Republic of **Tajikistan** and the negotiations are expected to start in 2023.

In 2022, DG Trade continued to work with partners in the Southern Mediterranean region to build on the existing network of Free Trade Areas of the Association Agreements, and to explore interest and feasibility of negotiations on sustainable investment facilitation agreements to improve the investment climate and support sustainable development.

Effective implementation

The Commission continued its efforts to **unlock the benefits of the EU's trade agreements**, coupled with **assertive enforcement**, of both its market access and sustainable development commitments (in line with specific objective four), and building on the findings of the evaluation of trade agreements already in force. European stakeholders and businesses need to be aware of the opportunities EU trade agreements offer and be confident that they can reap the gains that the EU negotiated.

This is a critical element of the EU's drive toward open strategic autonomy, and facilitate access to markets, particularly for SMEs. In 2022, DG Trade worked in the following areas:

- Supporting EU stakeholders and businesses to make best use of the opportunities EU trade agreements create. The Commission built on the success of the Access2Markets portal by integrating further functionalities like a trade assistant for services and investment launched in May 2022 for certain sectors (legal and maritime) for Canada and the UK, the extension of the portal to cover more export markets, the integration into the portal of the trade assistant for procurement for Canada and Japan (to be gradually extended to more countries) and the introduction into the portal of information on EU sanctions and on export measures maintained by Russia and Belarus.

²³ [EU-SADC trade](#)

- Monitoring the proper implementation by third countries of the EU's trade agreements
- Facilitating complaints related to market access barriers and infringements of trade and sustainable development commitments through the 'one stop shop' Single Entry Point.

DG Trade continued to monitor the compliance of its trading partners with their commitments under the WTO and under trade agreements to quickly prevent or rectify unjustified, discriminatory or disproportionate barriers to trade through many different means.

More specifically, in relation to individual bilateral agreements, DG Trade monitored the implementation of the various agreements that have entered into force or are provisionally applied. In 2022, the Commission continued to focus on ensuring the smooth and effective implementation of the most recent FTAs (**Vietnam²⁴, Singapore²⁵, Japan, Canada²⁶ and South Korea²⁷**). This included identifying and following-up on implementation issues, ensuring that FTA committees meetings take place on a regular basis and that their outcomes are promptly followed-up. On 21 January 2022, the EU-Japan Joint Committee decided to add 28 additional EU Geographical Indications (GIs), and 28 Japanese GIs to the list of GIs protected under the Agreement. This was the second such extension of the GI list.

On 30 November 2022, the EU and Korea adopted the Trade Committee Decision No 4 on the extension of the list of Geographical Indications (GI) to include additional 85 EU and Korean names to the 226 GIs already protected by the EU-Korea Free Trade Agreement. On the occasion of the Trade Committee, Korean Minister Ahn and EVP Dombrovskis signed a set of Digital Trade Principles, intensifying the EU-Korea relationship in the field of digital trade.

In May 2022, under CETA, DG Trade concluded the negotiations on a Mutual Recognition Agreement (MRA) for architects. This recognition agreement will remove most of the bureaucratic obstacles for EU architects seeking to provide their services in Canada, and vice-versa. It has been the first MRA on professional qualifications of the EU under one of its FTAs.

DG Trade continued to pursue the effective implementation of the Agreements the EU has with **Mexico, Chile, Colombia/Peru/Ecuador²⁸ and Central America²⁹**, including through the management of the respective Committee and specialised committees set up for this purpose, and to monitor and ensure compliance of trade obligations by these countries. DG Trade continued to promote these Agreements, to conduct joint activities and projects to

²⁴ [EU-Vietnam trade](#)

²⁵ [EU-Singapore trade](#)

²⁶ [EU-Canada trade](#)

²⁷ [EU-South Korea trade](#)

²⁸ [EU-Andean Community trade](#)

²⁹ [EU-Central America trade](#)

support these countries' implementation efforts and to continuously assess their impact in both regions. Ex-post evaluations³⁰ of the Colombia/Peru/Ecuador and Central America agreements were finalised in respectively January and September 2022.

DG Trade also continued to monitor the implementation of the DCFTAs with **Ukraine³¹**, **Georgia³²** and **Moldova³³** through the respective committees. A key barrier for EU exports to Moldova, the obligation to include a percentage of domestic products in retail outlets, was removed. The final independent review for the ex-post evaluation of the trade pillar of the DCFTAs with Georgia and Moldova was published in July 2022.

Furthermore, following Russia's military aggression against Ukraine, in June 2022 a regulation entered into force that fully liberalises imports from Ukraine for one year including the suspension of trade defence measures.

As a follow-up to President von der Leyen's announcement to facilitate Ukraine's access to the EU Single Market, a revision of the Priority Action Plan for the implementation of the EU-Ukraine DCFTA was launched and top priority actions were accelerated such as work towards the conclusion of an Agreement on Conformity Assessment and Acceptance (ACAA) and the inclusion of Ukraine into the European roaming area.

As a measure of support for Moldova to address the indirect economic impact of Russia's military aggression against Ukraine, a regulation entered into force in July 2022 to increase for one year tariff rate quotas for the remaining seven agricultural products from Moldova that are not yet fully liberalized under the EU-Moldova DCFTA.

In 2022, DG Trade continued its active monitoring and enforcement of all of the trade aspects of the Trade and Cooperation Agreement (TCA) between the EU and the **UK³⁴**, including the level playing field and sustainability chapters. The issue created by the local content requirements on UK subsidies to the generation of wind-power was satisfactorily solved at the WTO. The UK eliminated a skills charge for EU intra-company transferees moving to the UK. DG Trade also contributed to ensuring that all the mechanisms and instruments necessary for the effective exercise of the EU rights under the agreement were in place.

DG Trade continued to engage with **Türkiye³⁵** to ensure the full implementation of the existing Customs Union and the removal of existing trade barriers.

With **Southern Mediterranean countries³⁶**, efforts were made to improve the efficiency of the relevant committees under the Association Agreement to effectively tackle all trade-

³⁰ [DG Trade webpage ex-post evaluations of trade agreements](#)

³¹ [EU-Ukraine trade](#)

³² [EU-Georgia trade](#)

³³ [EU-Moldova trade](#)

³⁴ [EU-UK trade](#)

³⁵ [EU-Türkiye](#)

related issues. DG Trade continued to engage with these partners to remove trade-related barriers, while also aiming to help them taking better advantage of the existing preferential market access, in particular through trade-related assistance and capacity building.

Implementation work on the seven Economic Partnership Agreements (EPAs) with 32 **African, Caribbean and Pacific countries** (ACPs) continued in 2022, including EPAs with the Eastern and Southern African (ESA) sub-group, the Southern African Development Community (SADC) EPA group, Cameroon, Ghana, Cote d'Ivoire, Cariforum and Pacific EPA countries. This included the management of the relevant joint institutions, with the organisation of 4 EPA Committees and 3 Special Committees, ensuring compliance with EPA commitments, as well as monitoring and evaluation, development cooperation and joint activities and dialogues with state and non-state actors, as well as raising awareness of the partnerships. The decision to create a sub-committee on agricultural and rural development will help to further improve trade relations with Cameroon. With Cote d'Ivoire and Ghana, work on sustainability is on-going through an EU multi-stakeholder dialogue for sustainable cocoa with the endorsement in June 2022 of an Alliance on Sustainable Cocoa, an ambitious roadmap to improve the economic, social and environmental sustainability of cocoa production and trade.

The 2022 Commission annual **Report on Implementation and enforcement of EU Trade Agreements**³⁷ reported on the above mentioned areas.

DG Trade continued to implement the EU's 2019 'Strategic Outlook communication on **China**³⁸ and to pursue discussions with China³⁹ on bilateral trade and investment issues. EU concerns related to market distortions and level-playing field issues, including the subsidisation of the Chinese economy, China's market access barriers and Covid-related restrictions, the politicisation of the business environment, coercive practices and intellectual property rights remained the key priorities in EU-China trade and investment-related discussions.

Implementation of the strategy also entailed following plurilateral and multilateral discussions at the level of G7, G20, the OECD and the WTO, including on issues such as digital trade, overcapacity including the continuation of the Global Forum on Steel excess Capacity (GFSEC), as well as the International Working Group on export credits⁴⁰.

³⁶ [EU-Southern Neighbourhood](#)

³⁷ [https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2022\)730&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2022)730&lang=en)

³⁸ https://commission.europa.eu/publications/eu-china-strategic-outlook-commission-and-hrvp-contribution-european-council-21-22-march-2019_en

³⁹ [EU-China trade](#)

⁴⁰ The technical negotiations in the IWG were suspended in 2020 for lack of consensus between China and OECD countries, and the effort now is to increase our global competitiveness, including against China, through modernisation of the OECD rules on export credits.

In reaction to **Russia's** military aggression against Ukraine, the EU has imposed in 2022 9 packages of restrictive measures, so-called **sanctions**,⁴¹ against Russian individuals, entities and pertaining to various economic sectors. These unprecedented trade sanctions seek to undermine Russia's ability to finance the war, inflict painful costs on its elites and deprive it of critical technologies and markets, weakening its economic base in the short and medium-term. However, the sanctions have steered clear of restricting trade in agro-food and medicines and the EU has permitted trade in the form of derogations or exemptions for humanitarian, pharmaceutical and medical purposes.

DG Trade worked on the design, development and monitoring of the implementation of trade restrictive measures that target goods, technologies and services as well as entities and legal persons in Russia. Intensified efforts were deployed to prevent sanctions circumvention and evasion via certain third countries, including in close coordination with our like-minded partners. The design of the measures was made to promote a gradual general decoupling of the EU economy from dependencies on Russia while minimising impacts on critical raw materials' supply chains and, more broadly, on the EU.

Building on the existing system for dual-use export controls, DG Trade also swiftly established a platform for cooperation with Member States to support the effective implementation of EU sanctions against Russia and Belarus, and launched unprecedented cooperation with partners, in particular the US, and as part of the development of a global coalition of countries applying essentially similar sanctions against Russia.

The Commission also developed export control dialogues with third countries, and in particular contributed to the development of EU-US relations under the Trade and Technology Council. Close cooperation with US counterparts in the TTC Export Control Working Group enabled the imposition of aligned sanctions against Russia, while regulatory consultations supported the coordination of certain export control rules e.g. to introduce controls on certain emerging technologies.

DG Trade continued to work on removing trade barriers by third countries through our **Market Access Partnership** with Member States and EU industry. In 2022, 33 of barriers could be partially or fully resolved while 11 new barriers were registered. The removal of barriers in the period 2014 to 2021 created additional export opportunities of more than € 7 billion, helping to support hundreds of thousands of jobs in the EU – equivalent to the benefits of many of our FTAs. DG Trade remained committed to reinforcing the Partnership, with enhanced prioritisation of actions to remove barriers, strengthened coordination with stakeholders, and wider communication and outreach. For example, DG Trade organised several Market Access Days in Member States with trade experts and industry representatives to identify and overcome the barriers that EU companies face in third countries. DG Trade also held monthly Market Access Advisory Committees bringing together Member States and EU stakeholders and industry, supported by sectorial

⁴¹ [Council Decision 2014/512/CFSP and Council Regulation \(EU\) No 833/2014](#)

dialogues, to provide a forum for Member State and EU industry input to its implementation and enforcement work, including through ensuring efficient information flow.

DG Trade continued to address multilaterally and bilaterally a growing number of **regulatory barriers** faced by EU exporters. For instance, in the WTO Committee on **Technical Barriers to Trade (TBT)**, DG Trade built on success stories to date and continued to address in 2022 over 30 restrictive TBT measures that hampered over 20 billion of EU exports in key markets abroad in a variety of sectors (beverages and food products, electrical machinery and industrial equipment, automotive, electronics). It also continued to negotiate and effectively implement provisions in the EU's bilateral trade agreements aimed at minimising regulatory barriers by promoting, inter alia, the use of international standards, proportionate conformity assessment procedures as well as transparency and public consultation of proposed regulatory measures.

DG Trade's activities in this area also included its work in the **Sanitary and Phytosanitary** Market Access Working Group where important progress was made in the removal of Sanitary and Phytosanitary barriers, the constant improvement of the Market Access Database (MADB), including with the access now given to third countries, and the continued financial support to international standard setting organisations (Food and Agriculture Organization (FAO)/International Plant Protection Convention (IPPC), World Health Organization (WHO)/Codex Alimentarius Commission and World Organization for Animal Health (WOAH)).

Well-functioning **intellectual property** systems are a key lever to promote investment in innovation, including green technology, and sustainable growth. Intellectual Property Rights (IPR) infringements worldwide cost European firms billions of euros in lost revenue and put thousands of jobs at risk. These infringements also endanger consumers, public health and the environment and contribute to organised crime. DG Trade continued to use a range of bilateral and multilateral trade tools to promote solid intellectual property laws and effective enforcement worldwide. It engaged with key trading partners through Intellectual Property Dialogues and Working Groups, as well as through the WTO TRIPS Council, the OECD and other organisations. DG Trade also continued its engagement in various technical cooperation programmes such as the IP Key cooperation programmes for China, Southeast Asia and Latin America or the four-year cooperation programme for Africa. The 2022 **Counterfeit and Piracy Watch List**⁴² was published in December 2022.

In the area of **public procurement**, DG Trade continued to promote transparency, good governance and improved market access in third countries, through negotiations and implementation of international agreements at bilateral and plurilateral level. The successful deployment of the new **Access2Procurement** tool which provides transparency to EU companies and suppliers on the international obligations of trade partners also continued, with thousands of EU companies already making use of it. The implementation of procurement rules in FTAs was also a priority in 2022, as evidenced by the removal of

⁴² <https://circabc.europa.eu/ui/group/d0803128-7d62-40ee-8349-c43ee92745aa/library/b36f701d-2850-4768-9b3e-e487140e11e5/details>

discriminatory measures affecting 1.5 billion euros of EU pharmaceutical exports to Vietnam. In parallel, and in addition to the EU efforts in bilateral and plurilateral agreements, DG Trade work led to adoption of the **International Procurement Instrument**⁴³ (IPI), which entered into force in August 2022. This instrument seeks a level playing field in procurement by giving the EU leverage to negotiate better access for EU companies to procurement markets outside the EU. As an ultimate measure, intended to give partner countries an incentive to open their markets, it allows the EU to restrict access of companies, goods and services to the EU procurement market if they are from a country that is found (through complaints-based or ex officio investigations) to apply restrictive or discriminatory treatment against EU companies.

The Commission launched a series of actions to support the modernisation of EU export controls under the 2021 modernised **Export Control Regulation**⁴⁴ with a view to supporting secure supply chains, promoting international security, protecting human rights, and ensuring a level-playing field for EU exporters. The Commission set up expert groups to develop EU approaches to e.g. the transparency of licensing decisions, the risk assessment of certain emerging and cyber-technologies. Also in 2022, the Commission developed the legal framework for export controls e.g. adopted a Commission Delegated Regulation updating the EU Dual-Use Control List

The Commission continued to support the consistent implementation of controls within the EU: it introduced new functionalities in the Dual-Use Electronic System (DUeS) for enhanced information exchange with Member States, and deployed the EU electronic licensing tool in additional Member States. The Commission also developed plans for the interconnection of licensing IT systems with customs IT systems. The Commission also continued to steer the activity of the Dual-Use Coordination Group (DUCG) and related technical expert groups.

The Commission also ensured transparency, in particular with the publication of the Export Control Annual Report in September 2022⁴⁵, and outreach to stakeholders, e.g. the Commission and the Czech Presidency organised the 2022 Export Control Forum that brought together over 900 stakeholders.

DG Trade continued in 2022 to enforce where necessary the EU's multilateral and bilateral rights through the **dispute settlement mechanisms available in the WTO or under relevant trade agreements**. DG Trade continued to gain practical experience in bilateral dispute settlement in the EU's disputes with the Republic of Korea, Ukraine, the South African Customs Union (SACU) and Algeria. In the WTO, for as long as the current blockage of the appeal mechanism lasts, the EU's ability to obtain a binding outcome is best safeguarded in individual WTO disputes through appeal arbitration agreements concluded either on an ad hoc basis or under the umbrella of the MPIA. In any event, following the amendments of the Enforcement Regulation that entered into force in February 2021, the

⁴³ <https://eur-lex.europa.eu/eli/reg/2022/1031/oj>

⁴⁴ https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2045

⁴⁵ [https://ec.europa.eu/transparency/documents-register/api/files/COM\(2022\)434_0/090166e5f0bc60c8?rendition=false](https://ec.europa.eu/transparency/documents-register/api/files/COM(2022)434_0/090166e5f0bc60c8?rendition=false)

Commission has the power to adopt trade sanctions against any WTO Members that seek to benefit from the blockage of the appeal mechanism in order to prevent a final adjudication of a dispute initiated by the EU.

Specific objective 3: Protecting EU companies and citizens from unfair trade and investment by making full use of existing Trade Defence Instruments, developing new tools and focusing on enforcement of existing commitments at an EU or international level

Ensuring fair and open trade by pursuing mutually beneficial trading conditions and combatting unfair competition internally and in third countries.

The **Chief Trade Enforcement Officer (CTEO)** continued to increase the efficiency of DG Trade's work on implementation and enforcement by streamlining internal processes, strengthening coordination within the Commission and enhancing consistency and identifying leverage to address with trading partners breaches of their commitments. Through the centralised *Single Entry Point (SEP)* on the Access2Markets portal, EU-based stakeholders and civil society were able to bring their complaints about barriers to market access in non-EU countries or about lack of compliance with commitments they have made on workers' rights, climate change, or the environment. The Single Entry Point is the first point of contact to report a barrier or lack of compliance. In June 2022, DG Trade published updated Operating Guidelines⁴⁶ providing detailed guidance on how to launch complaints. The updated Operating Guidelines introduced specific timelines which the Single Entry Point will, as a general rule, work with when handling complaints in the area of trade and sustainable development. Since its creation at the end of 2021, the SEP received more than 80 complaints and engaged with third countries in addressing identified barriers. This specific objective thus contributes to the Commission's general objective *An economy that works for people*.

In 2022, the Chief Trade Enforcement Officer's led efforts across the Commission to strengthen DG Trade's work on implementation and enforcement, drawing on a range of **available tools**:

- The institutional framework under the EU' trade agreements and the WTO;
- High-level contacts with partner countries at political level;
- Dispute settlement procedures, either under a bilateral agreement or in the WTO;
- The updated Enforcement Regulation in cases where dispute settlement is blocked;
- The Trade Barriers Regulation (TBR), allowing the Commission to investigate specific problems identified by EU companies. Since the 1990s, 24 examination procedures have been initiated concerning a range of partners. In February 2022 the TBR

⁴⁶ https://trade.ec.europa.eu/access-to-markets/en/form-assets/operational_guidelines.pdf

investigation against Mexico on restrictions of tequila exports was closed after a mutually agreeable solution had been found;

- Trade defence instruments such as anti-dumping, anti-subsidy and safeguard measures to protect EU stakeholders from unfair practices or sudden surges in trade flows. In 2022, such measures protected more than 509,000 jobs in the EU.

CTEO also engaged with civil society on implementation and enforcement, notably through the Civil Society Dialogue (CSD) on the 2nd Annual Report and with all EU Domestic Advisory Groups (DAG) on the implementation of EU trade agreements, notably their trade and sustainable development provisions.

To strengthen the EU's ability to defend itself against coercive measures of others, DG Trade brought forward a proposal in 2021 for a new legal instrument **to deter economic coercion and to enable the EU to counteract coercive actions**⁴⁷ by third countries. Throughout 2022, DG Trade worked together with the Council and the European Parliament on the adoption of the proposal, which is expected in 2023.

In 2022, DG Trade continued **to address steel excess capacity internationally**, in multilateral fora, notably the OECD Steel Committee and the G20 mandated Global Forum for Steel Excess Capacity, (GFSEC), which will extend its work beyond 2023, and in bilateral relations, in particular with the US. An EU-US technical working group was established to address, among other things, methodologies for calculating steel and aluminium carbon-intensity and share relevant data.

The Commission stands firm against unfair trade practices. In line with WTO rules, the EU has its own system of **Trade Defence Instruments** to combat unfair trade practices in international trade. The EU is an efficient user of these instruments and applies a number of conditions in addition to WTO rules to ensure their use is measured. DG Trade also actively participated in trade defence investigations by non-EU countries against EU Member States with the aim of minimising the cost for EU exporters.

In September 2022, the Commission published its Annual Report on the EU's trade defence activities of 2021⁴⁸. The Report concluded that 462,000 EU jobs were directly protected by the EU's trade measures in 2021 in key EU manufacturing sectors such as aluminium, steel, ceramics and green technology. This shows that EU measures are effective in defending EU producers against unfair international trade practices.

Executive Vice-President and Commissioner for Trade Valdis Dombrovskis said: *“Defending European producers and workers against the damage inflicted by those who do not play by trade rules is essential. Ensuring fair trade is more important than ever in today's challenging global environment and when security of supply is under threat. We cannot*

⁴⁷ Included in the Commission Work Programme 2021: https://commission.europa.eu/system/files/2020-11/2021_commission_work_programme_and_annexes_en.pdf

⁴⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52022DC0470&from=EN>

allow dumped or subsidised imports to damage EU industry. This is why the effective enforcement and implementation of our trade defence measures remains a top priority for the European Commission.”

DG Trade also intensified its efforts to deal with level-playing field issues such as subsidies and the role of State-Owned Enterprises, by working closely with other trading partners, as well as in the WTO, the OECD and the G7/G20. DG Trade also contributed to the work led by the Executive Vice-President for a Europe fit for the Digital Age to put in place a new instrument to address the distortive effects of **foreign subsidies** in the internal market. The Regulation⁴⁹ was adopted on 10 November 2022 and will be of application from 12 July 2023.

To make sure the EU remains one of the world’s most open investment environments and thereby a source of growth and jobs while protecting its security and public order, the EU adopted the **screening of foreign direct investment into the EU**, in force since October 2020. It enables Member States and the European Commission to identify and address security concerns related to specific investments from outside the EU. DG Trade is responsible for both (1) overseeing the cooperation mechanism between all Member States and the Commission on FDI transactions that may pose a risk to security or public order in the EU and (2) analysing notifications relating to FDI transactions received from Member States pursuant to the FDI Screening Regulation 2019/452. In September 2022, the Commission published its second annual report on the Implementation of the EU FDI Screening Regulation⁵⁰.

In 2022, DG Trade continued to implement the commitment made in the Trade Policy Review Communication to work towards the implementation of a comprehensive EU strategy for **export credits**, including by exploring options for an EU export credit facility and enhanced coordination of financial tools in support of trade, investment and sustainable development. A feasibility study was launched in early 2022 to assess various options for an EU strategy, their benefits and feasibility, with the aim to provide recommendations in the first half of 2023. In parallel, in 2022, DG Trade has been carrying out a mapping exercise of EU external financial instruments, to prepare the ground for enhanced coordination in support of EU exports.

Specific objective 4: Ensuring trade policy is sustainable by effectively contributing to a wider set of EU policy goals, such as the Green Deal, adherence to international commitments on labour and the environment, gender and sustainable supply chains

Deploying trade measures to contribute to sustainability, including the achievement of Sustainable Development Goals (SDGs) by 2030, the fight against climate change,

⁴⁹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32022R2560&from=EN>

⁵⁰ [https://ec.europa.eu/transparency/documents-register/api/files/COM\(2022\)433_0/090166e5f0bc5f17?rendition=false](https://ec.europa.eu/transparency/documents-register/api/files/COM(2022)433_0/090166e5f0bc5f17?rendition=false)

biodiversity loss, deforestation and other relevant global environmental priorities outlined in the Commission's European Green Deal as well promoting internationally agreed labour standards and human rights.

In 2022, EU trade policy continued to contribute to the Treaty objective of **sustainable development in its economic, social and environmental dimensions** both in Europe and in our partner countries, and to boost inclusive and sustainable growth and reduce poverty in developing countries. This specific objective is thus contributing to the Commission's general objectives *A stronger Europe in the world* and *An economy that works for people*.

The EU is a leading player in **supporting sustainable development** and promoting the respect of international environmental standards and core labour standards, including through EU trade policy. The EU and its Member States are fully committed to implementing Agenda 2030 and its Sustainable Development Goals through EU policies.

In 2022, the Commission finalised the **Trade and Sustainable Development (TSD) review**, announced in the Trade Policy Review Communication of 2021, to make the negotiation and implementation of trade and sustainable development chapters in trade agreements more effective and to improve their enforcement. DG Trade conducted a comparative study looking at how third countries approach the **implementation and enforcement of trade and sustainable development** provisions in trade agreements. The final report⁵¹ was published in February 2022. The Commission also conducted an open public consultation to gather input on key aspects of the review.

Executive Vice-President and Commissioner for Trade, Valdis Dombrovskis, said: *“We promised to make trade more sustainable and today we are delivering. Our trade agreements give us clout on the world stage and support economic growth and sustainable development – but as of now, we want to make them an even bigger driver of positive change. We will engage and support our partners to make this happen. We will step up our enforcement, and we will resort to sanctions if key labour and climate commitments are not met.”*

Following in-depth discussions on options and suggestions with the European Parliament, Member States and civil society representatives, the Commission adopted its 'Communication on the power of trade partnerships: together for green and just economic growth'⁵² in June 2022.

⁵¹ <https://circabc.europa.eu/ui/group/e9d50ad8-e41f-4379-839a-fdfe08f0aa96/library/150a55ee-fd11-491d-a9f1-c6347cfe9800/details>

⁵² [Communication on the power of trade partnerships](#)

The Communication identifies ways to enhance the contribution of EU trade agreements to promoting the protection of the environment and labour rights worldwide. It fosters shared ownership by all EU institutions and Member States to achieve concrete change identifying actions across six policy priorities:

- The need to be more proactive in cooperating with partners;
- Stepping up a targeted and country-specific approach to TSD;
- Mainstreaming sustainability beyond the TSD chapter of trade agreements, in particular through the Energy and Raw Materials Chapter;
- Increasing monitoring of the implementation of TSD commitments;
- Strengthening the role of civil society, and;
- Strengthening enforcement by means of trade sanctions as a measure of last resort.

DG Trade immediately **applied the outcome of the TSD review** in the negotiation and implementation of trade agreements. Going forward, the outcome of the TSD review will be proposed for all future negotiations and reflected in the ongoing negotiations as appropriate.” The TSD commitments negotiated by DG Trade in EU Trade agreements were already broad and binding. Having said this, the provisions agreed with New Zealand right after the TSD review contain “*the most ambitious sustainability commitments in any trade agreement ever*”⁵³, also adding respect of the Paris Climate Agreement as an essential element of the agreement. DG Trade proposed the TSD review outcome also to the ongoing negotiations with Australia, India⁵⁴, Kenya, Eastern and Southern Africa and Indonesia, by: adding trade sanctions as a measure of last resort; a compliance phase for dispute settlement in TSD matters; the broader remit for domestic advisory groups and exchanges with civil society; and also reflect the fact that the ILO has elevated occupational safety and health to a fundamental principle and right at work.⁵⁵ Recent TSD proposals also include commitments on gender aspects. For the modernised Agreement with Chile, a Joint Statement reflects the outcome of the TSD review by guiding the implementation of its sustainability aspects, once ratified, and foreseeing a review of its TSD aspects.⁵⁶

DG Trade continued to work with FTA partners to ensure the **effective implementation and enforcement** of relevant trade and sustainable development commitments. Following the TSD review, DG Trade also carried its results into the **implementation** of the existing trade agreements with TSD chapters. Except for adding trade sanctions as a measure of last resort, this can cover the entire scope of the review, in agreement with our partners or

⁵³ Press release: https://ec.europa.eu/commission/presscorner/detail/en/ip_22_4158.

⁵⁴ Negotiating chapters newly proposed by the EU are being published as in the case of India <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/2db52ef6-a1fc-4245-85d8-f622c21bdebf/details?download=true> or Kenya <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/51690db0-b052-4cf2-b20f-da459e41c045/details>.

⁵⁵ https://www.ilo.org/global/meetings-and-events/international-labour-conference/WCMS_848632/lang--en/index.htm.

⁵⁶ <https://circabc.europa.eu/rest/download/96cafa19-80fe-4455-b63b-ea36adf2635a?>

independently by the EU. The TSD review featured in the annual TSD Committees with Vietnam, Georgia, and Andean countries (Colombia, Ecuador, Peru). DG Trade will bring this discussion also to upcoming TSD Committees with Japan, Moldova, Canada, and Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama).

At the same time, DG Trade is refocusing its **priorities** for the implementation of TSD chapters, reflecting input from other Commission DGs, Member States, the European Parliament and stakeholders, and integrating concerns raised by trade partners about EU legislation on sustainability aspects like deforestation, a carbon border adjustment, forced labour, or other due diligence-based supply chain requirements.

Since November 2018, a €3 million Partnership Instrument-funded project **supports civil society** involvement in the implementation and monitoring of EU trade agreements. The project was extended by an additional three years until end 2024.

DG Trade continues working on all other aspects of the **TSD roll-out**. DG Trade prepared an ex-post evaluation on key environmental provisions of the EU's trade agreements, including climate, to be launched in 2023. The Commission also paid close attention to core labour standards and in particular to the elimination of child labour in its trading partner countries in line with the zero-tolerance approach outlined in the political guidelines of President Ursula von der Leyen and as part of an overall effort pulling together the different policy areas.

DG Trade also continued to work with FTA partners to ensure the effective implementation and enforcement of relevant **trade and sustainable development** and **Energy and Raw Materials chapters**, thereby supporting decent work, sustainable management of the environment and the promotion of renewable energy and through avoiding subsidising fossil fuels by prohibiting dual pricing.

The Commission adopted on 22 September 2021 a proposal for a new regulation **reforming the Generalised Scheme of Preferences (GSP)**, expected to be adopted by the Council and the EP in 2023. As from 1 January 2024, the new regulation should replace the existing one that expires on 31 December 2023. The Commission proposal represents the continuation of a successful GSP scheme that contributes to poverty eradication and sustainable development in the world's most vulnerable economies. Thanks to GSP trade preferences, beneficiary countries are incentivised to comply with fundamental international conventions on human and labour rights, environmental issues and good governance. The proposal also includes some important novelties. In particular, reflecting the EU Green Deal commitments, it creates new space for engagement on climate change and environmental matters. Furthermore, it improves how the GSP safeguards work in protecting the interests of the EU industry. The GSP Hub website, which aims to increase transparency and engagement with the GSP, will be updated and maintained thanks to a new project relaunched in November 2022. The initial phase of the GSP Hub project, which took place during 2020-2022, focused on increasing engagement, awareness and analysis of GSP-related issues including through the creation of a public website with general and

country-specific information, the publication of a handbook, and a series of awareness events in beneficiary countries and in Europe.

The current GSP scheme includes the Special Incentive Arrangement for Sustainable Development and Good Governance (**GSP+**), which offers additional preferences to developing countries that commit themselves to the effective implementation of core international conventions on human rights, labour rights, environmental protection and good governance, and the **Everything But Arms (EBA)** arrangement, which provides duty and quota free access for all goods from Least Developed Countries (LDCs) except arms and ammunition. Through monitoring missions and high-level engagement with the beneficiary countries, DG Trade – in cooperation with other Commission services and the EEAS, continued its enhanced monitoring of the compliance with human and labour rights' obligations in a number of EBA countries in 2022.

In 2022 and despite limitations linked to Covid-19 restrictions, DG Trade continued monitoring the implementation of the current scheme, in particular in respect of the effective implementation of the relevant international conventions under the GSP+ arrangements, updated the list of GSP beneficiaries, and graduated partners and products as foreseen in the GSP Regulation.

The Commission pursued a stronger link between trade policy instruments (e.g. Generalised Scheme of Preferences, sustainable development chapters in FTAs) and cooperation with the aim of promoting labour rights and environmental protection, including actions on climate. Under the *Trade for Decent Work* project, dedicated funding continued to be provided to the International Labour Organization for capacity building on labour rights in key trading partners, including Myanmar and Vietnam.

The Commission continued to promote sustainable and responsible value chains. In 2022, the Commission put forward proposals for a Directive on corporate sustainability **due diligence**, and a Regulation on **forced labour**. The proposed regulation on forced labour will effectively prohibit the placing on the EU market of products made by forced labour, whether imported or domestically produced. DG Trade has also worked very closely with the OECD and the International Labour Organization on due diligence guidelines and following their implementation. In addition, the EU's trade and investment agreements include dedicated Corporate Social Responsibility/Responsible Business Conduct (CSR/RBC) provisions as well as provisions on fundamental labour rights as recognised by the International Labour Organization (ILO).

In September 2022, the Trade and Labour Ministers of the US, Japan and the EU issued a joint statement on the International Labour Organization's Global Forced Labour Estimates⁵⁷. They reemphasised their commitment to eradicate all forms of forced labour from the rules-based multilateral system and resolve to strengthen national and international efforts to meet this commitment.

⁵⁷ https://www.ilo.org/wcmsp5/groups/public/@ed_norm/@ipecc/documents/publication/wcms_854733.pdf

The Commission actively promoted **gender equality** through its trade policy in 2022. It continued its active engagement on the issue in the WTO, including on the implementation of Buenos Aires Declaration. DG Trade also continued its bilateral work with key trade partners on the negotiation and implementation of trade and gender provisions, for example the CETA Joint Recommendation on Trade and Gender or the dedicated gender trade chapter included in the EU-Chile Advanced Framework Agreement.

The EU cannot tackle sustainable development or climate change alone. Therefore, DG Trade also ensured that trade and sustainable development is covered in multilateral work in key international bodies and fora.

In 2022, DG Trade worked on the monitoring and implementation of the Regulation to ensure responsible **sourcing of tin, tantalum, tungsten and gold**⁵⁸ to ensure that EU imports do not indirectly contribute to violent conflict and associated human rights abuses along the supply chain but instead improve the livelihood of local communities. The requirements for EU importers apply from January 2021. The first review of the implementation of the Regulation is due in 2023.

In terms of the **European Green Deal initiatives** and trade, the Commission deployed measures and actions to ensure that all relevant EU policies, including its trade policies, live up to a green commitment to ‘do no harm’. DG Trade contributed to deliver undistorted trade and investment in all sustainable energy goods and raw materials as well as in associated, green energy technologies, including renewable energy and clean hydrogen. At the same time, the Commission continued to ensure that all European Green Deal initiatives are compatible with the EU’s international obligations, including WTO rules, and that they achieve their objectives in the most effective and least burdensome and trade distortive way. Through a report adopted in June 2022, the Commission examined the feasibility of applying EU health and environmental standards to imported agricultural and agri-food products. The report identifies actions that the EU is already taking autonomously, at multilateral and bilateral levels to address global environmental concerns or citizen expectations. Among the actions being pursued at bilateral level is the inclusion of a chapter on sustainable food systems in its ongoing negotiations, which addresses animal welfare, the use of pesticides and the fight against antimicrobial resistance.

DG Trade contributed to international climate and environmental actions by promoting the ratification and implementation of the relevant international conventions through its FTAs and GSP instrument. The Commission sought commitments from G20 partners on climate neutrality and proposed to make the respect of the Paris agreement an essential element in future trade and investment agreements. As to autonomous EU climate measures, DG Trade contributed to the legislative process on the **Carbon Border Adjustment Mechanism (CBAM)** to ensure that it will fulfil its objective to prevent the risk of carbon leakage in a manner that fully complies with WTO rules and other international obligations

⁵⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2017:130:TOC>

of the EU. DG Trade also supported cooperation and collaboration with third countries whose trade with the EU could be affected by the mechanism.

In the area of **deforestation**, DG Trade provided input to the legislative process on the Regulation to prohibit the placing on the EU market of products associated with deforestation or forest degradation, and contributed to outreach and cooperation activities with third countries that may be impacted by the Regulation. Bilaterally, DG Trade continued to prioritise the implementation of TSD sustainable forest management measures with key FTA partners.

Specific objective 5: Improve the acceptance and understanding of EU trade policy, in particular, by ensuring that it is pursued in an open, inclusive and transparent manner

More engagement and better communication with the European Parliament, the Council and civil society ensuring that trade policy responds to citizen's concerns.

To further enhance legitimacy and public trust, DG Trade continued to ensure trade policy is transparent and inclusive. This specific objective is thus contributing to the Commission's general objectives *A stronger Europe in the world* and *An economy that works for people*.

DG Trade has maintained the highest levels of transparency and communication with the European Parliament, the Council, stakeholders and the public. In addition to the dedicated institutional channels established with the European Parliament and the Council, DG Trade published up-to-date information about trade policy on its website in easy-to-understand language, published press releases, news items and factsheets, to inform about and explain the EU's trade policy initiatives to different target groups and the wider public. To this end, DG Trade also engaged actively on Social Media, including through increased engagement of DG Trade's staff. These channels have been an important medium for communication and for engaging with stakeholders, especially for extending its reach beyond those based in Brussels. To this end, DG Trade increased its efforts to reach civil society in Member States in addition to those organisations active in Brussels, for example through the organisation of a joint high-level civil society event in Prague in October 2022 under the Czech Presidency as well as other more dedicated events organised in Member States. The growing use of audio-visual material on Social Media also made it easier to explain sometimes complex technical issues in a way that is accessible to a broader audience. DG Trade continued holding regular meetings of its Civil Society Dialogue on a range of trade policy issues, including through online meetings, which allowed a wider participation than in physical meetings, including from beyond Brussels, and with a smaller environmental footprint.

DG Trade's communication work covered the broad range of trade policy issues in line with the priorities outlined in the *Trade Policy Review - An Open, Sustainable and Assertive Trade Policy* the Commission adopted in February 2021, putting a key focus on the role of an open trade policy in the new global context following the Russia's military aggression against Ukraine. Particular emphasis also continued to be placed on informing stakeholders of how the Trade Policy Review Communication is being implemented, including on key

issues such as WTO reform, trade policy's role in the post-pandemic recovery plan and the Green and Digital Transformations.

As regards the EU's trade agreements, DG Trade systematically provided information throughout the negotiating life-cycle, through the publication on its website of documents and easy-to-understand information as well as through direct engagement with civil society and stakeholders, for example at the moment of concluding negotiations with New Zealand and Chile respectively

Throughout 2022, more transparency, engagement and better communication remained an important asset in better explaining what we are trying to achieve and ensuring that our trade policy responds to citizens' concerns, including those expressed as part of the Conference on the Future of Europe. DG Trade informed broad public and specialised audiences, engaging in relevant outreach and communication activities and informing and explaining EU Trade policy to the media.

These measures have further strengthened EU global leadership position in relation to shaping a transparent and inclusive trade and investment policy.

2. MODERN AND EFFICIENT ADMINISTRATION AND INTERNAL CONTROL

2.1. Financial management and internal control

Assurance is provided on the basis of an objective examination of evidence of the effectiveness of risk management, control and governance processes. This examination is carried out by management, who monitors the functioning of the internal control systems on a continuous basis, and by internal and external auditors. The results are explicitly documented and reported to the Director-General. The following reports / documentation have been considered:

- the reports from Authorising Officers by Subdelegation (AOSDs);
- the reports on control results from entrusted entities in indirect management, as well as the results of the DG's supervisory controls on the activities of these bodies;
- the contribution by the Director in charge of Risk Management and Internal Control, including the results of internal control monitoring at DG level;
- the reports on recorded exceptions, non-compliance events and any cases of 'confirmation of instructions' (Art 92.3 FR);
- the limited conclusion of the Internal Auditor on the state of internal control, and the observations and recommendations reported by the Internal Audit Service (IAS);
- the observations and the recommendations reported by the European Court of Auditors (ECA).

The systematic analysis of the available evidence provides sufficient guarantees as to the completeness and reliability of the information reported and results in the full coverage of the budget delegated to DG Trade.

This section covers the control results and other relevant elements that support management's assurance. It is structured into 2.1.1 Control results, 2.1.2 Audit observations and recommendations, 2.1.3 Effectiveness of internal control systems, and resulting in 2.1.4 Conclusions on the assurance.

2.1.1. Control results

This section reports and assesses the elements identified by management which support the assurance on the achievement of the internal control objectives (ICO)⁵⁹. DG Trade's

⁵⁹ 1) Effectiveness, efficiency and economy of operations; 2) reliability of reporting; 3) safeguarding of assets and information; 4) prevention, detection, correction and follow-up of fraud and irregularities; and 5) adequate management of the risks relating to the legality and regularity of the underlying transactions, taking into account the multiannual character of programmes as well as the nature of the payments (FR Art 36.2).

assurance building and materiality criteria are outlined in annual activity report annex 5. The annual activity report annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

DG Trade is a policy DG with a relatively small budget. The majority of its budget is implemented through direct management, while part of the contributions to international organisations are implemented through contribution agreements, i.e. indirect management. DG Trade's budget was implemented in 2022 as follows:

Overview table (amounts in EUR million)

Risk-type / Activities	Grants (e.g. actual costs based, or lump sums, or entitlements)	Procurement (e.g. minor or major values)	Delegation / Contribution agreements with EE (EIB, Int-Org, etc)	Other (co-delegation received from DG FPI)	Total Expenditure
Procurement activities		12.71		1.34	14.05
Contributions to International Organisations	1.35		3.25		4.60
Administrative expenditure (excl. external staff)		0.41			0.41
Totals (coverage)	7%	69%	17%	7%	100%
Links to AAR Annex 3	Overall total (m EUR); see Table 2 – payments made			Overall total (m EUR)	19.06⁶⁰

Legend for the abbreviations: EE=Entrusted Entities, DG FPI=Directorate General for Foreign Policy Instruments.

The expenditure managed by DG Trade falls into the following categories:

- Administrative expenditure

Due to the continuous impact of the COVID-19 crisis, DG Trade returned about 23% of its administrative budget (EUR 0.6 million out of EUR 2.7 million) so that it could be used for corporate needs. More than 75% of the administrative budget (missions' expenses, meetings of committees and expert groups, training, conferences and other miscellaneous expenditure) managed by DG Trade is actually paid by PMO. And missions usually represent more than 85% of all DG Trade's overall administrative budget. However, in 2022, due to the continued travelling restrictions, notably in China, the share of missions was reduced to around 72% of all DG Trade's overall administrative budget.

- Contributions to international organisations

Overall, the value of the payments linked to contributions to international organisations represented about 24% of the total budget expenditure in 2022. DG Trade awarded

⁶⁰ On top of the amount, DG Trade has co-delegated to other DGs (DIGIT, TAXUD, PMO, HR, DGT, FISMA and OP) EUR 1.62 million in commitments and EUR 3.36 million in payments.

contribution agreements and one direct grant to international organisations with a view to implement multilateral programmes and initiatives, notably to strengthen the capacity of developing countries to participate effectively in the multilateral trading system and regional trading arrangements, and to improve their trade and investment performance, as well as to promote labour rights and environmental protection.

- Procurement activities (contracts)

Overall, the value of payments linked to signed contracts represented about 73% (including the co-delegation received from other DGs) of the total budget expenditure in 2022. DG Trade mainly acquired services for economic and impact assessment studies, development and maintenance of the Access2Markets (a web portal merging the Market Access Database and the Trade Helpdesk), organising conferences and negotiation rounds, IT support including IT infrastructure for the implementation of the FDI screening regulation, legal and other services. These services are generally provided by specialised consultants or service providers through public procurement.

In line with the 2018 Financial Regulation, DG Trade's assessment for the new reporting requirement is as follows:

- Cases of "confirmation of instructions" (new FR art 92.3): No such cases for the DG.
- Cases of financing not linked to costs (new FR art 125.3): No such cases for the DG.
- Financial Framework Partnerships >4 years (new FR art 130.4): No such cases for the DG.
- Cases of flat-rates >7% for indirect costs (new FR art 181.6): No such cases for the DG.
- Cases of "Derogations from the principle of non-retroactivity [of grants] pursuant to Article 193 FR" (new Financial Regulation Article 193.2): No such cases for the DG.

1. Effectiveness of controls

a) Legality and regularity of the transactions

DG Trade uses internal control processes to ensure sound management of risks relating to the legality and regularity of the underlying transactions it is responsible for, taking into account the multiannual character of programmes and the nature of the payments concerned.

DG Trade continues to operate a combination of a fully centralised financial circuit and a decentralised financial circuit with counter-weight. All transactions are therefore subject to an independent ex-ante financial verification (100% of transactions). No ex-post function is set up. In addition, a combination of preventive, detective and corrective controls are embedded into the programming and planning, verification, execution and monitoring, management and reporting, and communication processes so as to ensure an effective mitigation of any financial management risks.

In addition, for all contributions to international organisations, the disbursement of funds takes place after the conclusion of a Pillar Assessed Grant or Contribution Agreement (using PAGODA template agreement) with the beneficiary. Each agreement requires that international organisations have successfully passed the pillar assessments. A verification check is normally done only in cases when there are indications of possible incorrect spending of EU funds. As there have been no such indications in 2022, no verification mission nor audit was initiated during last year.

The control objective is to ensure that the DG has reasonable assurance that the amount of financial operations authorised during the reporting year and which would not be in conformity with the applicable contractual or regulatory provisions remains below 2%.

In DG Trade, the 2% threshold applies to any transaction that has been registered as an exception or a non-compliance event and which has a quantifiable impact on the legality and regularity of the underlying transaction.

In 2022, there was no non-compliance event discovered as control weaknesses, neither there was any exception authorised.

DG Trade has in place an effective mechanism for correcting errors. The correction of detected erroneous invoicing related to unduly invoiced amounts, resulted in 29 credit notes, 1 recovery order and 1 case of claiming an ineligible amount totalling. The situation is summarized in the table below:

	Preventive Measures (EUR)	Corrective measures (EUR)
DG Trade total	3,571	20,982

Please refer to table 8 in Annex 3 for details. Apart from one recovery order of €20,982 (resulting from funds return from an international organization), all irregularities have been discovered before the actual payment. No other elements were brought to the attention of the AOD, which could give rise to a financial correction or an ex-post recovery.

The legality and regularity is demonstrated by the following key indicators:

INDICATOR	TARGET	2022	2021	2020	2019	2018	2017
No of financial exceptions	Keep stable/ reduce	None	3	2	3	None	None
No of non-compliance events	Keep stable/ reduce	None	None	None	1	2	4
No of decisions overriding controls	None	None	None	None	None	None	None
No of legal cases following complaints in procurement procedures	None	None	None	None	None	None	None
ASSESSMENT							
There were no non-compliance events discovered in 2022, demonstrating the robustness and well-functioning of the control system.							
Neither there was any exception authorised in 2022 (compared to three exceptions authorised in 2021)							
Legal cases: In 2022, there were no legal cases, nor complaints, about a procurement procedure.							

DG Trade's relevant expenditure, its estimated overall risk at payment, estimated future corrections and risk at closure are set out in Table X: Estimated risk at payment and at closure.

Table X: Estimated risk at payment and at closure (amounts in EUR million)

The full detailed version of the table is provided in Annex 9.

DG Trade	Payments made	Relevant expenditure	Estimated risk (error rate %) at payment		Estimated future corrections and deductions		Estimated risk (error rate %) at closure	
	m EUR	m EUR	m EUR	%	m EUR	%	m EUR	%
Procurement	14.04	14.03	0.07	0.50%	0.00	0.0%	0.07	0.50%
Contributions to International organizations	1.35	0.70	0.00	0.50%	0.00	0.0%	0.00	0.50%
Contributions to International organizations	3.25	1.45	0.01	0.50%	0.00	0.0%	0.01	0.50%
Administrative expenditures	0.41	0.41	0.00	0.50%	0.00	0.0%	0,00	0.50%
DG Trade total	19.06	16.59	0.08	0.5%	0.00	0.0%	0.08	0.50%

The estimated overall risk at payment for 2022 expenditure amounts to €0.08 million, representing 0.5 % of the DG's total relevant expenditure for 2022. This is the AOD's best, conservative estimate of the amount of relevant expenditure during the year not in conformity with the contractual and regulatory provisions applicable at the time the payment was made.

The internal control strategy foresees the implementation of an ex-ante control of 100% of the expenditure authorised. Given that there is no ex-post control function setup⁶¹, no future corrective capacity after the payments have been made is being considered.

As a result, the estimated overall amount at risk at closure is considered to be the same as the estimated overall risk at payment for 2022, i.e. €0.08 million.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the Annual Management and Performance Report (AMPR).

b) Fraud prevention, detection and correction

DG Trade has developed and implemented its own anti-fraud strategy since 2013, on the basis of the methodology provided by OLAF. It is updated every three years. It was last

⁶¹ No ex-post control is put in place in DG Trade because it would be a disproportionate burden and cost given the amounts involved and the potential level of risk.

updated in 2020. Its implementation is being monitored and reported to the management annually. All necessary actions have been implemented.

Despite its small budget, DG Trade has put in place various control levels to minimise the risk of fraud in financial transactions. Furthermore, clear procedures and guidelines on how to detect and report potential fraudulent cases, including whistleblowing, have been put in place and shared with staff.

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS)⁶² aimed at the prevention, detection and correction⁶³ of fraud

Main outputs in 2022:

Output	Indicator	Target	Latest known results
Raising awareness about fraud and internal procedures	Events to inform about the financial rules and potential areas of fraud	At least once per year	No awareness raising action in 2022 ⁶⁴
	In TDI context: Organise regular training courses, in particular for newcomers, exchange of experience and best practices	At least once per year	There were regular meetings, exchanges of information and three trainings ⁶⁵ on fraud awareness.
Integrity and compliance	Internal communication and training on ethics, with and special emphasis on conflict of interest, relations with lobbyists, duty of discretion and whistleblowing	At least once per year	One training on ethics principles at the European Commission organised at central level followed by 9 DG Trade's staff. All of these issues are covered in the internal DG Trade trainings for newcomers
Implementation of the anti-fraud strategy as planned for 2022	% of implementation of actions planned for 2021 in the anti-fraud strategy	100%	89% implemented ⁶⁶

DG Trade also contributed to the Commission's anti-fraud strategy. Moreover, and to DG Trade's knowledge, there are no cases linked to financial procedures or staff matters currently being investigated by OLAF. DG Trade did not have any financial recommendation from OLAF. Cooperation with OLAF continues to work well in the area of fraud linked to

⁶² Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.

⁶³ Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.

⁶⁴ Last action was in December 2021. It was decided to wait for the update of DG Trade's anti-fraud strategy in 2023 to launch an awareness raising campaign.

⁶⁵ There were two trainings as part of the newcomers training, in one with the participation of OLAF, and there was a session of management G and HR Security also covering fraud prevention.

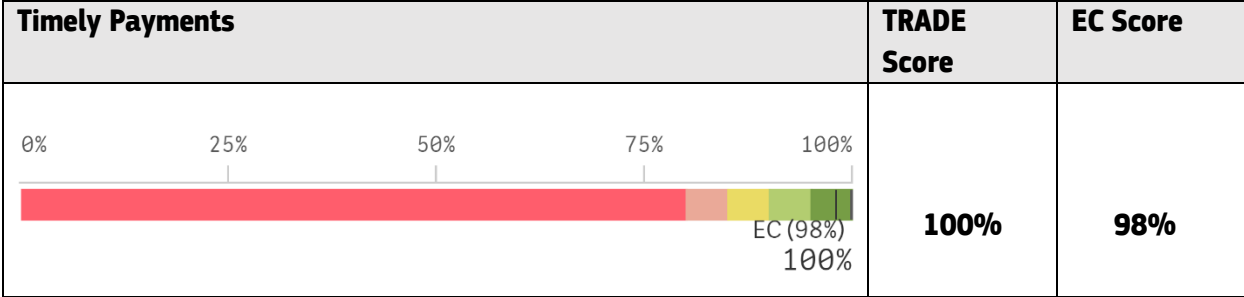
⁶⁶ No awareness raising actions in 2022.

trade defence investigations. In 2022, there was a follow-up of open recommendations in this area.

On the basis of available information, DG Trade has reasonable assurance that the anti-fraud measures in place are effective.

2. Efficiency of controls

The efficiency of DG Trade's internal control processes is measured by the "timely payments" indicator.



During 2022, DG Trade made a total of 421 payments amounting to €19.06 million. Thanks to very effective and efficient working processes, 100% of the amount was paid in time, compared to 98% of EC average. The average net payment time was 17.35 days.

3. Economy of controls

DG Trade quantifies the costs for carrying out the controls described in Annex 6 on the basis of the human resources required for these controls and estimates their benefits, in so far as possible, in terms of the amount of errors and irregularities prevented, detected and corrected by these controls (as shown in Annex 3, table 8). However, most benefits are non-quantifiable since they include non-financial gains such as compliance with regulatory provisions, deterrent effects, system improvements and protection from reputational damage.

DG Trade has produced an estimation of the costs of its main control processes (as shown in Annex 7, table Y). DG Trade estimates the overall cost of control at €1.523 million⁶⁷.

Apart from the above mentioned Commission's own cost of control, there are fees paid to international organisations for their overall administration/management which are, however, broader and cover much more than control operations. In the case of DG Trade this fee represents a 7% flat-rate of the final amount of the direct eligible costs actually incurred, representing a total amount of €0.322 million for the year 2022.

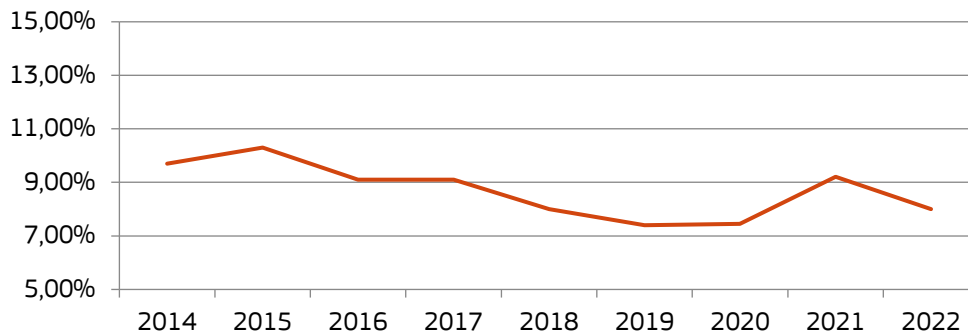
DG Trade applies a 100% ex ante verification to all transactions and procedures. This verification includes mainly procurement procedures and direct awards of contribution

⁶⁷ This corresponds to 10.8 FTE, representing the estimated combined effort of actors in the financial and operational units involved in the execution and verification of financial transactions in DG Trade.

agreements and grants. To a large extent, both are governed by a regulatory framework which cannot be curtailed. No ex-post control function is established.

Given that DG Trade is a small-spending DG, which cannot split the cost of controls between Direct and Indirect Management modes, DG Trade retained a single overall cost of control indicator:

Overall cost of control as percentage of payments authorised



The decline in the percentage of cost of controls (see the chart above) reflects the fact that while the overall cost of control remained stable in 2022 compared to the previous year, the level of authorised payments increased by about €3.8 million. DG Trade considers that these controls are strictly necessary in order to ensure compliance with regulatory requirements. As demonstrated in Annex 6, a substantial part of the appropriations could be at risk if these controls were not in place. For these reasons, the overall cost of control has to be seen in relation to DG Trade's relatively small amount of payments (€19.06 million).

Taking into account the obligations resulting from the regulatory framework, the total costs of controls and both the quantifiable and non-quantifiable benefits, DG Trade considers that the controls performed today are cost-effective, efficient and necessary. DG Trade continues to assess its control model on a regular basis to determine whether it is possible to make it even more cost-effective and efficient.

4. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results, DG Trade has assessed the effectiveness, efficiency and economy of its control system and reached a positive conclusion on the cost-effectiveness of the controls for which it is responsible.

DG Trade's control environment and strategy remained stable during the reporting year and also compared to the previous years. DG Trade considers that its control strategy fits very well its profile of low spending DG and is the best suited to fulfil the intended control objectives efficiently and at a reasonable cost. The focus is on ensuring an adequate balance between low error rates, timely payments and low costs of controls.

2.1.2. Audit observations and recommendations

This section sets out the observations, opinions and conclusions reported by auditors – including the limited conclusion of the Internal Auditor on the state of internal control. Summaries of the management measures taken in response to the audit recommendations are also included, together with an assessment of the likely material impact of the findings on the achievement of the internal control objectives, and therefore on management's assurance.

Status of implementation of very important recommendations of completed audits and on-going audits

The IAS finalised an audit on evaluation activities in DG Trade in January 2021, which included one very important recommendation to improve the planning and monitoring of the evaluations. DG Trade has put in place the actions agreed with the auditors following all recommendations. The IAS is currently reviewing the implementation of the action plan.

The IAS launched an audit in October 2021 on monitoring of implementation of trade agreements in DG Trade. The IAS finalised the audit in January 2023. The auditors issued two very important recommendations in the following areas:

- Use of ex post evaluations and supporting studies to improve the implementation of bilateral trade agreements: To improve the selection criteria of the evaluations; to improve the follow up of the recommendations from the external studies; and to reflect these provisions in a revised evaluation manual.
- Information recorded in MACFLOW: To improve the use guidance and to have some technical improvements on the information recorded.

DG Trade has prepared an Action Plan to address all these recommendations.

In its contribution to the 2022 AAR exercise, the IAS concluded that the internal control systems in place for the audited processes are effective, except for the two very important recommendations described above. This conclusion is based on all work undertaken by the IAS in the period 2018-2022 and takes into account the Action Plans adopted to implement the recommendations made by the IAS.

The ECA published in July 2020 a performance audit report on the enforcement of trade defence policy. The audit concluded that the Commission was successful as an enforcer of trade defence policy. It followed procedures properly during the investigations and made sure that the parties concerned received equal treatment. However, the ECA recommended some improvements in the following areas: to document the confidentiality assessment, to raise awareness about trade defence instruments, to improve guidance on competition aspects, to improve monitoring of the measures, to fully use the ex officio procedures, and to prioritise the EU's response to third country measures. The measures taken to implement the recommendations were finalised in 2022.

All ongoing recommendations are detailed in Annex 7.

As a result of the assessment of the risks underlying the auditors' observations together with the measures taken in response, DG Trade considers that the recommendations issued do not raise any concerns towards the assurance. These recommendations are being implemented as part of on-going and continuous efforts by DG Trade to seek further improvement and efficiency in the way it operates.

2.1.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on international good practice, to ensure the achievement of its policy and management objectives. Compliance with the internal control framework is a compulsory requirement.

DG Trade has put in place the organisational structure and the internal control systems suited to achieving its policy and internal control objectives in accordance with the internal control principles and has due regard to the risks associated to the environment in which it operates. Within the DG, Unit R.1 is responsible for advising, monitoring, assessing and reporting on the internal control systems in DG Trade. Unit R.1 assists DG Trade's Director responsible for Risk Management and Internal Control (RMIC).

Assessment of the internal control systems

Management assesses on a continuous basis the effectiveness of the internal control systems, in order to determine whether the controls in place work as intended and ensuring that any control weaknesses in the system is detected, analysed and considered for improvement. In addition, management performs specific assessments to ascertain whether the internal control systems and their components are present and functioning. The purpose of these management assessments is to provide reasonable assurance that the internal control principles (ICPs) adopted by the Commission are implemented and functioning in the DG, that the assessment findings are evaluated and that any deficiencies are communicated and corrected in a timely manner, with serious matters reported as appropriate.

The 2022 assessment of the internal control systems was launched in November 2022 and completed in March 2023 following the methodology established in the "Implementation Guide of the Internal Control Framework of the Commission". The report was sent to the Director responsible for Risk Management and Internal Control. The following elements have been taken into account in order to build reasonable assurance on the functioning of the entire internal control systems in DG Trade:

- Analysis of the internal control monitoring criteria;
- Qualitative assessment of the follow-up actions linked to DG Trade's results in the 2021 staff survey;
- Desk review of information collected throughout the year for internal control matters, in particular records from management meetings, trainings and meetings covering specific internal control issues (e.g. security, access to documents, ethics, etc.);

- Results of the latest risk assessment exercise;
- Audit/control information (IAS, ECA, OLAF, EDPS, IDOC) and DG Trade's actions undertaken in response to it, exception reports and relations with central services;
- The reports by the Authorising Officers by Subdelegation (AOSD Declarations);
- The register of exceptions and non-compliance events;
- The IAS opinion on the state of control.

Following this assessment, DG Trade has concluded that its internal control system is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to: ICP 3 "structures and reporting lines to follow up the pursuit of objectives", ICP 4 "attract, develop and retain staff" and ICP 12 "control procedures".

The improvements and remedial measures already taken in 2022 and 2023 were:

- ✓ Implementation of the Action Plan following the recommendations made by the IAS on the audit on the management of evaluations in DG Trade, notably on improvements in the monitoring of the evaluations, update of the SIA guidance and improvement of the communication guidance (IPC 12);
- ✓ Following up on the recommendations by the IAS on the audits on human resources management and management of evaluations in DG Trade, notably on improvements in the preparation of DG Trade's Human Resources Strategy, improvements in the workload assessment and assessment of flexible project teams (IPC 4);
- ✓ Mitigating actions to improve the controls on staff costs declared by international organizations (ICP 12).

The improvements and remedial measures envisaged are:

- ✓ Finalisation of the assessment of the three new pillars on exclusion from access to funding, publication on information on recipients of funds and protection of personal data of the entrusted international organisations working with DG Trade. Meanwhile, as the pillar assessment process was delayed and not finalised during 2022, DG Trade included supervisory measures agreed by DG BUDG and DG INTPA in the relevant contribution agreements (IP 12);
- ✓ Implementation of the Action Plan following the recommendations made by the IAS on the audit on the implementation of bilateral trade agreements in the following areas: complement and amend existing guidance; mapping and registration of meetings of committees and other cooperation platforms; analysis of the existing cooperation structures; systematic publication of agendas and reports from committees; improve some indicators used in the Strategic Plan; document management; use of ex post evaluations and supporting studies to improve the implementation of bilateral trade agreements; redesign the SEP complaint form; and improve the information recorded in MACFLOW (IP 3, IP 4 and IP12).

DG Trade has put in place all the necessary mitigating measures to improve the effectiveness of its internal control system.

In 2022, DG Trade updated its Risk Register in order to ensure that all the foreseeable risks have been included and are being adequately mitigated. DG Trade continues to face some

important risks, notably in relation to the situation of the multilateral trading system, trade relations with the US and China and last but not least, Russia's military aggression against Ukraine.

Finally, in 2022 there were no non-compliance events discovered, demonstrating the robustness and well-functioning of the control system. Furthermore, there were no exceptions authorised in 2022, compared to three exceptions in 2021.

DG Trade has assessed its internal control system during the reporting year and has concluded that it is effective and the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to principles 3, 4 and 12, as described above.

2.1.4. Conclusions on the assurance

While DG Trade has a relatively small budget to manage, the key controls implemented in DG Trade operate appropriately as confirmed by the different audits conducted and the assessment of the internal control system. The outcome of all the audits, the regular and comprehensive follow-up of the related audit recommendations and the results of the internal control assessment constitute important components of assurance in this respect.

The information reported in Section 2.1 stems from the results of management and auditor monitoring contained in the reports listed. These reports result from a systematic analysis of the evidence available. Taking into account the conclusions of the review of the elements supporting assurance, DG Trade considers that the information presented above gives a full and fair presentation of the systems in place to ensure that the resources assigned to the DG have been used for their intended purposes and in accordance with the principles of sound financial management and those of legality and regularity.

It is therefore possible to conclude that the internal control systems implemented by DG Trade provide sufficient assurance appropriately to manage the risks relating to the legality and regularity of the underlying transactions. Furthermore, it is also possible to conclude that the internal control systems provide sufficient assurance with regards to the achievement of the other internal control objectives. This approach provides sufficient guarantees as to the completeness and reliability of the information reported and results in a comprehensive coverage of the budget delegated to the Director-General of DG Trade.

In conclusion, based on the elements reported above, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated; and necessary improvements are being implemented. The Director General, in his capacity as Authorising Officer by Delegation has signed the Declaration of Assurance.

2.1.5. Declaration of Assurance

Declaration of Assurance

I, the undersigned,

Director-General of DG Trade

In my capacity as authorising officer by delegation:

Declare that the information contained in this report gives a true and fair view ⁶⁸.

State that I have reasonable assurance that the resources assigned to the activities described in this report have been used for their intended purpose and in accordance with the principles of sound financial management, and that the control procedures put in place give the necessary guarantees concerning the legality and regularity of the underlying transactions.

This reasonable assurance is based on my own judgement and on the information at my disposal, such as the results of the self-assessment, the work of the Internal Audit Service and the lessons learnt from the reports of the Court of Auditors for years prior to the year of this declaration.

Confirm that I am not aware of anything not reported here which could harm the interests of the institution.

Brussels, 31 March 2023

(e-signed)

Sabine WEYAND

⁶⁸ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG/Executive Agency.

2.2. Modern and efficient administration – other aspects

The internal control framework supported sound management and decision-making. It ensured that risks to the achievement of objectives were taken into account and reduced to acceptable levels through cost-effective controls.

DG Trade has established an internal control system tailored to its particular characteristics and circumstances. The effective functioning of the service's internal control system was assessed on an ongoing basis throughout the year and was subject to a specific annual assessment covering all internal control principles.

2.2.1. Human resource management

The delivery of DG Trade's mission and objectives are closely linked to the resources available. Therefore, it is necessary to ensure a close monitoring, analysis and strategic forward looking planning of DG Trade's resources. As part of this work, DG Trade is implementing the actions set out in its local HR strategy, bringing together a number of forward looking elements drawing from the policy priorities needs.

DG Trade continuously analysed and planned how efficiently and effectively it manages its human resources through close collaboration and continuous discussions with senior and middle managers to optimise the allocation of human resources for the implementation of DG Trade's policy objectives.

At the same time, we continued to ensure staff engagement through learning and development, well-being and diversity actions in line with the corporate HR strategy.

DG Trade has a highly engaged pool of staff, which was confirmed in the 2021 Commission Staff Survey at 76%. While, the very high workload in DG Trade continues and the political sensitivity of DG Trade's agenda has become even more acute in the past year, DG Trade's staff has shown a remarkable resilience. However, in order to sustain the continued pressure, further actions seeking to improve work-life balance, health and well-being continued to be a priority in 2022.

Furthermore, DG Trade continued to support its commitment to promote gender equality. While we have fulfilled our target of first appointments of female middle management, we increased further the number of first female middle managers' appointments and we also continued our efforts to ensure a balanced pool of AD staff in 2022.

Finally, to ensure staff engagement, and in addition to learning and development activities, DG Trade organised regular internal communication activities both relating to policy development through regular debriefs for staff on major policy initiatives as well as human resources initiatives. This was organised in addition to regular updates on these matters on our local intranet and via e-mail distribution.

2.2.2. Digital transformation and information management

DG Trade's specific objective in the area of data protection is based on the Commission's action plan and on the accountability principle. To raise awareness on data protection, the DG Trade Data Protection Coordinator (DPC) continued to provide hands-on specific trainings to staff, with a special attention to all delegated controllers and record editors. This also included awareness raising on the implications of possible restrictions of data subjects rights and of international data transfers, as well as a dedicated information session for DG Trade senior and middle managers. Finally, data protection continued to be part of DG Trade newcomers' trainings. DG Trade continued to ensure that all the IT tools and systems developed in-house incorporate all applicable data protection rules and principles, such as privacy by design and privacy by default and security obligations. Full compliance with data protection rules and principles has also been included in DG Trade's legislative proposals which might lead to the potential processing of personal data.

The current data protection legislation allows international transfers of personal data in principle if the EU standards for the protection of the rights and freedoms of the data subject are guaranteed also after the transfer. In the absence of adequacy decisions and other appropriate safeguards (standard data protection clauses adopted by the Commission or EDPS), DG Trade (likewise the other DGs working in the field of external relations) transfers personal data to third countries on the basis of derogations, namely the case of "important reason of public interest" (Article 50(1) (d) of Regulation 2018/1725) and "for the conclusion or performance of a contract concluded in the interest of the data subject" (Article 50(1) (b) of Regulation 2018/1725).

Digital Transformation: Information is a critical asset for DG Trade. To enhance the management of information, there is a need to shift from a traditional document registry approach to a more comprehensive lifecycle management system. To achieve this, DG Trade has implemented effective collaboration tools and expanded the use of corporate tools for information and knowledge management, ensuring that all security needs are met.

DG Trade has adopted a strategic approach to promote knowledge sharing and collaborative working, aligned with the corporate framework. This includes a "share-by-default" approach, combined with a "need-to-know" confidentiality policy. The objective is to identify information assets of corporate interest that can be shared with other services, particularly for transparency purposes.

In line with its digital transformation efforts, DG Trade has contributed with four projects to the associated topics that are part of the Digital Transformation initiative.

1	Access2Markets FTA implementation	Communication and knowledge management
2	Case Management TRON Sherlock Sherpa GSP monitoring	Electronic workflows and communication between the Commission and businesses
3	eLicensing platform	Paperless and cross-border cooperation
4	FDI screening	Electronic transmission and management of classified information

These projects aim to contribute to modernising the Commission and DG Trade. They comply with the EC Digital Strategy principles that include Digital by Default, ensuring security and privacy, guaranteeing Openness, Transparency and Interoperability, while being user centric and data driven.

DG Trade has taken further steps in the implementation of the corporate principles of data governance and in its transformation to a data driven organisation by appointing the data governance role and identifying responsibilities. Concretely, the Chief Economist has been appointed as *data owner* of DG Trade's data warehouse, which is DG Trade's primary data asset.

Document Management: Concerning document management, systematic filing of documents in ARES is a prerequisite for the effective and efficient sharing and reuse of the information managed in Hermes-Ares-NomCom (HAN). It is also important for ensuring a transparent approach to policy making. DG Trade pursued its strategy of awareness raising and promoting the active use of Ares by all staff and management, together with a systematic monitoring of the use made by all DG Trade departments. A particular focus was placed on increasing the registration of financial documents within Ares following an analysis of the established document management practices for financial files.

The integration of DG Trade's IT systems with HAN remains another essential area to achieve efficient sharing and reuse of information. After the Briefings And Speeches Information System (BASIS, corporate briefing tool) and the Events Management Tool (EMT, recording and reporting meetings with external stakeholders), other applications such as the Public Procurement Management Tool (PPMT) followed the same scheme.

These initiatives generated efficiency gains, made processes faster and facilitated a more comprehensive use of the common repository included in HAN.

2.2.3. Sound environmental management

DG Trade took full account of its environmental impact in all its actions and actively promoted measures to reduce the related day-to-day impact of the administration and its work. 2022 was still affected by the COVID-19 crisis and the hybrid working arrangements which were subsequently implemented and which changed the daily routines of staff. This had a direct impact on the typical elements with an overall footprint on the environment. The restrictions on travels and the hybrid working methods significantly reduced the negative impact of the administration on the environment, although increasing digital waste at the same time.

DG Trade promoted EMAS corporate campaigns at local level to support the Commission to reach its environmental targets, notably to achieve corporate climate neutrality by 2030 and reduce its environmental footprint. This included the promotion of campaigns focused on the efficient use of resources, the field of smart mobility and waste management, including digital waste as a reflection of the recent developments. In this respect, DG Trade continued its reflection regarding missions and, in cooperation with SCIC, updated its video conference facilities so to cater for the smooth handling of the increased number of virtual

meetings which have and will continue to replace certain missions. On top of informing the staff of all corporate initiatives, events and conferences, DG Trade took part in the 2022 “waste campaign” to collect electronic devices in its building in cooperation with DG Ecfm and DG Reform.

2.2.4. Examples of economy and efficiency

Streamlining financial management

DG Trade continued to follow-up closely the development of the eProcurement project and pursued the deployment of the ensuing applications as the main driver of efficiency gains in financial management. Already in 2020, in direct response to the Covid-19 crisis, DG Trade introduced a fully electronic circuit for all payment files and this way of working continued in 2021 and became the standard working method in 2022. Moreover, in 2022, DG Trade expanded the use the Qualified Electronic Signature (QES), which can replace the physical ‘blue ink’ signature for contracts and contribution agreements. The long-term objective is to replace the ‘blue ink’ signature by a QES for all contractual documents, whenever legally and technically possible.

HR management

DG Trade, in its efforts to respond to the external economic and geopolitical challenges, with limited human resources coupled with increased workload, continues to develop a more agile and flexible structure by setting up new cross-DG project teams and allow for informal staff loans within the directorates. A recent example of a successful project is the project team set up for the reform of the WTO which ensured swift coordination across the DG of a highly complex file and allowed for a high quality output and a timely implementation. Additional project teams covering core trade policy matters continued to be set up in 2022 in a further attempt to address the high workload and sensitive political environment in which DG Trade is operating, for example on India or on Forced Labour. At the same time, the setting-up of project teams will also assist in maintaining a high level of staff engagement as it responds to concerns expressed by staff in the latest staff survey.