

Annual Activity Report 2025

Directorate-General for
Trade and Economic Security

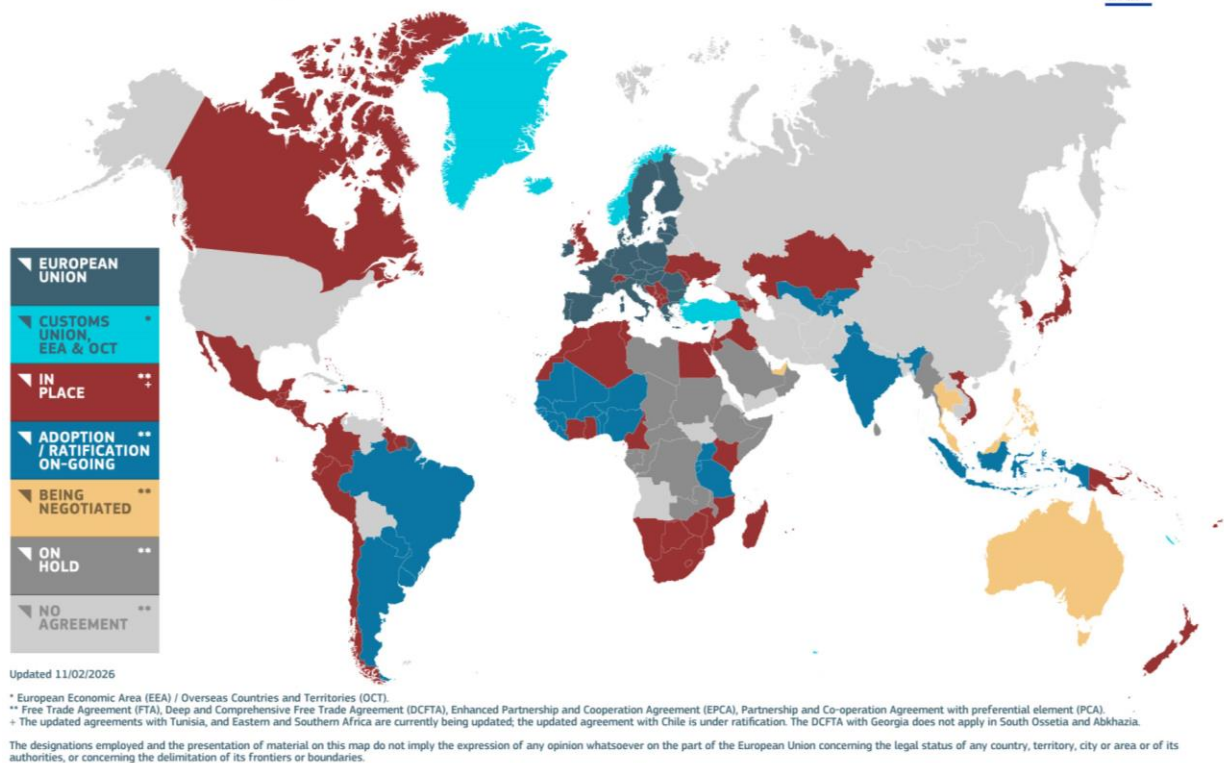
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DIRECTORATE-GENERAL FOR TRADE AND ECONOMIC SECURITY IN BRIEF

The Directorate-General for Trade and Economic Security (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, as well as the Commission's economic security policy. DG TRADE supports Commissioner Maroš Šefčovič in shaping trade and economic security policies that further contribute to the EU competitiveness, security and sustainability objectives.

EU Trade agreements 2026



Specifically, DG TRADE negotiates bilateral, plurilateral and multilateral trade agreements, working closely with the World Trade Organization (WTO) and other multilateral institutions, while also ensuring that agreed rules are effectively applied. In addition, it is worth noting that economic security was explicitly added to DG TRADE's operational activities under the current Commission mandate on 1 December 2024.

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, regulatory co-operation and dispute settlement. DG TRADE upholds European interests with the aim of ensuring that businesses can operate fairly in the

EU and across the world. It makes full use of its powers to tackle unfair competition, distortive dumping and subsidisation from third countries, as well as disruptive import surges.

The EU is the largest trading bloc globally. Its trade with the rest of the world represents around 16% of global trade. The EU is also one of the most open economies globally, but one that faces constraints regarding natural resources, leading to a reliance on imports of various raw materials, energy and other inputs.

The EU has developed the largest network of trade agreements with partners across the globe, with Free Trade Agreements (FTAs) in place with 76 countries in the world, covering 46% of the EU's trade, increasing to over 50% after the newly concluded agreements with Mercosur, Indonesia, India and Australia enter into force. Moreover, when it comes to foreign investment, the EU is also the world's first global investor abroad, with a 31% share of global foreign investment. In addition, the EU is a very attractive destination for investments and hosts foreign investments of more than EUR 10 trillion, which represents 23% of the global stock.

At the same time, the relative weight of the EU in the global economy is declining. Trade policy is operating in an ever more challenging international context, given Russia's war of aggression against Ukraine and further geopolitical turbulence and conflicts around the globe, the increased instrumentalisation of trade dependencies, non-market practices impairing the level playing field, use of unilateral measures and economic nationalism, and the crisis of the multilateral rules-based order. This is why it is even more important for the EU to continue to push for an ambitious WTO reform process and further enhance its trade and investment ties with reliable trading partners across the world, insisting on rules-based approaches, diversifying supply chains and pushing back against coercive practices to increase the EU's competitiveness and economic security.

In addition to all this, DG TRADE also develops, implements and enforces EU legislation, such as the Generalised Scheme of Preferences, the Foreign Direct Investment (FDI) Screening Regulation, the revised Enforcement Regulation, the International Procurement Instrument ('IPI'), updated rules on dual-use goods, the Anti-Coercion Instrument, legislation on trade defence, and on increased import tariffs on certain goods from Russia and Belarus in the context of sanctions.

In 2025, DG TRADE went through a reorganisation which reflects the EU's commitment to integrate a robust "gocioeconomic" and "assertive" stance in its trade policy framework. This strategic transformation is a response to the rapidly evolving global landscape marked by geopolitical tensions and heightened competition. A significant aspect of this reorganisation involved the set-up of a new directorate which focusses exclusively on economic security, playing a crucial role in policy coordination and the deployment of economic security instruments, such as foreign direct investment screening, the Anti-Coercion Instrument or export controls. Furthermore, to strengthen the contribution of trade policy to the EU competitiveness agenda, a new unit was established to deal with trade and industrial policy.

EXECUTIVE SUMMARY

This annual activity report is a management report of DG 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 its decisions, as well as for its coordinating, executive and management functions, 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 operated in a very challenging international context in 2025. The post-World War II multilateral rules-based global order was substantially weakened by several geopolitical developments, such as US tariffs, Russia's ongoing war of aggression against Ukraine, and impacts of China's non-market economy practices. In 2025, we also witnessed the increased frequency of certain trading partners instrumentalising dependencies on strategic goods and services. Economically, these developments have disrupted global supply chains and added further strains to international trade relations. Nevertheless, the consistent and adaptive implementation of the EU's trade and economic security strategy has helped the EU to address those challenges, while also supporting the EU's clean and digital transition, resilience, and competitiveness.

In such a challenging context, trade policy has helped deliver the Commission's priorities as stated in the Commission work programme 2025.

DG TRADE advanced the objective of **a Europe that leverages the EU's power and partnerships**, by leading work on key elements of the EU's foreign economic policy. In particular, DG TRADE:

- developed a long-term vision for the **reform of the WTO** and engaged with key partners in the run-up to the 14th Ministerial Conference;
- contributed to deepening EU free and fair trade relations with key partners and growth centres worldwide through the conclusion of negotiations with **India** and **Indonesia**, while also moving forward on the process for signature and conclusion of the agreements with **Mercosur and Mexico**;
- worked to ensure a level playing field by defending EU interests against unfair trading practices; and,
- advanced Europe's economic security and statecraft, based on risk-informed assessments and the principle of de-risking, including through more assertive use of

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

trade and defence instruments where appropriate. DG TRADE also finalised the EU Economic Security Doctrine (adopted as Joint Communication on strengthening EU economic security).

DG TRADE's activities in 2025 also supported **a new plan for Europe's sustainable prosperity and competitiveness**, notably through contributions to the Clean Industrial Deal. This included work on the development of new Clean Trade and Investment Partnerships (CTIPs), aimed at supporting the climate transition, strengthening trade relations, and enhancing the security of supply of raw materials, clean energy and clean technologies from global partners.

In November 2025 DG TRADE organised an Implementation Dialogue on EU-US investment relations chaired by Commissioner Šefčovič. European industry representatives engaged with Commissioner Šefčovič, US Commerce Secretary Howard Lutnick, US Trade Representative Jamieson Greer, and MEP Bernd Lange, chair of the European Parliamentary Committee for International Trade, on the potential for growth of transatlantic investments in light of the implementation of the [EU-US Joint Statement](#) issued on 21 August 2025.

DG TRADE also drafted the first **Annual Progress Report** by Commissioner Šefčovič. The report published in September 2025 covers the period between 1st January and 31st July 2025 and informs on progress made on simplification, implementation and enforcement made in the field of trade, customs and economic security as well as in the remit of the Publications Office. Commissioner Šefčovič presented it at the Foreign Affairs Council Trade on 24 November 2025 and the Chief Trade Enforcement Officer (CTEO) presented it to the European Parliamentary Committee for International Trade on 1st December 2025.

Through these actions, DG TRADE contributed to the Commission's general objectives, as well as to the cross-cutting priorities of **competitiveness, security and sustainability**, by pursuing five specific objectives:

B. Key performance indicators (KPIs)

KPI	KPI Title	Baseline (2024)	2025	Interim milestone (2027)	Target (2029)		
Specific Objective 1.1 (6.1): The EU's competitiveness, security and sustainability objectives are reinforced by a broad range of trade and investment partnerships							
1.1.2.	Percentage of trade covered by applied bi-lateral and regional agreements	Goods					
		Imports	41.9%	41.7%	49.8%	53.6%	
		Exports	50.0%	50.0%	57.1%	61.6%	
		Total	46.1%	46.0%	53.6%	57.7%	
		Services					
		Imports	44.1%	46.8%	50.2%	52.1%	
		Exports	51.9%	54.4%	58.6%	62.9%	
		Total	48.2%	50.8%	54.6%	57.8%	
		Specific Objective 1.2 (6.2): Improved access to markets and attraction of investment generating opportunities for EU businesses, building economies of scale and fostering innovation					
		1.2.3	Preference utilisation rates of EU preferential trade arrangements for the EU and partners' side	Preference utilisation EU importers			
United Kingdom	83.2%			82.3%	>Baseline	>Interim milestone	
Türkiye	92.3%			92.5%	>Baseline	>Interim milestone	
South Korea	89.6%			91.2%	>Baseline	>Interim milestone	
Japan	72.9%			71.8%	>Baseline	>Interim milestone	
Viet Nam	69.9%			72.4%	>Baseline	>Interim milestone	
Canada	60.1%			65.7%	>Baseline	>Interim milestone	
South Africa	89.0%			89.8%	>Baseline	>Interim milestone	
Preference utilisation EU exporters							
United Kingdom	89.1%			88.0%	>Baseline	>Interim milestone	
Türkiye	84.9%	83.5%	>Baseline	>Interim milestone			
Japan	72.3%	76.9%	>Baseline	>Interim milestone			
Canada	61.8%	63.2%	>Baseline	>Interim milestone			
South Korea	77.7%	79.8%	>Baseline	>Interim milestone			
South Africa	86.8%	88.2%	>Baseline	>Interim milestone			
Viet Nam	42.7%	44.8%	>Baseline	>Interim milestone			
Specific Objective 1.3: The EU's economic security is strengthened through promoting the EU's competitiveness, protecting the EU from economic security risks and partnering with others							
1.3.1	Perform an evaluation of the functioning of the Dual-Use Export Control Regulation	Current dual use Regulation	The evaluation project launched	Start evaluation of the functioning of the current dual use Regulation	Conduct stakeholders' consultation on the functioning of the current dual use Regulation	Conclude evaluation and present Commission report on the review of the dual use Regulation	
Specific Objective 1.4: Businesses are protected from unfair trade practices in the EU and abroad by deploying all EU instruments available to tackle such practices by third countries							
1.4.1	Number of jobs in sectors covered by the trade defence measures	625 000	637 000	For measures under review at the end of their statutory duration, the level of employment while the measures were in force shows a status quo or an increase	On a yearly basis, the comparison of employment between the original imposition of measures and their expiry shows a status quo or an increase		

KPI	KPI Title	Baseline (2024)	2025	Interim milestone (2026)	Target (2029)
Specific Objective 1.5: Rules-based trade is sustained, including through a reformed and strengthened World Trade Organization, alongside the OECD and other relevant international fora					
1.5.1	Comprehensive reform of the World Trade Organization	Launch of WTO reform work at the 12th Ministerial Conference at the WTO and reaffirmation of this at the 13th Ministerial Conference (MC13) in 2024	EU submission on WTO reform (21 January 2026)	Progress achieved in the 14th Ministerial Conference (MC14) on WTO reform, notably an ambitious work programme for reform	Ministerial decisions delivering more fairness and flexibility

C. Key conclusions on internal control and financial management

DG TRADE has systematically examined the available control results and indicators as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors.

The transition in 2025 to the Commission's new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. In some cases, this may have resulted in lower performance for some standard financial indicators such as the timely payments. Moreover, in 2025 a new reporting arrangement ⁽²⁾ was introduced in the context of data rationalisation linked to the implementation of the Commission's new IT accounting system.

All the above elements have been assessed to determine their impact on the management's assurance about the achievement of the control objectives. For further details, please refer to section 2 on Internal Control and Financial Management.

In conclusion, DG TRADE's management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Improvements are necessary concerning some minor deficiencies outlined in section 2.3. The Director-General, in her capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

D. Provision of information to the Commissioner

During regular meetings between DG TRADE and the Commissioner on management matters, the main elements of this report and assurance declaration have been brought to the attention of Commissioner Maroš Šefčovič, responsible for Trade and Economic Security.

⁽²⁾ Expenses related to missions, meetings of committees and expert groups, are reported by the service responsible for the commitment, although the payments were executed by another service, notably the PMO (type III co-delegation), which, until 2024, also reported the corresponding expenditure.

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

DG TRADE contributed to two key political objectives of the Commission, namely 'A new plan for Europe's sustainable prosperity and competitiveness' and 'A global Europe – leveraging our power and partnerships', as follows:



DG TRADE also contributed to supporting the general objective ‘A new era for European Defence and Security’, leading the Commission-wide work on the implementation of the EU’s Economic Security Strategy.

As outlined in the actions of the 2025 Commission Work Programme, trade policy contributed to delivering on the Commission’s priorities in 2025:

- Trade policy promoted **free and fair trade** while maintaining an assertive stance against unfair competition and economic security risks, thus implementing the third pillar of the Competitiveness Compass: “Reducing excessive dependencies and increasing security”.
- Trade policy contributed to building the EU’s **economic security**, creating new export opportunities and securing inputs, thereby strengthening resilience, supporting EU competitiveness, while minimising risks arising from increased geopolitical tensions and accelerated technological shifts.

DG TRADE advanced the priorities set out in the Mission Letter of Commissioner for Trade and Economic Security Maros Šefčovič, and focussed on **competitiveness, security, and sustainability**. To this end,

- Negotiations were accelerated with India, the Indo-Pacific and the United Arab Emirates. The EU-India FTA was concluded in January 2026. DG TRADE also supported the ratification process of the agreements with Mexico and Mercosur.
- DG TRADE worked towards the full **implementation and use of EU trade agreements**, especially concerning market access, climate, environmental, and labour standards.
- **A Clean Trade and Investment Partnership** was established with South Africa, bolstering competitiveness and diversifying supply chains.
- The design and implementation of **trade sanctions** and other trade restrictive measures protected EU interests.
- The implementation of the **European Economic Security Strategy** was advanced through risk assessment, mitigation, closer cooperation with Member States and industry, and developing bilateral partnerships. DG TRADE spearheaded the preparation of the new Joint Communication on strengthening EU economic security and the successful completion of negotiations of the **revised Foreign Direct Investment Regulation**. It further strengthened cooperation on export controls and started the work with Member States to tackle risks associated with certain **outbound investments**.

General objectives: 1. A new plan for Europe's sustainable prosperity and competitiveness; 6. A global Europe - leveraging our power and partnerships

Specific Objective 1.1 (6.1) ⁽³⁾: The EU's competitiveness, security and sustainability objectives are reinforced by a broad range of trade and investment partnerships

Confronted with the complex and fast-changing global landscape characterised by geopolitical tensions, economic pressures, and an urgent need for clean transitions and rapid technological developments, the EU focused in 2025 on **competitiveness, security, and sustainability**. Trade and economic security policy enabled their attainment in various ways.

Competitiveness: DG TRADE helped EU businesses scale up and remain competitive through access to rapidly growing third-country markets and securing the inputs they needed. The EU's network of FTAs, already the biggest in the world, was strengthened through the conclusion of negotiations with **Mercosur, Indonesia, and India**, as well as with the modernisation of the agreement with **Mexico**. DG TRADE worked towards getting these agreements ratified, while continuing to advance trade and investment negotiations with the Philippines, Thailand, Malaysia, and deepening the existing Economic Partnership Agreement (EPA) with five Eastern and Southern African countries (Comoros, Madagascar, Mauritius, Seychelles, and Zimbabwe) as well as negotiations with Australia.

The EU, in line with the objectives of the EU Joint Communication on the Strategic Partnership with the Gulf of May 2022, strengthened trade and investment relations by engaging in negotiations of trade agreements with the **Gulf Cooperation Council (GCC)** and its members, notably with the **United Arab Emirates** with formal negotiations launched in May 2025. The EU also engaged in negotiations of Strategic Partnership Agreements with the various GCC countries and consolidated the economic partnership in the framework of the EU-GCC Business Forum.

Following Russia's war of aggression against **Ukraine**, the EU introduced ambitious temporary unilateral trade-liberalisation measures for imports from Ukraine illustrating the EU's unwavering commitment to support Ukraine. On 29 October 2025, the upgraded EU-Ukraine Deep and Comprehensive Free Trade Area (DCFTA) entered into force with an enhanced and permanent trade framework. Similarly, the EU-Moldova DCFTA was reviewed offering longer-term predictability and stability for operators. The Agreements provide a robust safeguard and limit trade in sensitive EU products, as well as include Ukraine's and Moldova's commitments to align with certain EU production standards. In July, the decisions of the Association Committees under the DCFTAs granted Ukraine and Moldova access to the 'Roam like at Home' area ahead of EU accession. The decisions apply from 1 January 2026.

The EU also prolonged the autonomous trade measures in favour of the Western Balkans for another five years beyond their expiration date on 31 December 2025. These measures offer

⁽³⁾ The key performance indicator used to measure the achievements of this Specific Objective is the result indicator 1.2: Percentage of trade covered by applied bi-lateral and regional agreements.

predictability to agricultural producers of the region and are in line with the objectives of the Growth Plan for the Western Balkans.

DG TRADE implemented the trade-related aspects of the **EU-UK Trade and Cooperation Agreement**, organising the 10 Trade Specialised Committees and the Trade Partnership Committee, while continuing to monitor the UK's implementation of its commitments. DG TRADE also contributed to the implementation of the Windsor Framework, and of the renewed agenda following the EU-UK Summit on 19 May 2025.

DG TRADE pursued **flexible forms of engagement** to develop the Union's trade and investment partnerships. This was notably done by starting negotiations of a second **Sustainable Investment Facilitation Agreement** (SIFA) after concluding an agreement with Angola in 2024, with Ecuador, to improve the investment climate and supporting investment opportunities in partner countries. The Commission also concluded the first **Clean Trade and Investment Partnership** (CTIP), which was signed with **South Africa** in November 2025, supporting investments and securing the supply of raw materials, clean energy, and clean tech, using a whole-of-government approach.

On **digital trade**, DG TRADE pursued an ambitious approach supporting the EU's digital agenda, including an open but assertive approach on cross-border data flows. The EU continued pursuing partnerships with legally binding commitments on digital trade and data flows, essential for today's trade flows and necessary for the EU's competitiveness and economic security, ensuring diversification and access to digital inputs and innovation. DG TRADE worked towards the ratification of the Digital Trade Agreements (DTAs) with Singapore and Korea, with negotiations concluded in July 2024 and March 2025 respectively, and received the Council's authorisation to launch negotiations for a DTA with Canada, while exploring opportunities for further DTAs as flexible instruments to connect the EU's digital economy with growth centres globally.

Beyond the negotiations of trade agreements, the EU actively engaged in fostering good relations with its largest trading partners. The **United States** remain by far the EU's largest overall trade and investment partner. Against the uncertainty and volatility created by the US tariff policies on global markets, the Commission remained committed to a cooperative trade relationship underscoring the significance of the transatlantic market, while being prepared to defend the EU's interests as necessary. In July 2025, European Commission President Ursula von der Leyen and US President Donald J. Trump sealed a deal on tariffs and trade, which was subsequently enshrined in a Joint Statement ⁽⁴⁾. This deal aims at stabilising transatlantic trade and increasing predictability for EU companies.

Regarding **China**, DG TRADE continued to engage to manage the relationship while protecting the EU market from unfair practices and de-risking supply chains. Reinforced dialogue focused on key areas such as investment, market access and export controls, with a particular focus on ensuring that urgent export licences issues were addressed.

(4) [Joint Statement on a United States-European Union framework on an agreement on reciprocal, fair and balanced trade](#) - 21 August

Security: In 2025, DG TRADE developed a new Communication on Economic Security to make the EU stronger and more resilient in the face of growing external economic threats. To enhance its economic security, the EU plans to leverage existing instruments, regardless of their original purpose, and to deploy its toolbox more proactively when needed. Furthermore, DG TRADE strengthened the EU's geopolitical presence, forging essential Economic Security partnerships. It enhanced the EU's **supply chain resilience** and bolstered **economic security** by securing **access to critical inputs** such as energy and raw materials, **reducing critical dependencies**, and by ensuring it stays ahead in terms of **critical technologies, industries and services**. It supported and reinforced sanctions imposed to attach a cost to the adverse actors' behaviour.

Sustainability: DG TRADE ensured access to and diffusion of **clean technologies for decarbonisation**, secured inputs for the **clean transition**, and provided a platform to raise **environmental and social standards**. Achieved through multilateral engagement, plurilateral and bilateral partnerships, notably in energy, raw materials/clean technologies, and trade and sustainable development chapters of free-trade agreements, and **autonomous measures**. Consistency between the EU's internal and external actions was ensured, assisting trading partners in implementing the EU's autonomous measures.

In 2025, EU trade policy contributed to the Treaty objective of **sustainable development** in its economic, social, and environmental dimensions, boosting inclusive and sustainable growth, and reducing poverty in developing countries. In 2025, the Commission proposed and negotiated trade and sustainable development chapters in numerous ongoing or upcoming negotiations for EU trade and investment agreements, reflecting the outcome of the Communication on the power of trade partnerships ensuring trade agreements foster sustainability.

The EU's **Generalised Scheme of Preferences** (GSP), through its three arrangements (standard **GSP**, **GSP+**, and **Everything But Arms**), continued offering the removal or reduction of import duties for products entering EU markets from vulnerable developing countries, underpinning the EU's role as a reliable partner to the Global South, aiding developing countries to alleviate poverty, integrate into global value chains, and create jobs based on international values and principles, including labour and human rights.

Predictability and legal certainty were key for European and partner countries' businesses to harness the GSP's potential. The prolongation of the current GSP until 31 December 2027 granted the Council and European Parliament extra time to find an agreement on the Commission's proposal for a new Regulation reforming the GSP, strengthening its sustainability dimension and involving civil society, among other aspects. The Commission facilitated a swift political consensus reached on 1 December 2025 sending a political signal that the EU pays attention to its commitments towards developing countries. The new Regulation is expected to be adopted by mid-2026. The Commission promoted sustainable and responsible value chains in 2025, focusing on implementing FTA provisions on labour, environment, climate, and Responsible Business Conduct, alongside implementing the **Conflict Minerals and Forced Labour Regulations**. In 2025, the Commission took an important step to facilitate compliance with the Conflict Minerals Regulation by recognizing the first due diligence scheme thereunder.

Additionally, the Sustainable Cocoa Initiative—a multi-stakeholder dialogue on cocoa with Ghana, Ivory Coast, and Cameroon—improved a living income for cocoa farmers, tackled deforestation, and reduced child labour in the cocoa value chain, helping partner countries comply with the EU Deforestation Regulation's requirements.

Concerning the European Green Deal initiatives and the **Clean Industrial Deal**, DG TRADE unlocked trade and investment potential and promoted the green transition worldwide by negotiating chapters in FTAs focusing on energy, raw materials, and clean technologies. These chapters notably promoted the development of green energy technologies and good environmental practices.

In line with the Vision for Agriculture and Food, DG TRADE supported its agri-food sector by leveraging FTAs to reduce trade barriers and promote export opportunities for European agri-food products. DG TRADE ensured the implementation of the Vision's key trade measures—such as improved market access, rules on sanitary and phytosanitary standards—to support the agriculture sector's growth and resilience.

DG TRADE promoted the ratification and implementation of relevant international labour and environmental conventions through FTAs and the GSP instrument, with the Trade For Decent Work project providing specific support to EU trading partners on international labour standards.

General objectives: 1. A new plan for Europe's sustainable prosperity and competitiveness; 6. A global Europe - leveraging our power and partnerships

Specific Objective 1.2 (6.2) ⁽⁵⁾: Improved access to markets and attraction of investment generating opportunities for EU businesses, building economies of scale and fostering innovation

In 2025, access to markets and attraction of investment generating opportunities for EU businesses were improved, forging economies of scale and fostering innovation. The EU opened markets by implementing and enforcing trade deals negotiated with partner countries or regions. The EU's broad network of trade and investment agreements with countries outside the Union created opportunities for EU businesses and workers, including Small and Medium-sized Enterprises (SMEs).

The Commission harnessed the **benefits of the EU's trade agreements**, coupled with assertive enforcement of market access and sustainable development commitments. The Chief Trade Enforcement Officer increased the visibility, effectiveness, and efficiency of DG TRADE's work on implementation and enforcement, an essential element of the EU's drive towards open strategic autonomy, facilitating market access, particularly for SMEs.

In 2025, DG TRADE focused on:

⁽⁵⁾ The key performance indicator used to measure the achievements of this Specific Objective is the result indicator 2.3: Preference utilisation rates of EU preferential trade arrangements for the EU and partners' side.

- Monitoring and ensuring the proper implementation of the EU's 44 trade agreements by its 76 EU trading partners, including through EU Delegations in third countries and in cooperation with Member States and through the market access partnerships.
- Following up on complaints made through the Single Entry Point related to market access barriers and infringements of trade and sustainable development commitments including through high-level contacts with partner countries.
- Supporting EU stakeholders, particularly SMEs, to be aware of and utilise the opportunities EU trade agreements created by further developing the Access2Markets portal and continuous stakeholder training (e.g., multi-language webinars).
- Monitoring compliance with relevant international standards for labour rights and climate/environmental protection.
- Using dispute settlement procedures, either under a bilateral agreement or the WTO, or the updated Enforcement Regulation whenever necessary and appropriate.
- Using autonomous instruments to defend EU interests, e.g., addressing obstruction of due process (Enforcement Regulation), promoting market access reciprocity (International Procurement Instrument), or deterring coercive actions by trade partners (Anti-Coercion Instrument).

In 2025, it ensured the smooth and effective implementation of all existing 44 EU trade agreements, including the Trade and Cooperation Agreement with the **United Kingdom**, **Canada**, Japan, the **Republic of Korea**, **Singapore**, and **Viet Nam**, as well as agreements with **Chile**, **Kenya**, and **New Zealand**, which entered into force.

Moreover, the EU and **Japan** further strengthened economic security cooperation under the High-Level Economic Dialogue. The on-going ex-post evaluation of the EU-Japan EPA, after 5 years of application, will help to identify areas where further efforts are required to ensure a full and efficient implementation of the Agreement and to assess its role in the broader context of EU Japan relations.

Efforts continued with **Southern Mediterranean countries** with the aim to strengthen the efficiency of relevant committees under the Association Agreements and eliminate remaining market access barriers. DG TRADE worked closely with partners to explore new forms of engagement to modernise bilateral trade and investment relations. In certain cases, this involved considering sustainable investment facilitation agreements (e.g. with Egypt and recently with Jordan).

The EU maintained a network of bilateral and regional trade agreements covering almost the entire **Latin American** continent (Central America, Andean countries, Mexico, and Chile). In 2025, the main focus remained on implementing existing agreements and working towards the ratification of the concluded agreement with Mercosur and modernised agreement with Mexico. Negotiations on a Sustainable Investment Facilitation Agreement with Ecuador were launched at the end of 2025 and were finalised in January 2026.

Implementation work continued on the eight Economic Partnership Agreements (EPAs) with 33 **African, Caribbean, and Pacific countries** (ACPs) in 2025, and negotiations to deepen the existing EPA with five Eastern and Southern African countries (Comoros, Madagascar, Mauritius,

Seychelles, and Zimbabwe) progressed well. DG TRADE also opened negotiations to review rules of origin in the EU-Kenya Economic Partnership Agreement.

During the **EU-African Union** Summit in November 2025 both sides praised the merit of trade and investment for a closer partnership between the two continents, building new value chains and promoting industrialisation and job creation.

DG TRADE remained committed to removing trade barriers, strengthening coordination with Member States and stakeholders, and communicating and strengthening the outreach via the **Market Access Partnership** with Member States and industry.

DG TRADE published in November 2025 its fifth **Report on implementation and enforcement of EU Trade Policy** covering 2024 and the first half year of 2025, showing how the EU's large network of trade agreements helped companies find alternative markets for their exports, while reducing dependencies in a challenging geopolitical environment ⁽⁶⁾.

Specifically, on SPS barriers, DG TRADE maintained a strong focus on sanitary and phytosanitary issues through political and technical dialogues, achieving tangible results:

- Singapore recognised the EU regionalisation measures for Highly Pathogenic Avian Influenza, African Swine Fever, and Foot-and-Mouth Disease, paving the way for more EU agri-food exports.
- With Viet Nam, major SPS barriers could be addressed with the authorisation of more than 20 new products for export and more lined up, reflecting close coordination and high-level engagement.
- Following a high-level mission in October 2025, Brazil approved several plant products and pre-listed more than 40 animal products from numerous Member States.
- Across other trading partners—including Korea, Malaysia, South Africa, India, Indonesia, Panama, Peru, Mexico —multiple SPS trade barriers were resolved.

DG TRADE focused on strengthening **intellectual property** (IP) laws and ensuring effective IP enforcement worldwide through sustained engagement with priority countries. At the WTO, DG TRADE successfully challenged China's policy of anti-suit injunctions which restricted EU companies from defending their IP rights in EU courts. In 2025, DG TRADE published new editions of the Report on the Protection and Enforcement of IP Rights in Third countries and the Counterfeit and Piracy Watch List DG TRADE continued engagement in technical cooperation and assistance programs focused on IP in Southeast Asia, China, Latin America, Africa, and expanded its cooperation on IP with Korea and Japan.

In **public procurement**, DG TRADE continued promoting transparency, good governance, and improved market access in third countries. Alongside EU efforts in bilateral and plurilateral agreements, DG TRADE concluded the first investigation under **the International Procurement Instrument (IPI)** on the Chinese procurement market for medical devices. As the result of this investigation and in view of no acceptable proposal from China to remove the identified barriers, in June 2025, the Commission adopted an IPI measure excluding Chinese

⁽⁶⁾ [Report on implementation and enforcement of EU Trade Policy](#)

companies from EU government purchases of medical devices exceeding EUR 5 million. In addition, under the IPI measure successful bidders cannot offer more than 50% (in value terms) of medical devices from China. Following the entry into force of the IPI measure, DG TRADE monitored its application and, in this framework, it provided guidance to companies as well as EU contracting authorities and contracting entities. As market opening tool, the IPI allows the Commission to suspend or withdraw the IPI measure if China withdraws its restrictive and discriminatory measures.

General objective: 1. A new plan for Europe’s sustainable prosperity and competitiveness

Specific Objective 1.3 ⁽⁷⁾: The EU’s economic security is strengthened through promoting the EU’s competitiveness, protecting the EU from economic security risks and partnering with others

The EU’s economic security was strengthened by identifying and mitigating economic security risks, building partnerships and enhancing cooperation with Member States and industry. The Joint Communication on strengthening EU economic security adopted on 3 December outlined how the EU will use its tools proactively and in a coordinated way in order to advance the Union’s economic security objectives. Furthermore, in line with Political Guidelines and the mission letter, DG TRADE continued working on coordinating the **development of economic security standards**. It focussed on how such standards for key supply chains alongside G7 and like-minded partners can diversify critical supply chains by creating the conditions for new suppliers to enter the market or limiting access of dominant suppliers.



Under the protection pillar, in 2025 significant work was invested with Member States on trade and security tools.

On **Foreign Direct Investment**, the Commission worked with the Council and Parliament, successfully reaching a political agreement on the revised FDI Screening Regulation, improving regulation functioning and strengthening effectiveness, focusing on investments carrying significant risks.

On **export controls**, the Commission effectively implemented the 2021 Dual-Use Export Control Regulation, including updating the EU control list with new controls on emerging technologies. The Commission prepared the launch of a study for the evaluation of the Dual-

⁽⁷⁾ The key performance indicator used to measure the achievements of this Specific Objective is the result indicator 3.1: Perform an evaluation of the functioning of the Dual-Use Export Control Regulation.

use Regulation which will be started in 2026. DG TRADE steered activities for the Dual-Use Coordination Group and new technical expert groups, with guidelines issued for intangible technology transfers and continued work on emerging technologies. DG TRADE has successfully engaged with EU companies and third countries to manage the consequences of unjustified Chinese controls on rare earth elements and other critical raw materials, introduced in the early 2025. This was supported by the first meeting of the upgraded Export Control dialogue with China, which was one of the deliverables agreed at the EU-China Summit in the summer and allowed the fast tracking of many of the most urgent applications.

In relation to **outbound investment**, following a January 2024 White Paper addressing potential security risks in certain sensitive technologies, a Commission recommendation was adopted in January 2025, inviting Member States to review investments into third countries in advanced semi-conductors, AI, and quantum technologies. In the course of 2025, DG TRADE organised, provided input to and collaborated with Member States in dedicated Expert Group meetings, providing guidance to the review and risk assessment of outbound investment transactions.

In reaction to **Russia's** war of aggression against Ukraine, the EU imposed a broad range of **sanctions** on Russian individuals, entities, and economic sectors. In 2025, DG TRADE continued to work on trade sanctions and restrictive measures design and monitored implementation, targeting goods, technologies, services, and entities in Russia, and reducing revenue streams. Four sanctions packages were adopted in 2025. Intensified efforts tackled sanctions circumvention and evasion via certain third countries. The Commission continued to promote gradual economic decoupling from Russian dependencies, minimising impacts on supply chains.

General objective: 1. A new plan for Europe's sustainable prosperity and competitiveness

Specific Objective 1.4 ⁽⁸⁾: Businesses are protected from unfair trade practices in the EU and abroad by deploying all EU instruments available to tackle such practices by third countries

In 2025, DG TRADE protected businesses from unfair trade practices using EU instruments against such practices by third countries. The Commission employed **Trade Defence Instruments** ensuring competition from imports remained fair, including anti-dumping, anti-subsidy, and safeguard measures protecting EU industries from unfair trade practices or harmful import surges. DG TRADE actively participated in trade defence investigations by non-EU countries against EU exporters, defending their interests and seeking to reduce the impact.

In October 2025, the Commission adopted an ambitious proposal for a measure to address the negative trade-related effects of global overcapacity on the EU steel market to protect this strategic industry for the EU's economy and defence capabilities.

⁽⁸⁾ The key performance indicator used to measure the achievements of this Specific Objective is the result indicator 4.1: Number of jobs in sectors covered by the trade defence measures.

General objectives: 1. A new plan for Europe's sustainable prosperity and competitiveness; 6. A global Europe - leveraging our power and partnerships

Specific Objective 1.5 (6.5) ⁽⁹⁾: Rules-based trade is sustained, including through a reformed and strengthened World Trade Organization, alongside the OECD and other relevant international fora

DG TRADE continued to promote rules-based trade practices, including via active participations in ongoing reform processes, in relevant international fora and international bodies.

The WTO remains pivotal for a stable trading environment, fostering sustainable development for all its members. In 2025, the Commission worked on the EU vision for an ambitious WTO reform and engaged with key partners in the run-up to the 14th Ministerial Conference. The Commission was active in an informal deliberation process on industrial subsidies, the smooth entry into force of the agreement on fisheries subsidies (phase I), the incorporation of the plurilateral agreements on investment facilitation for development and e-commerce into the rulebook and securing the e-commerce moratorium.

Negotiations to re-activate a fully functioning WTO dispute settlement system continued with focus on maintaining core characteristics, alongside fostering the successful operation of the multi-party interim appeal arbitration arrangement ("MPIA").

The regular work also continued, with the EU being called to defend EU measures. DG TRADE continued its efforts to improve WTO monitoring of member trade policies through better function of WTO bodies and committees. A well-functioning WTO plays a critical role in ensuring European Economic Security, minimising arbitrary behaviour risks and narrowing trade restrictions scope.

In 2025, DG TRADE ensured focus on trade and sustainable development within multilateral and plurilateral work in key international bodies and fora, like OECD, G20, and G7.

DG TRADE worked on launching the second phase of the modernisation of the OECD Arrangement on Export Credits and on the enhanced coordination of financial tools supporting trade, investment, and sustainable development, including exploring a new financing tool for export credits.

Transparency, communication, and inclusive policy-making remained cornerstones in DG TRADE's activities with the European Parliament, the European Council, and the public, enhancing legitimacy and public trust in EU trade policy actions.

Regarding implementation and simplification efforts in 2025, DG TRADE began assessing relevant EU acquis parts intending to simplify, rationalise, and reduce burdens on businesses and national administrations, as relevant. In this context, DG TRADE organised one implementation dialogue with Commissioner Maroš Šefčovič and two reality checks aligning DG TRADE's implementation agenda with ground realities.

⁽⁹⁾ The key performance indicator used to measure the achievements of this Specific Objective is the result indicator 5.1: Comprehensive reform of the World Trade Organization.

The **first reality check on 4 June 2025** was dedicated to the enforcement of market access commitments in EU bilateral trade agreements and the World Trade Organization (WTO). Member States and business participating highlighted several key issues that EU business encounters in third countries. A large number complained about discriminatory treatment in procurement processes, localisation requirements, burdensome regulatory practices, lack of recognition of international standards and diminishing recognition of CE marking. Uncertainty in the US was mentioned as a general problem. The EU Single Entry Point (SEP) for market access complaints and the MACFLOW database were acknowledged by a majority as useful tools and it was considered as important to keep track of progress of work regarding the work on market access barriers. The **second reality check on 15 October** organised by TRADE together with COMP and GROW was dedicated to the interplay between the trade anti-dumping and anti-subsidies regulations and the EU Regulation on Foreign Subsidies (FSR) to ensure that the two regimes combined deliver their maximal effect, complementing each other, while remaining accessible.

Participants inter alia raised the issue of complementarity versus exclusivity of the instruments, noting different procedures applied and inquired how the three services responsible would coordinate among themselves, including when it comes to intelligence sharing.

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

Management monitors the functioning of the internal control systems on a continuous basis and carries out an objective assessment of their efficiency and effectiveness. In annex 7, there is a list and details of the reports that have been considered. The results of the above assessment are explicitly documented and reported to the Director-General.

2.1. Control results

Management uses control results to support its assurance and reach a conclusion about the cost-effectiveness of those controls, meaning whether the right balance between the following elements is achieved:

- **Effectiveness** The level of error found, based on the controls carried out.
- **Efficiency** The average time taken to inform or pay.
- **Economy** The proportionality between the costs of controls and the funds managed.

DG TRADE's assurance building and materiality criteria are outlined in annex 5. 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.

2.1.1. Overview of the budget and relevant control systems (RCS)

DG TRADE is a policy DG with a relatively small budget. The majority of its budget is implemented through direct management (mainly through procurement), while part of the contributions to international organisations are implemented mainly through contribution agreements but also grants, i.e. indirect management. The relevant control systems are different based on these two main spending activities, but DG TRADE retained a single overall indicator of cost of controls in view of the small size of its budget. The control strategy is based on 100% ex-ante controls with no ex-post control established, in view of the low level of risk and the relatively small budget involved. Among the main indicators used to measure the level of compliance with legality and regularity are the total amount of credit notes requested or the number of legal cases initiated. Details are described in annexes 5 and 6.

DG TRADE's budget was implemented in 2025 as follows:

Overview table (amounts paid in EUR million)

Risk-type / Activities	Procurement (e.g. minor or major values)	Delegation / Contribution agreements with EE (EIB, Int-Org, etc)	Other (co-delegation received from other DGs)	Total Expenditure
Procurement activities	14.01		1.76	15.77
Contributions to International Organisations		4.35		4.35
Administrative expenditure (excl. external staff)	3.98*			3.98
Totals (coverage)	75%	18%	7%	100%
Links to AAR Annex 3	Overall total (m EUR); see payments made		Overall total (m EUR)	24.10 ⁽¹⁰⁾

* From which EUR 3.72 were executed by PMO (type III co-delegation)

Legend for the abbreviations: EE=Entrusted Entities.

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

- Procurement activities (contracts)

Overall, the value of payments linked to signed contracts represented about 82% (including the co-delegation received from other DGs) of the total budget expenditure in 2025. DG TRADE mainly acquired services for economic evaluation and impact assessment studies, development and maintenance of the Access2Markets portal, organisation of conferences and negotiation rounds, IT support to the implementation of several trade and investment policy areas, legal and other services. These services are generally provided by specialised consultants or service providers through public procurement.

- Contributions to international organisations

Overall, the value of the payments linked to contributions to international organisations represented about 18% of the total budget expenditure in 2025. DG TRADE awarded contribution agreements to international organisations, mainly 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, food standards and environmental protection.

- Administrative expenditure

Around 93% of the administrative budget (missions' expenses, meetings of committees and expert groups, training, conferences and other miscellaneous expenditure) managed by DG

⁽¹⁰⁾ On top of the amount, DG TRADE has co-delegated to other DGs (DIGIT, TAXUD, DGT, MARE, FISMA, and OP) EUR 2.01 million in commitments and EUR 1.74 million in payments.

TRADE is actually paid by PMO. Missions represent more than 91% of all administrative expenditure in DG TRADE.

In 2025, administrative expenses linked to missions, meetings of committees and expert groups, are reported by the service responsible for the commitment, although the payments were executed by PMO. These payments were executed in accordance with the instructions provided by DG TRADE, while the executing service confirmed, through a declaration, that the payments complied with their intended purpose and the principle of sound financial management. For further information, please consult Annexes 6 and 7.

2.1.2. Effectiveness of controls

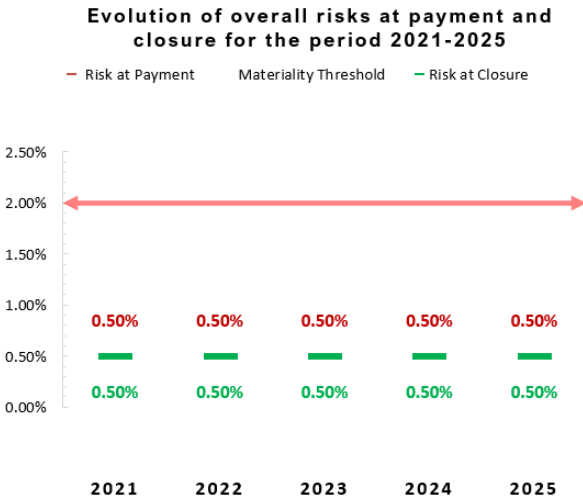
a) Assessment of control results per segment of expenditure

DG TRADE carries out only ex ante controls. No ex-post control function has been established, as this would be disproportionate in relation to the budget involved and the potential level of risk. Consequently, for the risk at payment and risk at closure, DG TRADE is using the Commissions’ flat rate of 0,5% as a conservative estimate for low-risk type of expenditure across both Relevant Control Systems: 1) Public Procurement; and 2) Contributions to the pillar assessed international organisations.

Meanwhile in 2025, three exceptions and two non-compliance events were recorded as control weaknesses. None of these events had an impact on the legality and regularity of the transactions. All concerned events were related to formal compliance issues, which do not have a negative impact on the budget.

Please refer to table 8 in Annex 3 for details. 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 are demonstrated by the following key indicators:



b) Estimation of the overall risk at payment and risk at closure

As DG TRADE carries out only ex ante controls no further corrections to the expenditure are expected and the estimated future corrections are thus set at 0%. Consequently, for the risk at payment and risk at closure, DG TRADE is using the Commissions' flat rate of 0,5% as a conservative estimate for low-risk type of expenditure. 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 2025, i.e. EUR 0.11 million. There is a slight increase compared to 2024 as the level of budget increased ⁽¹¹⁾ while the estimated error rate has remained similar.

For an overview at Commission level, the departments' estimated overall risk at payment, estimated future corrections and risk at closure are consolidated in the AMPR.

Based on all the above, DG TRADE presents an estimation of the risk at payment and risk at closure for the expenditure managed during the reporting year in Table X in annex 9.

c) Quantitative benefits of controls: Preventive and corrective measures

DG TRADE continued to perform ex-ante controls as an effective mechanism for detecting and correcting errors. In 2025, due to the transition to SUMMA, only preventive measures exceeding EUR 500,000 are reported. All corrections made by the DG TRADE fall below this threshold and therefore are outside the reporting scope.

d) Fraud: prevention, detection, and correction

DG TRADE has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. It is updated every three years and was last updated on 24 January 2025 following a fraud risk assessment in 2024. Its implementation is being monitored and reported to the management annually in the context of the corporate reporting and in the assessment of the Internal Controls. 96% of actions included in DG TRADE's anti-fraud strategy have been successfully implemented. Further details on the actions can be found in Annex 7.

Despite its small budget, DG TRADE has established several control measures to minimise the fraud risk in financial transactions. In addition, clear procedures and guidelines for detecting and reporting potential fraud, including whistleblowing, have been shared with staff.

DG TRADE also contributed to the revised Commission Anti-Fraud Strategy Action Plan of July 2023, notably to actions 20, 21 and 22 related to reinforcing the protection of funds under indirect management and in the external relations area.

Cooperation with OLAF remains effective in addressing fraud linked to trade defence investigations (TDI). In 2025, DG TRADE followed-up on open administrative recommendations

⁽¹¹⁾ Including also payments executed by another service, notably the PMO (type III co-delegation), which, until 2024, also reported the corresponding expenditure.

in TDI and continued addressing an administrative case concerning the assistance in relation to goods transiting or transhipped through a partner country. To DG TRADE’s knowledge, OLAF is not currently investigating any cases related to financial procedures or staff matters.

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

2.1.3. Efficiency of controls

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

The transition in 2025 to the Commission’s new accounting system, SUMMA, has required the adjustment to a new system and has impacted budget implementation tasks, processes and financial management activities, particularly during the first part of the year. This has required careful management to ensure the same data quality as in previous years. In some cases, this may have resulted in lower performance for some standard financial indicators such as the timely payments (see Annex 4). In 2025, thanks to very effective and efficient working processes, DG TRADE executed ⁽¹²⁾ 97% of the amount paid in time.

The indicators “time-to-inform” and “time-to-grant” (Art 197.2 FR), are not applicable for DG TRADE.

2.1.4. 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 number of errors and irregularities prevented, detected and corrected by these controls. 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 EUR 1.67 million, or 8.2% of the total payments made ⁽¹³⁾.

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 EUR 0.305 million for the year 2025.

INDICATOR	TARGET	2025	2024	2023	2022	2021
No of financial	Keep stable/	3	2	3	None	3

⁽¹²⁾ Also including payments executed by PMO (type III co-delegation)

⁽¹³⁾ Not taking into account payments executed by PMO (type III co-delegation).

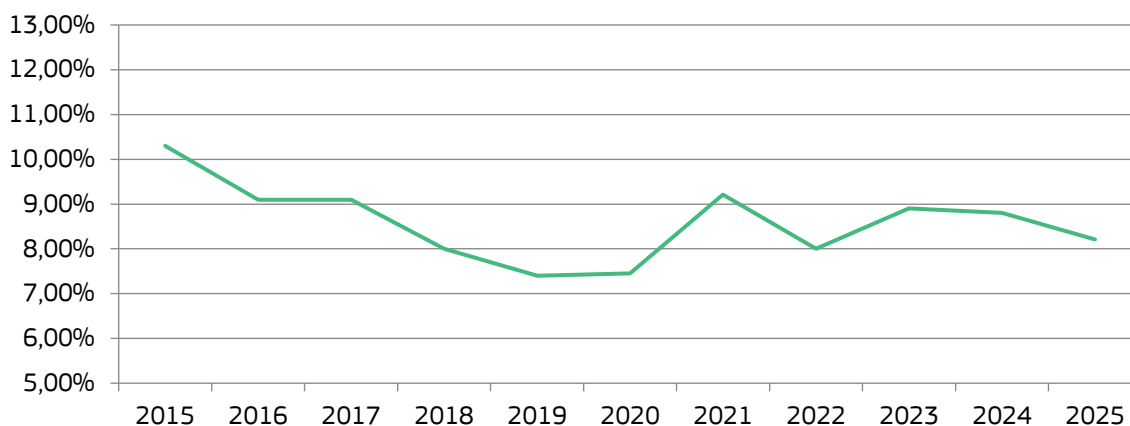
exceptions	reduce					
No of non-compliance events	Keep stable/ reduce	2	None	1	None	None
No of decisions overriding controls	None	None	None	None	None	None
No of legal cases following complaints in procurement procedures	None	None	None	None	None	None
ASSESSMENT						
<p>Three exceptions have been registered in 2025, similar to the number of exceptions authorised during the years 2019-2024. The exceptions have been properly analysed and evaluated. As they were fully justified and did not have a significant impact on the legality and regularity of the underlying transactions, they were authorised.</p> <p>At the same time, two non-compliance events has been registered in 2025, compared to zero in previous year. An examination of the nature of these two non-compliances did not reveal any fundamental weaknesses in the control system. In addition, it was considered not to affect the legality and regularity of the underlying transactions.</p>						
Legal cases: In 2025, there were no legal cases, nor complaints, about a procurement procedure.						

Details of the estimated cost of controls related to shared/pooled control activities carried out by REA are reported in the Annual activity report of REA.

DG TRADE applies a 100% ex ante verification to all transactions and procedures. This verification includes mainly procurement procedures and direct awards of contribution agreements. 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 Relevant Control Systems (or Direct and Indirect Management modes), DG TRADE retained a single overall cost of control indicator, which does not have any impact on the potential risk involved:

Overall cost of control as percentage of payments authorised



The overall cost of control remained rather stable in 2025 compared to the previous years. 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 (EUR 20.39 million ⁽¹⁴⁾).

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.

2.1.5. Conclusion on the cost-effectiveness of controls

Based on the most relevant key indicators and control results reported above, DG TRADE has assessed the effectiveness, efficiency and economy of its control of its financial management 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.

2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related either to performance aspects or to internal control and financial management. Further details for IAS and ECA audits can be found in Annex 8.



Internal Audit Service




Reported	Audit Title	Accepted Recommendation	State of play in 2025	Impact on the assurance for 2025
2024	Allocation of Human Resources in EU Delegations	Very important : No 5 "Design and implementation of the workload assessment in EU Delegations (WLAD)"	☑	☑
2024	IT security risk management at the Commission	Very important : No 1 "IT security risk management methodologies and tools"	⌚	☑

State of play		Assurance	
☑	Action plan implemented or awaiting review from IAS	☑	No impact on the assurance
⌚	Action plan implementation is ongoing	🚩	Impact on the assurance

(14) Not taking into account payments executed by PMO (type III co-delegation).

European Court of Auditors

Reported	Audit Title	Accepted Recommendation	State of play in 2025	Impact on the assurance for 2025
2020	Trade defence instruments	No 4(2)		<input checked="" type="checkbox"/>
		No 1, 2, 3, 4(1), 5, 6	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2023	Screening foreign direct investments in the EU	No 2a		<input checked="" type="checkbox"/>
		No 1, 2b, 2c, 3, 4	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

State of play	Assurance		
<input checked="" type="checkbox"/>	Action plan implemented	<input checked="" type="checkbox"/>	No impact on the assurance
	Action plan implementation is ongoing		Impact on the assurance
	Preparation of the action plan		

Where an audit has detected weaknesses affecting an internal control principle or the department’s assurance, a detailed analysis is provided further below in section 2.3.

Considering the low potential impact and probability of the weaknesses identified by these recommendations, DG TRADE’s Authorising Officer by Delegation assesses that there is no impact on the assurance.

2.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on the highest international standards ⁽¹⁵⁾. DG TRADE has adapted the Internal Control Framework to their specific characteristics and organisational structure. The internal control systems are suited to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

The overall conclusion is that the internal control systems during the reporting year was effective, and the components and principles were present and functioning well overall. Nonetheless, some improvements are needed. Based on the assessment of internal controls, no new weaknesses were identified in 2025. The main remedial measures include the on-going implementation of audit recommendations outlined in section 2.2 as well as the continued follow-up of DG TRADE’s Staff Action Plan described in section 3.1.

Since last year, several improvements and remedial measures have been implemented. These include the implementation of the very important IAS recommendation on Allocation of Human

⁽¹⁵⁾ The Committee of Sponsoring Organizations of the Treadway Commission Internal Control Integrated Framework, the golden standard for internal control systems.

Resources in EU Delegations which the IAS approved in February 2026. Furthermore, DG TRADE has implemented 60% of its action plan concerning the very important audit recommendation on IT security risk management at the Commission, and 66% of its action plan concerning the important recommendation reflected in ICPs 11 and 13 respectively. The remaining elements of the ECA audit recommendations on Screening foreign direct investments (FDI) in the EU and on Trade defence instruments (TDI), are reflected in ICPs 3 and 12. Additionally, DG TRADE will adjust and continue implementing tasks from its Staff Action Plan in response to results of the 2023 and 2025 Staff Surveys, as reflected in ICPs 3, 4, 5 and 14. Details on both the mitigating measures taken and the planned improvements to enhance the effectiveness of DG TRADE's internal control systems are described in Annex 8.

In 2025, DG TRADE updated its Risk Register to ensure that all the foreseeable risks have been included and are being adequately mitigated. DG TRADE continued to face some important risks, notably in relation to the situation of the trade relations with the US, trade relations with China, the multilateral trading system, and last but not least, inadequate implementation of trade-related sanctions due to Russia's war of aggression against Ukraine.

Finally, in 2025 there were two non-compliance events identified and three exceptions authorised, demonstrating the robustness and well-functioning of the control system.

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 that the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to the principles listed above and described in Annex 8.

2.4. Conclusions on the assurance

While DG TRADE has a relatively small budget to manage, the key controls implemented in DG TRADE operate appropriately. 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 do not reveal any significant weaknesses.

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.

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

2.5. 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 ⁽¹⁶⁾.

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 or those of the Commission.

Brussels, 16 April 2026

.....

(e-signed)

Sabine WEYAND

⁽¹⁶⁾ True and fair in this context means a reliable, complete and correct view on the state of affairs in the DG.

3. A MODERN AND SUSTAINABLE PUBLIC ADMINISTRATION

3.1. Human resource management

Amid constant and unpredictable geopolitical shifts affecting trade and economic security policy, DG TRADE has closely monitored, planned and adapted its human resources to ensure the most efficient and effective use of its staff. Striving to optimise the allocation of human resources for the implementation of DG TRADE's policy objectives, DG TRADE continued to assess the needs of the DG from a qualitative perspective through regular discussions and close collaboration with senior and middle managers. In addition, DG TRADE reviewed its method for the “workload assessment warning system”, which comes as a quantitative support tool based on numerical indicators, to incorporate a personal perception factor and provide a more comprehensive assessment of workload.

The workload and pressure to deliver on numerous politically sensitive and economically important files has continued to intensify in DG TRADE in 2025, impacting heavily human resources management. As reflected in the mission letter for the EU Commission 2024-2029 by President Von der Leyen to Commissioner Šefčovič, DG TRADE has been entrusted with additional policy priorities. In 2025, the DG underwent a significant reorganisation, adapting its organisational structure to the updated political priorities and address the challenges linked to the current geopolitical context, notably to reflect the increased focus on economic security, and on the contribution of trade policy to the competitiveness agenda, as well as the link between trade and industrial policy. Furthermore, intensive work continued on the negotiation and conclusion of trade agreements, notably with India, Latin America, the Indo-Pacific and the United Arab Emirates, as well as on the implementation and use of existing trade agreements. DG TRADE also continued to handle complex bilateral relations with key partners like the US and China, while protecting the EU market from unfair practices, including through the use of Trade Defence Instruments, where the number of cases is still at record high, the adoption of new autonomous measures regarding steel and the high number of FDI screening cases, requiring significantly more resources.

Against the backdrop of this intense workload and pressure, DG TRADE's staff engagement index still reached 78% in the latest Staff Survey 2025, i.e. only 1% point less than the Commission average of 79%. This reflects the efforts made by DG TRADE to implement a list of targeted actions developed in the follow-up plan to the staff survey of 2023, notably in the fields of career development, fairness and inclusiveness, collaboration, change and innovation, and management and empowerment. Those areas remain important and will continue to be prioritised in 2026. Furthermore, DG TRADE has encouraged professional growth by putting in place a structured process for career talks, and through training initiatives and learning and development programmes adapting to new policy priorities and skills. At the same time, DG TRADE has maintained continuous work on improving work-life balance, health and well-being.

In line with the corporate HR strategy, as well as DG TRADE's Equality Workplan, DG TRADE continued to bring attention to diversity and inclusion initiatives. In this vein, DG TRADE remained committed to promote gender equality, in pursuing its efforts to ensure a balanced pool of AD staff and in progressing towards a better gender balance at management level, with one female first middle management appointment in 2025. Likewise, DG TRADE continued to closely monitor geographical representation.

Finally, to further preserve staff engagement, DG TRADE organised periodic internal communication activities and debriefs on developments relating both to policy and to human resources. In 2025, DG TRADE notably set up new lunchtime sessions to update staff on key policy developments. This came in addition to established updates on these matters on our local intranet and via e-mail distribution.

3.2. Digital transformation and data management

Digital Transformation:

In 2025, DG TRADE continued to recognise information as a critical strategic asset and further consolidated its approach to digital transformation. The organisation progressed from a predominantly document-centric model towards a more structured information lifecycle management approach, supported by collaboration tools and the extended use of corporate information and knowledge management solutions. Throughout this transition, particular attention was paid to ensuring that security and compliance requirements were fully respected. Aligned with the European Commission's Digital Strategy, DG TRADE strengthened knowledge sharing and collaborative working practices through the combined application of a "share-by-default" and "need-to-know" principles.

DG TRADE also continued to align its digital transformation with digital-ready policymaking principles. Digital aspects of new initiatives were assessed at an early stage, with operational support provided to policy services in the preparation of Legislative Financial and Digital Statement (LFDS), ensuring coherence between policy objectives, digital solutions and resource planning.

Business-driven digital transformation progressed through a phased and controlled integration of artificial intelligence into DG TRADE's core IT systems. In 2025, the focus remained on consolidating operational foundations and preparing systems for future AI capabilities, in line with a roadmap leading towards conversational AI solutions. These efforts were fully aligned with corporate initiatives, such as GPT@EC, and complemented by the development of targeted, business-specific tools, including the Trade Agreement Navigator (TAN.IA).

To support these developments, DG TRADE pursued a cloud-first and interoperable IT architecture, with preparations for the migration of all systems to the DIGIT Cloud by end 2026. The progressive adoption of open-source technologies, including PostgreSQL and GitLab, contributed to increased sovereignty with a reduced dependency on proprietary solutions and improved cost efficiency. In parallel, DG TRADE maintained a strong focus on a secure, resilient

and compliant digital infrastructure. Cybersecurity governance was further reinforced through the systematic update of System Security Plans, the strengthening of risk management practices and the definition of a formal risk appetite. Finally, DG TRADE will further advance its data maturity from a “developing” to “established” status in 2027 by reinforcing corporate data governance principles as part of its transition towards a more data-driven organisation. Clear roles and responsibilities for data governance were established across the organisation.

DG TRADE continued to enhance the efficiency and effectiveness of its internal processes. In particular, the deployment of a centralised dashboard for monitoring legal and policy deadlines to support the timely delivery of legal obligations. In parallel, the increased use of collaborative platforms, together with continuous improvements to tools supporting the management of trade barriers, notably MACFLOW, contributed to more streamlined workflows and enhanced coordination across all services.

Data 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. The integration of IT systems with HAN remains another essential area to achieve efficient sharing and reuse of information. The latest integration has been with SUMMA, in application since January 2025. These integrations generate efficiency gains, make processes faster and facilitate a more comprehensive use of the common repository included in HAN.

DG TRADE ensures that personal data is handled responsibly and in line with EU data protection rules. Awareness-raising activities are regularly organised for staff, and data protection is included in training for newcomers to promote a strong culture of compliance.

Data protection safeguards are built into all IT systems and processes from the outset. All activities involving personal data are recorded and reviewed at least every two years. As part of DG TRADE’s regular reporting cycles, units also assess their data protection coverage during the Spring and Autumn reviews.

When personal data is transferred outside the EU, DG TRADE applies strict conditions. In the absence of appropriate safeguards, such transfers take place only in specific cases, notably for important reasons of public interest or for the conclusion or performance of a contract in the interest of the individual concerned.

3.3. Sound environmental management

DG TRADE took full account of the environmental impact in all its actions and actively promoted measures to reduce the related day-to-day impact of the administration and its work, including as regards DG TRADE events and missions.

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 and waste management. In this respect, DG TRADE continued to consider carefully which missions had to be performed and made full use of the updated video conference facilities, in cooperation with SCIC, to handle 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 organised a collection of electric appliances in collaboration with DG ECFIN and the local OIB team. DG TRADE also re-stocked customised re-usable cups for all staff to be used in DG TRADE's events. Instead of ordering water bottles through Cares, DG TRADE again purchased customised re-usable water bottles for the colleagues attending the annual seminar for EU Delegations.

