



**Study supporting
the preparation of an impact
assessment on the potential EU
accession to the 2019 Convention
on the Recognition and
Enforcement of Foreign Judgments
in Civil or Commercial Matters**

Final Report

EUROPEAN COMMISSION

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Glossary

COVID-19	The name of the illness caused by the coronavirus SARS-CoV-2. COVID-19 stands for "coronavirus disease 2019.
EU	European Union
EU27	European Union 27 (European Union Member States as of 1 st February 2020)
European Judgment	A judgment which originates from a Member State of the EU
FDI	Foreign Direct Investment
FTA	Free trade Agreement
FJA	Australia's Foreign Judgment Act
Foreign Judgment	A judgment which originates in a country outside the EU
GVA	Gross value added
MCA	Multi-criteria Analysis
SMEs	Small and Medium-sized Enterprises
SOEs	State-Owned Enterprises
UIHJ	The International Union of Judicial Officers
USA	United States of America

1. Introduction

This section sets out the purpose and structure of the report.

1.1. Purpose of the document

This Final Report is the official deliverable of the “Study to support the preparation of an impact assessment on the potential EU accession to the 2019 Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters” (JUST/2019/JCOO/FW/CIVI/0114 (2019/11)), which was commissioned by the European Commission, Directorate-General Justice and Consumers (DG JUST).

This report contains the **assessment of the impacts of policy options**, aimed at providing evidence and analysis to **enable the European Commission to carry out an impact assessment** for a possible future initiative aimed at proposing the EU accession to the 2019 Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters.

1.2. Structure and content of the report

The remainder of this report is structured as follows:

- Chapter 2: Background, objectives, and approach
- Chapter 3: Problem analysis
- Chapter 4: Definition of policy objectives and policy options
- Chapter 5: Assessment of the impacts of the policy options
- Chapter 6: Comparison of the policy options
- Chapter 7: Conclusion

In addition, the document includes the following annexes:

- Annex A | Legal Analysis
- Annex B | Online survey responses and inputs from interviews
- Annex C | Summary of responses to our Member State questionnaire
- Annex D | List of desk research materials
- Annex E | List of interviewees
- Annex F | Estimates of the average cost and length of proceedings
- Annex G | Methodology regarding quantitative estimates
- Annex H | Quantitative estimates with regard to the baseline and the policy options
- Annex I | Policy option comparison tables
- Annex J | Estimated number of cases related to the recognition and enforcement of foreign judgments
- Annex K | Impact of the Convention on the legal environment of the Member States
- Annex L | Estimated spending and savings on cases

Moreover, national reports were provided in a separate volume to this report.

2. Background, objectives and approach

This chapter introduces the 2019 Hague Judgments Convention and its objectives, as well as the purpose and scope of this study, its methodology and data limitations.

2.1. The 2019 Hague Judgments Convention

The Hague Convention on Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters of 2019 (hereinafter: “Convention” or “Judgments Convention”) has been described as a “game-changer”¹ by the Secretary-General of the Hague Conference on Private International Law (HCCH). Adopted on 2 July 2019 and signed already by two contracting states, Ukraine and Uruguay, the Convention is described as an instrument which will improve real and effective access to justice.

The Convention seeks to promote access to justice globally through enhanced international judicial cooperation. It does so by putting in place a framework for recognising and enforcing judgments given in another Contracting State. This is expected to reduce risks and costs associated with cross-border litigation and dispute resolution. As a result, implementation of the Convention should facilitate international trade, investment and mobility. These **goals** are intended to be advanced in several ways, namely:

- Most importantly, to **ensure that judgments** to which it applies will be **recognised and enforced** in all Contracting States, thereby enhancing the practical effectiveness of those judgments and ensuring that a successful party can obtain meaningful relief. Access to justice is hampered if a wronged party obtains a judgment which cannot be enforced in practice because the other party and/or the other party’s assets are in another State where the judgment is not readily enforceable.
- To **reduce the need for duplicative proceedings** in two or more Contracting States: a judgment determining the claim in one Contracting State is to be effective in the other Contracting States, without the need to re-litigate the merits of the claim.
- To **reduce the costs and timeframes** associated with obtaining recognition and enforcement of judgments: access to practical justice is to become faster and at a lower cost.
- To **improve the predictability of the law**: individuals and businesses in the Contracting States should be able to ascertain more readily the circumstances in which judgments will circulate among those States.
- To **enable claimants to make informed choices** about where to bring proceedings, taking into account their ability to enforce the resulting judgment in the other Contracting States and the need to ensure fairness to defendants. In a globalised and interconnected world, with a general upward trend regarding movement across borders of people, information and assets, the practical importance of achieving these objectives is self-evident. No other global instrument exists that has the potential represented by the Judgments Convention to meet those objectives.

¹ <https://www.hcch.net/en/news-archive/details/?varevent=683>

2.2. Purpose and scope of the study

Consistent with the Better Regulation Guidelines², the European Commission must undertake an impact assessment on the potential accession to the Judgments Convention. The purpose of the present study is to collect, consolidate and analyse data to provide evidence to the Commission's impact assessment.

In particular, the study considers the impact of accession on **two levels**. On the one hand, the study identifies the consequences of the recognition and enforcement of EU judgments in third countries, and on the other hand, the impact of recognition and enforcement of third countries judgments in the EU (where appropriate).

Concretely, the following **impacts** are assessed per option in the study:

- **Judicial impacts:** (1) impact on the number of cases related to the recognition and enforcement of foreign judgments in the EU and EU judgments in third countries; (2) impact on the length of proceedings; (3) impact on the legal environment; (3) impact on public administrations (i.e. judicial systems) in terms of cost and efficiency.
- **Economic impacts:** (1) macro-economic impacts, i.e. impacts on trade and Foreign Direct Investment (FDI); (2) micro-economic impacts, i.e. impacts on costs and benefits for stakeholders (larger businesses, SMEs, consumers and citizens).
- **Impacts on fundamental rights:** (1) impact on fundamental rights; (2) impact on the protection of weaker parties; (3) impact on access to justice.
- **Environmental impacts:** of the policy options: impact of the increased international trade (1); impact on the increase or decrease of transport (2); impact on the use of renewable resources (3).

The assignment covers all EU Member States, with the exception of Denmark³. In addition to the EU Member States, the assessment also takes into account the following eight key trade partners of the EU: Australia, Argentina, Brazil, Canada, China, Japan, South Korea and the United States. These third countries have been targeted in the data collection activities and considered in the impact assessment.

2.3. Methodological tools

To collect the data needed to respond to the study questions, the following data collection activities were used:

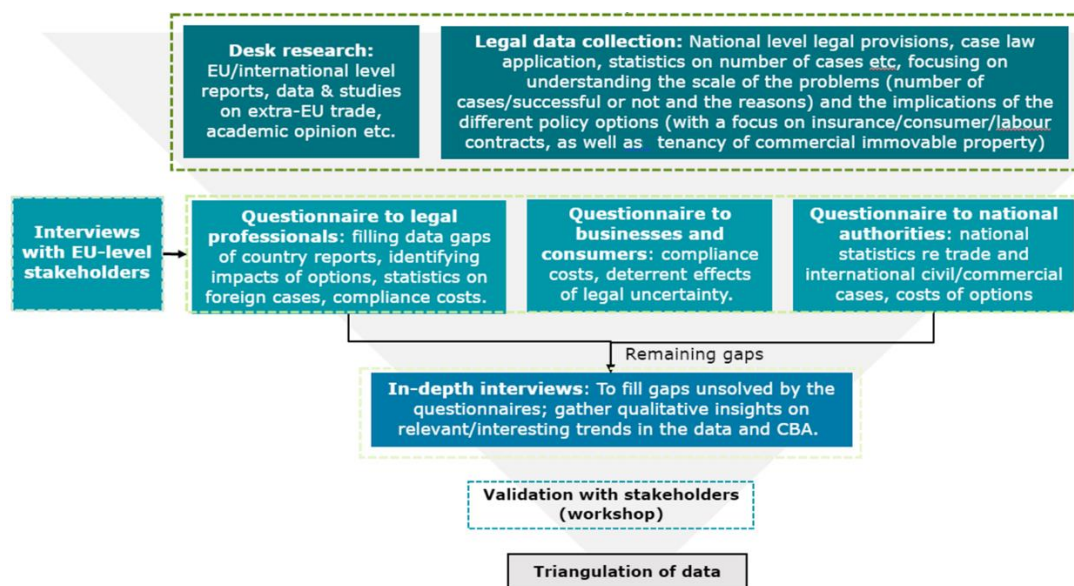
- Desk research at national, EU, and international level (Annex D I)
- National reports for the Member States (Volume II);
- Online survey (Annex B I);
- National authorities questionnaire (Annex C I);
- Interviews at the EU level and the national level (Annex E I);
- Validation workshops with EU and third country legal experts.

In total, **28** interviews were conducted with stakeholders across the EU and **6** with stakeholders in third countries. In addition, **52** stakeholders responded to the online survey, with 91% (45) of the responses coming from legal professionals

²https://ec.europa.eu/info/law/law-making-process/planning-and-proposing-law/better-regulation-why-and-how/better-regulation-guidelines-and-toolbox_en

³ As stated in Protocol (No 22), Denmark does not take part in the adoption and application of EU actions taken under Article 81 TFEU.

Figure 1: Overview of data collection tools



Data analysis was started during the data collection phase, combining qualitative and quantitative methods. Following the analysis of all qualitative and quantitative data collected, using a combination of methodologies, the evidence was systematically cross-checked and triangulated in order to ensure the internal coherence of the study. First, the impacts of the options were assessed, including costs and benefits. Finally, the results of the impact assessment fed the comparison of the policy options via multi-criteria analysis (MCA).

2.4. Data limitations

The study experienced a number of challenges leading to limitations in the assessment:

- **Low response rate to online survey and public consultation:** Despite being live for 9 weeks and promoted on several social media platforms and networks, just 52 responses were received to the online survey. Of those survey respondents, 91% (45) were legal professionals and 78% were from Portugal. Other respondents came from Belgium, Croatia, the Czech Republic, Germany, Greece, Ireland and Slovenia. Only 9% of the responses were from (4) non-EU Member States. The analysis presented in this report (both in the main body and in Annex B |) exclusively concerns data related to the responses from legal professionals. As such survey results were not treated as representative but were highlighted for indications of impacts and used for the creation of assumptions for validation by legal experts during the validation workshops.
- **Incomplete national authority perspective:** With regard to the national authorities questionnaire, only 17 out of 26 Member States within the scope of this assignment have provided a reply. When possible and for quantitative estimation purposes, results from this questionnaire have been extrapolated.
- **Low participation in interviews:** Although the study team contacted more than 180 interviewee candidates, only 28 interviews were conducted.
- **Availability of statistical, quantitative data** with regard to multiple indicators, e.g. the number of cases related to the recognition and enforcement of foreign judgments in the EU and EU judgments in key third countries, costs associated with these proceedings, etc. Quantitative data generally appeared to be fragmented and not readily available. As such, some assumptions were made based on the insights provided in data collection tools and were relevant based on extrapolations. These assumptions were presented, as well as validated and/or refined based on discussions with legal experts during the validation workshops.

3. Problem analysis

This chapter presents the current situation regarding the recognition and enforcement of foreign judgments as well as an overview of EU trade with key third countries.

3.1. Current situation

3.1.1. Foreign judgments in the EU and third countries

This section outlines the number of estimated cases requiring recognition and enforcement of a foreign judgment as well as the length and costs associated with those cases.

Number of cases related to the recognition and enforcement of foreign judgments in the EU

The number of cases related to the recognition and enforcement of foreign judgments in civil and commercial matters in the EU is not collected by all Member States. For Germany, whilst statistical data in this regard is not collected, the estimated number seems to be rather low. In the JURIS database for German court decisions, only 100 judgments on the recognition and enforcement of foreign decisions, meaning from outside of the European Union, have been reported during the last twenty years⁴. In the case of Portugal, the data regarding procedures for declaration of recognition and enforceability foreseen in international legal instruments (e.g. Hague Convention) are filed with the courts of first instance but these are not collected from a statistical point of view⁵.

The estimated number of cases related to the recognition and enforcement of foreign judgments in the EU is of around 2 000 cases per year in the entire EU⁶, of which 770 cases are estimated to relate to foreign judgments originating from the key third countries under consideration⁷.

Number of cases related to the recognition and enforcement of EU judgments in third countries

Similarly, there is a lack of automatic collection of data on the number of EU judgments recognised and enforced in key third countries. It is estimated that this number is lower than the number of cases related to the recognition and enforcement of foreign judgments in the EU and differs per key country, ranging from an estimated 10 cases in Argentina to 60 cases in the USA⁸.

Table 1: Estimated average number of cases related to the recognition and enforcement of EU judgments in key third countries

Third country	Est. number of yearly cases ⁹
---------------	--

⁴ Survey questionnaire to the Member States (2020). Private international law Federal Ministry of Justice and Consumer Protection, Germany.

⁵ Survey questionnaire to the Member States (2020). Ministry of Justice, Portugal.

⁶ Quantitative estimates based on interviews with national legal experts, Multilaw Enforcement of Foreign Judgments Project and the Study Team's Legal network national report. See Annex J |for more information.

⁷ Number from *ibid* corrected based on the trade shares of the third countries under consideration with the EU.

⁸ Quantitative estimates based on interviews with national legal experts, the Multilaw Enforcement of Foreign Judgments Project and research in legal databases.

⁹ *Ibid*. The estimates of the number of foreign judgments from third countries in the EU are substantial in comparison to the estimates of the number of EU judgments in third countries, since accurate statistics on the latter are difficult to obtain. Therefore, the estimated number of EU judgments in third countries is likely to be an underestimation.

Australia	20
Argentina	10
Brazil	14
Canada	11
China	13
Japan	17
South Korea	11
USA	60

Length of proceedings related to the recognition and enforcement of foreign judgments in the EU¹⁰

Currently, the average length of proceedings for recognition and enforcement of foreign judgments in the EU is estimated to be between 7 months to 14 months¹¹. When cases are more complicated or appeals are made, proceedings can be delayed to an additional year or two. According to two interviews with Dutch legal professionals, the cases in the Netherlands are considered to proceed for a lengthier time due to the important number of cases, whereas in Germany the average length of proceedings for recognition and enforcement of foreign judgments is faster¹².

Another factor influencing the length associated with proceedings for recognition and enforcement of foreign judgments in the EU is whether the claim is uncontested or contested. In the case of an uncontested case, the average length ranges between 6 and 8 months, whereas the average length increases to between 11 and 17 months in the case of contested claims¹³.

Length of proceedings related to the recognition and enforcement of EU judgments in third countries

In third countries, the average length of proceedings related to the recognition and enforcement of EU judgments varies on a case by case basis and depending on the country but is on average longer than proceedings within the EU. The average length ranges between 9 and 23 months, with a range of between 7 and 11 months for uncontested cases and between 15 and 30 months for contested cases. Brazil seems to be an outlier with cases ranging from between 20 and 32 months for uncontested claims and between 32 and 56 months for contested claims¹⁴. The difference in average length between proceedings in the EU Member States and in third countries can be partially explained by the difficulties related to obtaining information on the recognition and enforcement procedure in third countries (e.g. what are the costs in relation to the proceeding, whether the debtor has assets in a given country). This information is considered as a prerequisite in order to start enforcement procedures¹⁵.

Overall cost involving foreign judgments

At first, the court fees a claimant can expect in foreign judgments proceedings equally vary throughout the EU and third countries and on a case by case basis. Court fees range from some dozens of euros in Poland or Brazil, hundreds of dollars in the United States, to potentially 700 EUR in Australia¹⁶. Moreover, the overall higher cost for foreign judgments proceedings in Australia can be explained due to the very complex legislative framework where only specialists are active, thus

¹⁰ Estimations per EU Member States and third countries can be found in Annex F |.

¹¹ Quantitative estimates based on interviews with national legal experts and the Multilaw Enforcement of Foreign Judgments Project.

¹² Qualitative assessment noted by one interviewee in the EU level interviews.

¹³ Quantitative estimates based on interviews with national legal experts and the Multilaw Enforcement of Foreign Judgments Project.

¹⁴ Ibid.

¹⁵ Qualitative assessment noted by one interviewee in the EU level interviews.

¹⁶ See Table X in Annexes.

significantly increasing the costs¹⁷, an issue that is probably relevant in other States as well. Generally, court fees for businesses are significantly higher as the value of their claim is also higher. In Annex F |, an overview is given of court fees per Member State and third country under consideration.

In addition to court fees, litigation leads to additional expenses such as lawyer fees, travels costs and other fees such as expert opinions or translation costs. However, these costs are specific to each legal proceeding and differ vastly between types of cases and per country. Illustrative examples of such costs in the EU and third countries can be found in the following section 3.2.2. Annex L provides a breakdown of average estimated legal fees across the EU's Member States and the key third countries.

3.1.2. EU trade with relevant third countries

The USA, China, Japan, South Korea, Canada, Brazil, Australia and Argentina (in decreasing order regarding their trade volume with the EU27) are important trade partners of the EU. Together they represent 38.5% of all the volume of EU trade with third countries. As displayed in the table below, the US and China are the two main trade partners of the EU.

The trade volume of the EU with these third countries is expected to decrease in 2020 as compared to the levels in 2019 due to the effect of the persistent Covid-19 pandemic. It is expected that these negative growth rates in 2020 will turn positive again in 2021 for all third countries, however, at different degrees. For EU27-trade with Argentina and Brazil, a slight decrease in the trade volume of goods is expected. This follows from OECD and EIU estimations as well as from their growth trend in the previous years. The trade in services will be largely stable in the case of Brazil in the next years and even increase in the case of Argentina. For Australia and Canada, increases in both trade in services and trade in goods are expected. Trade with the Asian countries Japan and South Korea will also slightly increase in the upcoming years. The trend of the positive trade balance of the EU with the US is expected to persist in the next years. FDI stocks and trade in services play a particularly relevant role in these trade relations for both sides. China is expected to continue to be the most important trade partner in terms of the import of goods. Trade in services and FDI stocks will, in contrast, not play a major role in the trade pattern with the EU27. For detailed figures please refer to Annex G.

Neither the United States nor China ratified the Choice of Court Convention and they are not fully covered by statutory frameworks or bilateral agreements. In the case of China, there are currently 10 bilateral agreements with the EU Member States¹⁸. However, their practical significance is limited. Thus, the need for an international convention for the recognition and enforcement of judgments with these countries, amongst others, is eminent.

Table 2: EU trade with key third countries (2019)

Ranking ¹⁹	EU trade partner	Trade in goods with the EU (million EUR)	Share of the volume of EU trade with third countries
1	USA	616 386	15.2%
2	China	560 146	13.8%
7	Japan	123 983	3.0%
9	South Korea	90 686	2.2%
12	Canada	59 044	1.5%

¹⁷ Interview with Australian legal professionals.

¹⁸ Based on legal analysis (Annex A |).

¹⁹ According to volume of trade with the EU.

13	Brazil	59 009	1.5%
21	Australia	39 088	1.0%
40	Argentina	14 105	0.3%

3.2. Problem definition

The aforementioned growth in international trade and investment results in an increase of legal risks for citizens, consumers and EU businesses that are involved in international dealings. These legal risks can be addressed through a system of access to justice in civil and commercial matters, with the international recognition and enforcement of judgments being a crucial element of the latter system. However, several legal issues also arise, mainly due to the disparities between national rules concerning the recognition and enforcement of foreign judgments, but also due to the limited scope of the current international conventions. The material scope of application of the 2005 Choice of Court Convention is limited and the Lugano Convention has a limited geographical application, while there is only a limited number of bilateral and/or multilateral treaties. This results in ineffective access to justice for the stakeholders, and increased legal uncertainty. The undue costs and delays arising from the complex system are considered cumbersome by the relevant stakeholders²⁰. It must be noted that all costs and delays under the foreign judgment procedure are not directly impacted by the disparities between national rules nor by the limited scope of the current international conventions. The Convention will positively impact some costs and delays, but not all.

Table 3: Undue costs and delays

Current situation (costs)	Positively impacted by the Judgments Convention (costs)
Court fees	-
Bailiff fee	-
Lawyer fees (<i>hourly rates</i>)	<i>Yes, indirectly due to the reduced number of hours</i>
Expert opinion (reciprocity or research)	Yes
Essential travel	Yes
Current situation (delays)	Positively impacted by the Judgments Convention (delays)
Average length of time for procedure of enforcement of foreign judgments	Yes

Figure 2: Problem tree below presents the current problems with regard to the recognition and enforcement of foreign judgments, as well as their root causes and effects or impacts. Disparate national rules on the recognition and enforcement of foreign judgments, as well as the limitations of current international conventions to which the EU is party, create a set of interlinked problems to be addressed.

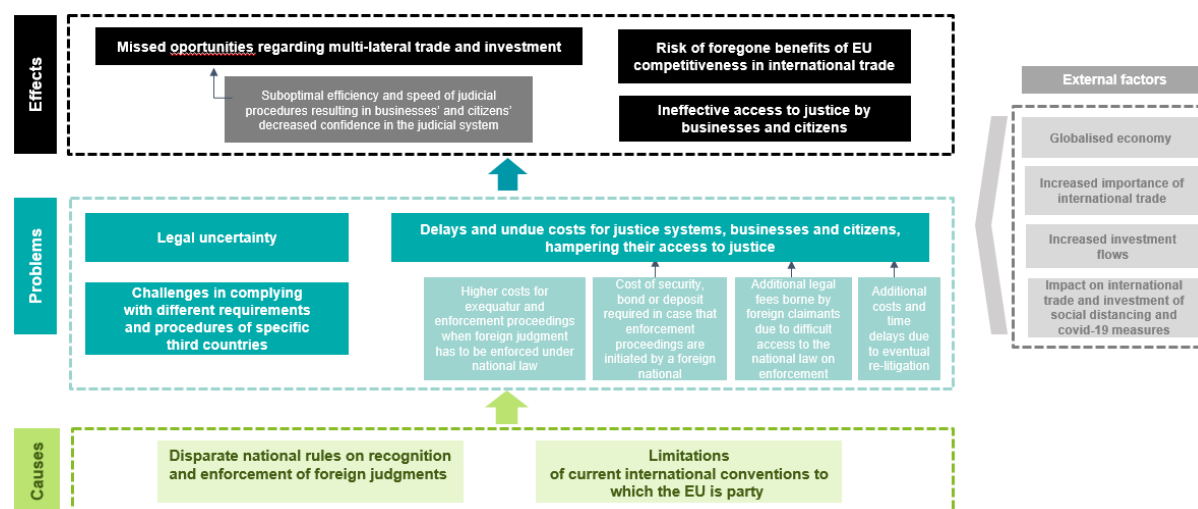
First, legal uncertainty and unpredictability in international dealings contribute to the reluctance of EU parties to engage in international dealings. Secondly, the current situation creates delays and undue burdens to judiciary systems, business and citizens.

In turn, the above problems result in missed opportunities regarding multilateral trade and investment, suboptimal efficiency and speed of judicial procedures resulting in businesses' and

²⁰ Based on the views gathered of the different stakeholders.

citizens’ decreased trust in the judicial system, the risk of foregone benefits for the EU’s competitiveness in international trade and ineffective access to justice for businesses and citizens.

Figure 2: Problem tree



The sub-sections below present our understanding of the current problems stemming from the non-ratification of the Convention, as well as their causes and effects.

3.2.1. Root causes

As illustrated above, the problems stem from two main root causes which are the disparate national rules on recognition and enforcement of foreign judgments and the limitations of current international conventions to which the EU is a party.

Disparate rules on recognition and enforcement of foreign judgments

Currently, the main means of regulation for the recognition and enforcement of third country judgments are through bilateral, multilateral agreements or based on national law. Overall, EU Member States have either some bilateral agreements, or rely on the multilateral agreements in place (e.g. the Lugano Convention and the Choice of Court Agreement). The bilateral agreements mostly concern the Eastern Partnership, the Southern Neighbourhood, major trading partners and in some cases former colonies. These bilateral agreements date back to the time when the EU did not have exclusive competence in this matter or before the EU accession (for the EU12).

This is the case for many of the major trade partners of the EU, such as Australia and China which are parties only to a limited, number of agreements with the EU Member States related to the recognition and enforcement of foreign judgments. There are also cases where key third countries are neither a party nor a signatory to any bilateral or multilateral treaties for the reciprocal recognition and enforcement of foreign judgments (e.g. Japan, Argentina, Canada, the US and South Korea). This current patchwork made of disparate rules on enforcement of foreign judgments represents the first root cause.

The limitations current international conventions to which the EU is party

The current international conventions in place, namely the Hague Conventions and Lugano Convention, are limited in scope. With the exception of the 2005 Choice of Court Convention²¹ which has a limited scope of application (see Annex A |Annex for further legal analysis), there is no comprehensive international framework related to foreign judgments.

²¹ <https://www.hcch.net/en/instruments/conventions/full-text/?cid=98>

The Lugano Convention has a restricted territorial scope (between EU Member States and Iceland, Norway, and Switzerland), and the Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters of 1 February 1971 has very limited applicability and requires a separate agreement to create Treaty relations.

It is under these circumstances that European citizens, consumers, and businesses face various problems such as legal uncertainty and unpredictability in international dealings and delays and undue costs. Due to such difficulties, EU parties might be reluctant to enter into international dealings.

3.2.2. Problems for national authorities, businesses and citizens

The root causes identified in the previous section lead to concrete problems for national authorities (ministries, courts), businesses and citizens. There are two main problems, namely:

- The legal uncertainty and unpredictability in international dealings;
- Delays and undue costs to justice systems, businesses and citizens, hampering their access to justice.

The abovementioned problems are interlinked and are driven by the root causes of disparate national approaches to recognition and enforcement of foreign judgments and the limitations of existing conventions. The problems and their interlinkages are explained further below.

Legal uncertainty and unpredictability in international dealings

Legal uncertainty is the common problem leading to both undue costs and delays for justice systems, businesses and citizens as well as contributing to the reluctance of EU parties to engage in international dealings.

The disparate approaches to recognition and enforcement of foreign judgments is a clear driver of legal uncertainty and thus unpredictability in international dealings. The absence of an international convention applicable between states increases the risk of having to litigate twice the same dispute and might lead to two conflicting judgments. The process of having to litigate twice is expected to result in the significantly increase the average length, and cost, of proceedings for the recognition and enforcement of foreign judgments as the whole procedure will have to be restarted.

This is relevant for the majority of stakeholders, but mostly concerns businesses. In our online survey, 73% of the legal professional respondents confirmed as a problem having to (either to some extent or to a great extent) re-litigate the same dispute in case a Member State refuses to recognise and enforce a third country judgment.

In the case of EU citizens, foreign judgments might be ruled against EU principles and/or rights. A great threat would be the risk of procedural rights not being observed in proceedings in third States, alongside other rights such as right to property, to conduct a business, etc.

According to our survey, there is also a danger for EU citizens worker abroad, with the risk of social rights not duly observed in foreign countries (e.g., right to collective bargaining and action²²). This excludes the possibility given to workers and employers to negotiate and conclude collective agreements, and in case of conflict of interests, take collective action to defend their interests (e.g. strike action). In this situation, the EU standards are not met by third countries and thus there are risks that workers' rights are not ensured.

²² EU Charter of Fundamental Rights, Article 28: "Workers and employers, or their respective organisations, have, in accordance with Union law and national laws and practices, the right to negotiate and conclude collective agreements at the appropriate levels and, in cases of conflicts of interest, to take collective action to defend their interests, including strike action."

According to interviewees and respondents of our online survey, SMEs in particular are more reluctant to further engage internationally because of the fear of international disputes. This issue links back to the lack of knowledge regarding third countries' legal systems or the extent to which EU standards or rights (e.g. parties' procedural rights) are duly observed in such third countries. 82% of respondents to the online survey have faced challenges in complying with different requirements and procedures depending on a third country either to some extent or to a great extent. There is high uncertainty about the enforcement of foreign (EU) judgments and being able to recover the value of the claim abroad. This uncertainty is confirmed by 65% of survey respondents who regard having to re-litigate the same dispute if a third country refuses to recognise and accept the EU judgment as problematic.

Interviews conducted (with legal professionals and a multinational and global conglomerate focusing on the areas of electrification, automation, and digitalisation) suggest that to some extent legal uncertainty and unpredictability is mitigated by the inclusion of arbitration clauses in international contracts. The possibility for arbitration is considered as being part of the larger businesses' decision-making when doing business abroad²³. Moreover, for businesses of a certain size, limited knowledge of local legislation doesn't always represent a hurdle per se as they can afford local support and arbitration as a mitigation measure. However, for SMEs, arbitration is generally not an option as arbitral proceedings are too expensive. According to legal professionals interviewed, SMEs make use of arbitration only if their claim is substantive and amounts to several million euros. It has to be noted that relying on arbitration, even for large businesses, is not a rule of thumb either. The majority of the cases proceeds via the usual court procedure.

With regard to consumers, this uncertainty is even greater as arbitration is inaccessible in comparison to businesses. Consequently, and according to respondents of our online survey, the main current issue faced by consumers is the lack of legal remedies for the claimant in some foreign countries, or the lack of expertise to inform consumers about legal procedures in third countries. Such situations mostly concern consumer rights when purchasing online goods or services.

The absence of a comprehensive international framework for the recognition and enforcement of foreign judgments also affects national authorities to a certain extent, depending on the situation with regard to the recognition and enforcement of foreign judgments in the respective Member State (e.g., number of cases, existing national law, etc.). Based on the 17 questionnaires filled in by the national authorities, 10 confirmed that the the lack of a comprehensive treaty on the recognition and enforcement of foreign judgments poses problems to their country²⁴. Among the reasons mentioned, were:

- The same dispute might be litigated twice in two different states;
- This type of proceeding is costly and lengthy for the different stakeholders;
- There might be contradictory judgments issued by two different states.

Delays and undue costs to justice systems, businesses and citizens

Some 62% of our survey respondents²⁵ expressed that they faced a challenge or a problem in light of the lack of a comprehensive treaty on the recognition and enforcement of foreign judgments. From those, the main issues highlighted were:

- Having to litigate the same dispute in two different states (32% of respondents);
- Potential contradictory judgments issued by two different States (25%);
- Excessive length of proceedings (18%);
- Costly proceedings for businesses and consumers (11%);

²³ Nicole Smith (2012) Cross-border enforcement of arbitration awards, for further information see <https://www.keystonelaw.com/keynotes/cross-border-enforcement-of-arbitration-awards>

²⁴ See Annex C.

²⁵ See Annex B.

- Other challenges or problems (14%), including the reciprocity requirements, the eventual lack of bilateral agreements or multilateral conventions, overlapping or lack of regulatory instruments, etc.

First, the absence of an international convention applicable between states increases the risk of having to litigate twice the same dispute which might lead to two different/conflicting judgments between the same parties on the same cause of action.

Based on the national authority questionnaire, Member States acknowledged that in their countries a non-EU judgment was refused recognition and enforcement at some point. The top countries of origin of such judgments include Belarus, Russia, Ukraine, and to some extent the United States. According to our survey respondents' account, the grounds for refusal were 36% related to the rights of the parties not having been observed during the foreign proceedings; 21% concerned the fact that the foreign judgment was against national or EU principles; 43% of the respondents provided additional reasons for refusing to recognise and enforce an EU judgment. The latter include, among others: the lack of reciprocity, formalities, and lack of documentation.

Based on the online survey, to request to a third country for the recognition and enforcement of an EU judgment is considered as excessively lengthy by 50% of the respondents²⁶. According to the experience of the respondents to the online survey from legal professionals, 82% have faced either to some extent, or to a great extent challenges complying with different requirements and procedures depending on a third country.

Second, parties face excessive length of proceedings when trying to have foreign judgments recognised and enforced. As mentioned before, currently, the average length of proceedings for recognition and enforcement of foreign judgments in the EU is estimated to be between 7 months to 14 months.²⁷ In the case of an uncontested case, the average length ranges between 6 and 8 months, whereas the average length grows to between 11 and 17 months in the case of contested claims.²⁸ In third countries, the average length ranges between 9 and 23 months, with a range of between 7 and 11 months for uncontested cases and between 15 and 30 months for contested cases²⁹.

In the absence of international convention, the recognition and enforcement of a foreign judgment in a third country is not ensured. If an EU judgment is brought for recognition and enforcement in the court of another state, it can only be recognised or enforced if the state in which the judgment is brought either provides for recognition and enforcement in its national law, or if that state is party to an international or bilateral agreement with the EU Member State from which the judgment originates. If no such possibilities based on national law or and international instrument exist, it is very likely that the case would have to be re-litigated on its merits at great cost and expense of the parties to the case.

Third, the absence of an international convention means that often unnecessary costs are being borne by EU parties³⁰. As aforementioned, arbitration is the preferred solution for larger businesses who face legal uncertainty and unpredictability in international trade. However, in the event that arbitration does not take place due to its cost or fails, judicial litigation proceedings place a number of extra burdens on the involved parties, such as:

- Length of proceedings;
- Court fees;
- Costs for legal advice;

²⁶ See Annex B.

²⁷ Quantitative estimates based on interviews with national legal experts and the Multilaw Enforcement of Foreign Judgments Project.

²⁸ Ibid.

²⁹ Ibid.

³⁰ The Convention will positively impact some costs and delays, but not all. Please refer to Table 3: Undue costs and delays

- Travel costs and time taken to travel (e.g. to travel to a hearing);
- Fees for expert opinions;
- Costs for the translation of requests and/or evidence (e.g. testimonies) as well as interpretation;
- Additional costs such as those associated with exequatur proceedings; costs of security, bond or deposits (in case that enforcement is initiated by a foreign national) and re-litigation.

These costs are, however, specific to each legal proceeding and differ vastly between types of cases and per country, making it challenging to estimate averages. Two illustrations of what some of these costs can amount to are shown in the below tables:

Table 4: Illustration of possible fees in The Netherlands

The Netherlands	
Court fees ³¹	From 79 EUR to 3 946 EUR
Bailiff fee	98.01 EUR
Lawyer fees (<i>hourly rates</i>) ³²	From 100 EUR to 400 EUR

Table 5: Illustration of possible fees in Australia

Australia³³		
Professional costs ³⁴	Max. 540 EUR	
Court fees ³⁵	Individual: 680 EUR	Business: min. 1 900 EUR
Filing fees ³⁶	Individual: 860 EUR	Business: min. 2 500 EUR
Hearing fees	Individual: 400 EUR	Business: 1 000 EUR
Lawyer fees (<i>hourly rates</i>) ³⁷	From 125 EUR to 370 EUR	

Imagining a case on which an average lawyer spends 80 hours, such a case could amount to more than 24 040 EUR in The Netherlands, whereas in Australia it would amount to more than 25 740 EUR for businesses. A majority of interviewees indicated that for larger businesses, these amounts would run up to hundreds of thousands of euros.

Consequently, and lastly, this lack of trust in the reliability of judicial systems might also impact international trade. Businesses and consumers might be reluctant or less willing to deal with foreign clients and suppliers, and thus decreasing the number of international contracts enforced³⁸. The

³¹ <https://www.hg.org/legal-articles/what-costs-can-you-expect-if-you-want-to-take-legal-action-in-the-netherlands-49791>

³² <https://www.consumentenbond.nl/juridisch-advies/juridische-procedure/wat-kost-een-advocaat>

³³ https://cdn.hcourt.gov.au/assets/registry/fees/Fee_Table-Filing-Hearing-July20-2.pdf

³⁴ Professional costs in an application for recognition under common law will, in part, depend on the complexity of the matter and number of days allocated for hear, i.e. on a case by case basis.

³⁵ Court filing fees involved in applications for registration and recognition of foreign judgments. Under the FJA, an application for registration must be made to the Supreme Court of a State.

³⁶ The filing fee for an originating process in the Federal Court of Australia.

³⁷ <https://legalvision.com.au/how-much-lawyer-cost-fixed-fees-hourly-rates/#:~:text=Lawyer%20Hourly%20Rates%20in%20Australia&text=In%20Australia%2C%20hourly%20rate%20for%20partner%3A%20%24400%20%2E2%80%93%20%24600%20per%20hour>

³⁸ Based on the interviews with one SME representative and two interviews with large multinational conglomerates

foregone benefits in international trade will also impact the transnational investments, decreasing market opportunities, and hampering overall the economic upswing.

Effects

The problems explained above result in several effects on a broader scale, which make up the baseline scenario. In absence of EU action, the root causes would persist. First, legal uncertainty and unpredictability in international dealings will continue to contribute to the reluctance of EU parties to engage in international dealings. Secondly, delays and undue burdens continue to affect judiciary systems, businesses and citizens, hampering their access to justice. In turn, the above problems result in missed opportunities regarding multilateral trade and investment, suboptimal efficiency and speed of judicial procedures resulting in businesses' and citizens' decreased trust in the judicial system, the risk of foregone benefits for EU's competitiveness in international trade and ineffective access to justice for businesses and citizens.

These effects are further affected by the COVID-19 pandemic. First, the pandemic led to a temporary closing of courts and the suspension of enforcement proceedings and thus has an added impact on the length of proceedings. According to two European national legal experts, the crisis could result in creating a backlog for up to 2.5 months. Second, according to two legal experts interviewed, there seems to be a shift towards digital hearings, and this might remain in the longer term. There are international examples, such as Brazil, China and Australia, where the COVID-19 pandemic has accelerated an already existing digitalisation process of courts³⁹. In the EU, this digitalisation depends on the Member State in question with some Member States lagging in terms of digitalisation⁴⁰. At the same time, it should be noticed that digitalisation efforts are made also at the EU level.

Third, the disruption caused by COVID-19 is expected to lead to significant economic losses worldwide, including bankruptcies and unemployment, according to interviewees. This would increase the need for timely enforcement procedures that would potentially allow many businesses to survive and, eventually, to resume their growth (e.g., businesses claiming unpaid bills or delayed payments in order to avoid bankruptcy). The main issue at stake in the sector of enforcement is to ensure that the implementation of enforcement procedures remain proportionate, guaranteeing the payment for the creditor while protecting the fundamental rights of the debtor. The suspension or postponing of enforcement could cause cash flow problems, further impacting the economic system and market structure, but also further damaging stakeholders' trust in the legal system. Therefore, speedy enforcement procedures for foreign judgments should be ensured.

As forecasted by the International Union of Judicial Officers (UIHJ), one could assume that the pending economic crisis would hit hard the different stakeholders of the Convention. Thus, it is expected that the number of cross-border and international litigations and disputes will increase, and will continue to do so for the coming years, which, in turn, will increase the need for a predictable and reliable system for recognition and enforcement of foreign judgments. Still, if the EU, and other key third countries, were to accede to the Judgments Convention, the latter would only enter into force at a later stage. By that time the remaining negative (economic) effects of the COVID-19 crisis are expected to be marginal to a large extent.

³⁹ Based on the two interviews with Brazilian legal experts.

⁴⁰ Based on the four interviews with Dutch and German legal experts.

4. Definition of the policy objectives and policy options

This chapter presents the policy objectives and intervention logic on the potential EU accession to the Judgments Convention, as well as the policy options to be assessed.

4.1. Policy objectives and Intervention Logic for the potential EU accession to the Convention

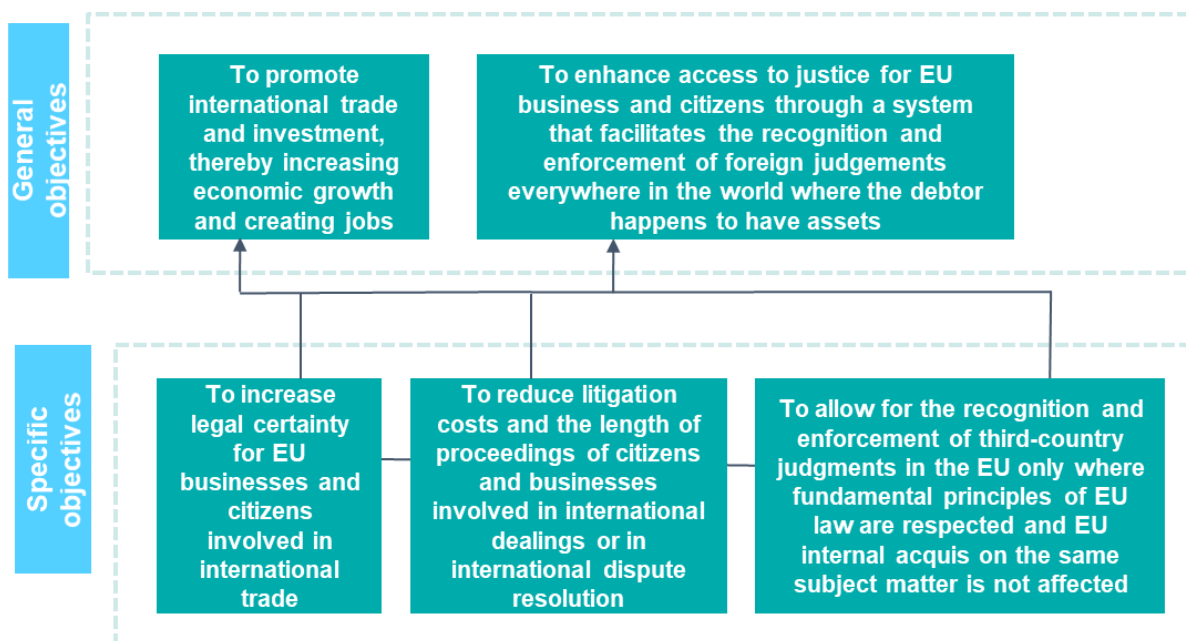
The policy objectives set out the political priorities and aim for action in the relevant field. They are an essential step of every impact assessment, because they support the creation of a logical link between the identified problems and the solutions considered.

Policy objectives are normally identified at the following levels:

- **General objectives** refer to treaty-based goals and constitute a link with the existing policy setting;
- **Specific objectives** relate to the specific domain and set out what the Commission wants to achieve with the intervention in detail.

The following figure presents our understanding of the policy objectives.

Figure 3: Policy objectives

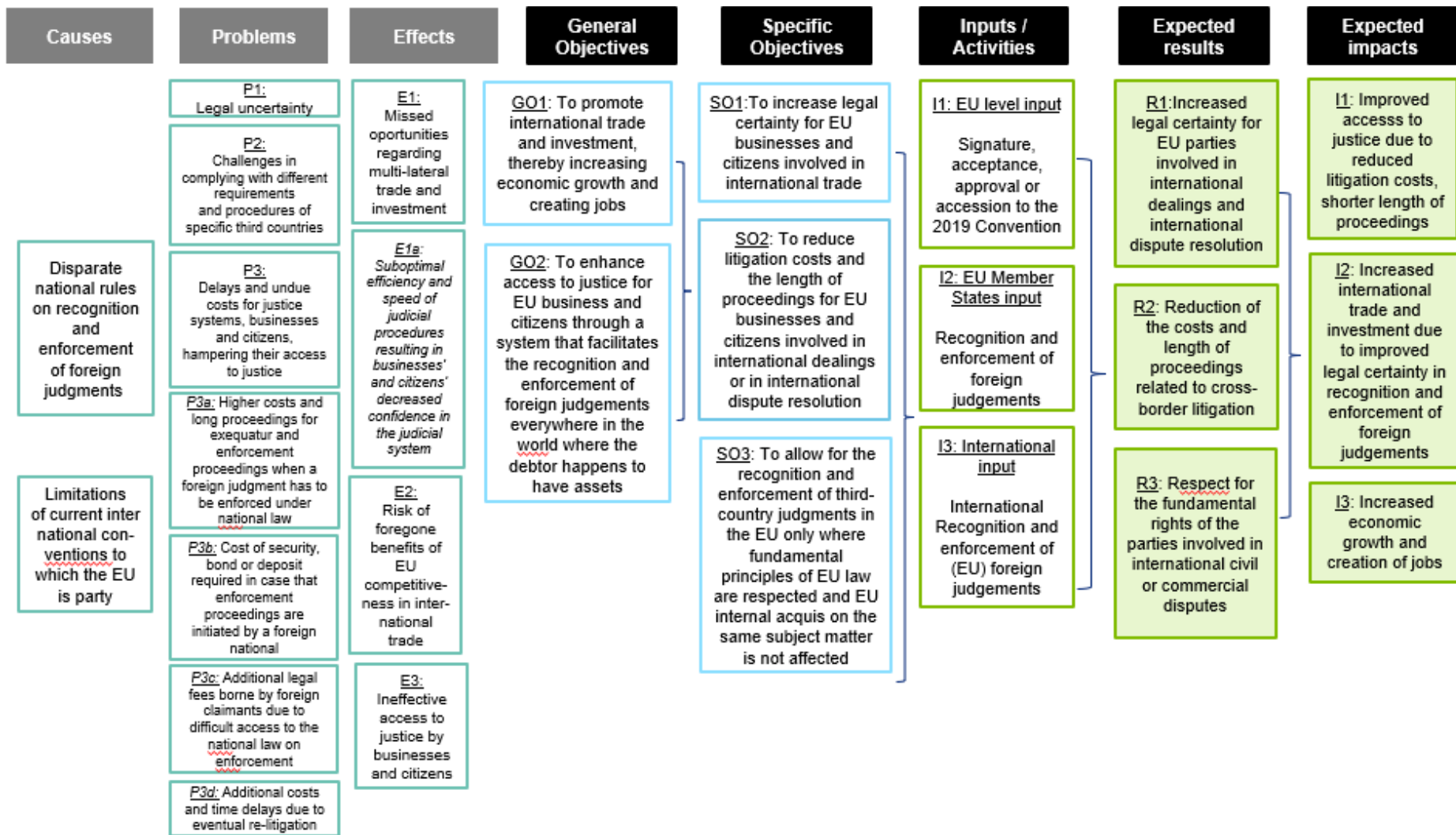


In order to create a clear point of reference for the impact assessment, it is necessary to carry out an analysis of the policy objectives and to establish the baseline against which the achievement of these objectives can be evaluated⁴¹. Below, the Intervention Logic for the potential EU accession to the Judgments Convention is presented, which includes information on the causes, problems, effects, needs, objectives (including general and specific objectives), inputs/activities implemented to achieve the objectives, expected results and expected impacts.

The Intervention Logic provides a representation of the policy intervention vis-à-vis the objectives it aims to achieve (or changes it wants to facilitate). In doing so, it supports the identification of the causality links between the policy intervention, the expected results and the results observed. The Intervention Logic is therefore crucial as it points out the policy objectives, expected results and impacts to be achieved by the policy option.

⁴¹ Cf. pp. 57-58 of the Better Regulation Guidelines.

Figure 4: Intervention Logic for the potential EU accession to the Judgments Convention



4.2. The policy options to be assessed

Table 6: Overview of the options to be assessed

Option	Description	Mode of implementation	Stakeholders impacted
Option 1: Status Quo	No comprehensive international convention allowing the recognition and enforcement of foreign judgments in civil and commercial matters.	None	<ul style="list-style-type: none"> • Legal professionals • Businesses • Citizens
Option 2a: EU accession without any declaration	Full ratification of the Convention.	Legislative Proposal for a Council Decision	<ul style="list-style-type: none"> • Legal professionals • Businesses • Citizens • National authorities
Option 2b: EU accession with declaration under Article 18 concerning: <ul style="list-style-type: none"> - insurance matters and/or - consumer matters and/or - employment matters and/or - immovable property 	Accession to the Judgments Convention making a declaration under Article 18, excluding insurance and/or consumer and/or employment matters and or commercial tenancies of immovable property	Legislative Proposal for a Council Decision	<ul style="list-style-type: none"> • Legal professionals • Businesses • Citizens • National authorities
Option 2c: EU accession with declaration under Article 19	Accession to the Judgments Convention making a declaration under Article 19 excluding State entities from the application of the Convention	Legislative Proposal for a Council Decision	<ul style="list-style-type: none"> • Legal professionals • Businesses • Citizens • National authorities
Option 3: Combination of sub-options under 2a and 2b options	As above		

5. Assessment of the impacts of the policy options

This chapter assesses the different impacts of the defined policy options on key stakeholders.

For the analysis, the following impacts are assessed:

- **Judicial impacts** of the policy options: (1) impact on the number of cases related to the recognition and enforcement of foreign judgments in the EU and EU judgments in third countries; (2) impact on the length of proceedings; (3) impact on the legal environment; (3) impact on the public administrations in terms of cost and efficiency (i.e. judicial systems).
- **Economic impacts** of the policy options: (1) *macro-economic impacts*, i.e. impacts on trade and FDI; (2) *micro-economic impacts*, i.e. impacts on costs and benefits for stakeholders (larger businesses, SMEs, consumers and citizens).
- **Impacts on fundamental rights** of the policy options: (1) impact on fundamental rights; (2) impact on the protection of weaker parties; (3) impact on access to justice.
- **Environmental impacts** of the policy options: impact of the increased international trade (1); impact on the increase or decrease of transport (2); impact on the use of renewable resources (3).

As mentioned previously, the reference period for assessment of policy options is 2022 to 2026, as it is assumed that a decision on the potential accession to the Convention would be made in 2021 and that the Convention would therefore enter into force in 2022 at the earliest. For the purposes of the analysis, it is assumed that all key third countries considered in the study (Australia, Argentina, Brazil, Canada, China, Japan, South Korea, and the United States of America) would accede to the Convention⁴².

For illustrative purposes, a differentiation case study in economic impacts is added for each of the policy options (excluding policy option 1: baseline scenario) for the case in which the US would not accede to the Convention.

⁴² In the case where all EU's key partners do not accede to the Convention, the impacts would have to be slightly adjusted to display the reality. However, even in such a scenario it is highly likely that the general and the specific objectives described in the previous chapter will be impacted in a similar manner, albeit to a lesser extent than in the scenario used in this assumption.

5.1. Policy option 1: Baseline scenario (Status quo)

Under the baseline scenario, the European Union would not accede to the Convention. This chapter describes the impacts of the baseline scenario on the judiciary, macro- and micro-economic impacts, impacts on fundamental rights and environmental impact for the period of 2021 to 2026⁴³.

5.1.1. Impact on judiciary

The absence of EU action would not tackle the root causes of current problems, namely the disparate national rules on recognition and enforcement of foreign judgments, and the limitations of current international conventions to which the EU is a party. In terms of the impact on the judiciary, an increase in the number of cases is expected, in line with an increase in trade and investment. Furthermore, the length of proceedings is likely to remain constant, as well as the disparate rules in the legal environment. Furthermore, a slight impact on Member States' public administration is expected in terms of the added burden created by the increase of cases.

Number of cases

In the reference period of 2022 to 2026, an increase in the number of cases is expected. This increase is mainly due to the ever-increased extra-EU activity of businesses and citizens. At the same time, as the challenges identified are likely to continue to exist under the status quo, the number of refusals linked to the recognition and enforcement of foreign judgments would likely remain at the same level.

The total estimated increase in number of cases related to the recognition and enforcement third country judgments in the EU and EU judgments in third countries by 2026 is shown in Table 7.

Table 7: Estimated number of current cases and total baseline increase by 2026

	Est. number of current cases ⁴⁴	Est. increase by 2026 ⁴⁵
Foreign judgments in EU originating from key third countries	770	+179
EU judgments in third countries		
Argentina	20	-3
Australia	10	+3
Brazil	14	+2
Canada	11	+4
China	13 ⁴⁶	+5
Japan	17	+5
South Korea	11	+1
USA	60	+22

⁴³ In the case where all EU's key partners do not accede to the Convention, the impacts would have to be slightly adjusted to display the reality.

⁴⁴ Ibid.

⁴⁵ Quantitative estimates based on forecasted growth in trade in goods.

It is a reasonable assumption that, within a trade relationship, judgments to be enforced in the territory of the trade partner respectively should be of comparable dimensions and that even where there is an imbalance (e.g., due to sub-optimal proceedings in terms of length and cost in third countries where thus EU parties are currently reluctant to request enforcement) the Convention would contribute to approaching a better equilibrium.

⁴⁶ Based on the latest reported cases by China Justice Observer: <https://www.chinajusticeobserver.com/t/recognizing-and-enforcing-foreign-judgments-in-china>

Length of proceedings

The effects of the COVID-19 pandemic are also relevant. According to two European national legal experts, the crisis could result in creating a backlog for up to 2.5 months. On the other hand, the COVID-19 crisis also facilitated the adoption of new ways of working and digitalisation, which could have an impact on undue delays. However, due to the delays caused by COVID-19 persistence's in the long term, the current backlog already existing in some countries⁴⁷ and the different speed and extent to which countries digitalise proceedings, the delay of proceedings for up to 2.5 months is assumed to be viable still in our reference period of 2022 to 2026.

Impact on the legal environment

Under the baseline scenario, the disparate rules on recognition and enforcement of foreign judgments would remain. Legal uncertainty and unpredictability in international dealings would also remain as a result of the limitations of the current international conventions to which EU is Party⁴⁸. Within the EU, the current legal instruments would remain applicable, in particular the Brussels Ia Regulation.

In the case of third countries, the principle of reciprocity remains a challenge. For example, in China, a precedent of recognition and enforcement or an agreement between the foreign country and China must exist and apply to have judgments from that foreign country recognised and enforced in China.

Impact on Member States' public administration

The increase in the number in cases of 224 (see Table 7: Estimated number of current cases and total baseline increase by 2026) that is expected will result in an additional burden for Member States' judiciary as more cases need to be handled. However, given the fact that these cases only represent a small share of cases, this effect on total burdens for Member States' judiciary remains marginal.

5.1.2. Economic impacts

The economic impacts of policy option 1 are analysed at macro-economic and micro-economic level. The macro-economic level refers to the impact of the non-accession to the Foreign Judgment Convention at an EU-level. Hence, the macro-economic perspective does not account for impacts on a Member State-level. In general, at the EU macro-economic level, an increase in trade and investments is forecasted. At micro-economic level, an assessment is made of costs incurred by businesses including SMEs, consumers and citizens. The micro-economic level takes into account differences between Member States at a cost level.

Macro-economic impacts

At a macro-economic level, three indicators were used in order to forecast the trade relations of the European Union⁴⁹ with the eight selected countries, i.e. Australia, Austria, Brazil, Canada, China, Japan, Korea and the United States. These three indicators are:

- Trade in goods (export and import);
- Trade in services (export and import), and
- Foreign Direct Investment (FDI) inward and outward stock.

The estimations regarding these three indicators were made for the reference period 2019-2026. After this first step, we introduced corrections to the baseline in order to only capture trade flows and investments which are relevant for the macro-economic analysis. Here, we accounted for three corrections: the share of intra-firm trade in goods and services, the impact of the Covid-19 pandemic on trade and the share of phantom investments in foreign direct investment. Annex G | provides detailed explanations and reasoning

⁴⁷ According to interviews with Dutch and Brazilian legal professionals

⁴⁸ See section 3.2.1 on the Root causes.

⁴⁹ All estimations refer to the EU27, the current Member States of the European Union, meaning that the share of the United Kingdom of the former EU28 was subtracted when calculating the extrapolations.

regarding the methodology of the baseline and the corrected baseline and Annex H provides detailed tables of estimations regarding trade in goods, services and FDI.⁵⁰

Table 8: Corrected Baseline for trade in goods, services and FDI stocks of the EU-27 with eight third countries

European Union, trade with Argentina		[mio. EUR, EU-27]						
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Argentina: Trade in goods (Imports)	€ 5 652.80	€ 4 541.44	€ 5 061.26	€ 4 803.14	€ 4 558.18	€ 4 325.71	€ 4 105.10	€ 3 895.74
EU-Argentina: Trade in goods (exports)	€ 5 982.30	€ 5 307.24	€ 5 603.41	€ 5 541.78	€ 5 480.82	€ 5 420.53	€ 5 360.90	€ 5 301.93
EU-Argentina: Trade in services (imports)	€ 2 000.91	€ 1 455.86	€ 1 528.34	€ 1 531.41	€ 1 528.73	€ 1 519.12	€ 1 501.18	€ 1 473.25
EU-Argentina: Trade in services (exports)	€ 4 747.85	€ 2 811.27	€ 3 218.11	€ 3 408.30	€ 3 602.01	€ 3 797.29	€ 3 991.62	€ 4 181.74
EU-Argentina: FDI inward stock	€ 2 048.99	€ 2 182.05	€ 2 317.74	€ 2 461.88	€ 2 614.98	€ 2 777.59	€ 2 950.33	€ 3 133.80
EU-Argentina: FDI outward stock	€ 44 014.71	€ 46 445.86	€ 50 446.73	€ 55 461.59	€ 60 924.26	€ 67 625.77	€ 73 665.42	€ 80 244.46

European Union, trade with Australia		[mio. EUR, EU-27]						
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Australia Trade in goods (Imports)	€ 6 186.00	€ 5 774.85	€ 6 191.90	€ 6 489.11	€ 6 800.59	€ 7 127.02	€ 7 469.12	€ 7 827.63
EU-Australia Trade in goods (exports)	€ 21 585.90	€ 19 988.91	€ 21 969.45	€ 22 826.26	€ 23 716.48	€ 24 641.42	€ 25 602.44	€ 26 600.93
EU-Australia Trade in services (imports)	€ 3 760.45	€ 2 985.88	€ 3 251.25	€ 3 239.86	€ 3 227.70	€ 3 214.81	€ 3 201.23	€ 3 186.99
EU-Australia Trade in services (exports)	€ 7 452.44	€ 5 248.87	€ 5 850.40	€ 5 810.78	€ 5 770.50	€ 5 729.53	€ 5 687.88	€ 5 645.53
EU-Australia FDI inward stock	€ 17 932.84	€ 19 286.24	€ 20 687.81	€ 22 190.84	€ 23 802.64	€ 25 531.06	€ 27 384.49	€ 29 371.93
EU-Australia FDI outward stock	€ 86 701.54	€ 94 106.12	€ 101 810.37	€ 110 075.15	€ 118 939.06	€ 128 443.29	€ 138 631.76	€ 149 551.34

European Union, trade with Brazil		[mio. EUR, EU-27]						
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Brazil Trade in goods (Imports)	€ 21 404.80	€ 20 401.52	€ 21 153.98	€ 19 461.66	€ 17 904.72	€ 16 472.35	€ 15 154.56	€ 13 942.19
EU-Brazil Trade in goods (exports)	€ 24 210.00	€ 20 934.61	€ 22 920.67	€ 23 035.27	€ 23 150.45	€ 23 266.20	€ 23 382.53	€ 23 499.45
EU-Brazil Trade in services (imports)	€ 6 455.52	€ 4 797.66	€ 5 360.44	€ 5 302.82	€ 5 239.87	€ 5 171.12	€ 5 096.05	€ 5 014.11
EU-Brazil Trade in services (exports)	€ 12 418.69	€ 9 504.82	€ 9 815.76	€ 9 780.98	€ 9 741.93	€ 9 699.06	€ 9 652.74	€ 9 603.35
EU-Brazil FDI inward stock	€ 167 494.85	€ 179 219.00	€ 191 764.33	€ 205 187.83	€ 219 550.98	€ 234 919.54	€ 251 363.91	€ 268 959.39
EU-Brazil FDI outward stock	€ 159 000.73	€ 171 415.78	€ 184 807.32	€ 199 235.43	€ 214 780.02	€ 231 527.11	€ 249 569.36	€ 269 006.57

European Union, trade with Canada		[mio. EUR, EU-27]						
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Canada Trade in goods (Imports)	€ 15 549.00	€ 12 508.91	€ 13 680.43	€ 14 583.34	€ 15 545.84	€ 16 571.86	€ 17 665.60	€ 18 831.53
EU-Canada Trade in goods (exports)	€ 26 830.30	€ 22 067.08	€ 23 940.81	€ 25 473.02	€ 27 103.30	€ 28 837.91	€ 30 683.53	€ 32 647.28
EU-Canada Trade in services (imports)	€ 11 965.11	€ 10 313.44	€ 10 905.52	€ 11 710.00	€ 12 565.61	€ 13 475.66	€ 14 443.69	€ 15 473.44
EU-Canada Trade in services (exports)	€ 16 178.90	€ 13 478.70	€ 14 322.17	€ 15 413.84	€ 16 588.71	€ 17 853.15	€ 19 213.96	€ 20 678.49
EU-Canada FDI inward stock	€ 181 546.34	€ 184 322.61	€ 187 259.83	€ 190 215.47	€ 193 189.85	€ 196 183.24	€ 199 195.96	€ 202 228.29
EU-Canada FDI outward stock	€ 351 695.46	€ 348 135.02	€ 344 702.96	€ 341 304.66	€ 337 939.79	€ 334 608.02	€ 331 309.03	€ 328 042.49

European Union, trade with China		[mio. EUR, EU-27]						
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-China Trade in goods (Imports)	€ 289 612.00	€ 283 402.34	€ 302 563.99	€ 318 297.31	€ 334 848.77	€ 352 260.91	€ 370 578.48	€ 389 848.56
EU-China Trade in goods (exports)	€ 148 701.75	€ 144 953.74	€ 147 992.20	€ 159 831.58	€ 172 618.10	€ 186 427.55	€ 201 341.75	€ 217 449.09
EU-China Trade in services (imports)	€ 28 321.42	€ 26 905.90	€ 30 062.11	€ 31 683.61	€ 33 389.87	€ 35 185.30	€ 37 074.51	€ 39 062.37
EU-China Trade in services (exports)	€ 44 181.35	€ 32 641.14	€ 39 981.33	€ 44 816.65	€ 50 209.61	€ 56 223.79	€ 62 930.02	€ 70 407.17
EU-China FDI inward stock	€ 121 130.68	€ 115 977.95	€ 120 266.41	€ 124 713.17	€ 129 324.06	€ 134 105.11	€ 139 062.60	€ 144 203.01
EU-China FDI outward stock	€ 264 430.58	€ 273 138.80	€ 282 133.80	€ 291 425.02	€ 301 022.22	€ 310 935.47	€ 321 175.19	€ 331 752.12

European Union, trade with Japan		[mio. EUR, EU-27]						
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Japan Trade in goods (Imports)	€ 53 422.50	€ 46 574.25	€ 50 381.39	€ 53 051.60	€ 55 863.33	€ 58 824.09	€ 61 941.77	€ 65 224.68
EU-Japan Trade in goods (exports)	€ 48 907.20	€ 44 664.82	€ 46 074.25	€ 48 285.81	€ 50 603.53	€ 53 032.50	€ 55 578.06	€ 58 245.81
EU-Japan Trade in services (imports)	€ 14 112.51	€ 11 859.14	€ 12 819.04	€ 12 781.32	€ 12 616.11	€ 12 296.28	€ 11 790.03	€ 11 060.17
EU-Japan Trade in services (exports)	€ 26 791.40	€ 24 947.30	€ 26 064.15	€ 27 907.83	€ 29 870.17	€ 31 958.57	€ 34 180.87	€ 36 545.40
EU-Japan FDI inward stock	€ 113 319.85	€ 116 719.45	€ 120 221.03	€ 123 827.66	€ 127 542.49	€ 131 368.77	€ 135 309.83	€ 139 369.12
EU-Japan FDI outward stock	€ 104 800.00	€ 107 944.00	€ 111 182.32	€ 114 517.79	€ 117 953.32	€ 121 491.92	€ 125 136.68	€ 128 890.78

⁵⁰ The corrected baseline assumes for each third country different Covid-19-effects and also different shares regarding intra-firm trade. The projections until 2026 are in line with the estimations from OECD and other international institutions and also account for the growth paths from previous years. In accordance with previous growth trends and estimations about future trade volume, the trade volume for goods for Argentina and Brazil with the EU27 decreases slightly until 2026. If the EU-Mercosur trade agreement enters into force this volume could increase, however.

European Union, trade with South Korea [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-South Korea Trade in goods (Imports)	€ 40 252.60	€ 37 896.43	€ 40 455.61	€ 42 073.83	€ 43 756.79	€ 45 507.06	€ 47 327.34	€ 49 220.44
EU-South Korea Trade in goods (exports)	€ 34 675.20	€ 32 378.30	€ 34 344.85	€ 34 756.99	€ 35 174.07	€ 35 596.16	€ 36 023.31	€ 36 455.59
EU-South Korea Trade in services (import)	€ 7 598.03	€ 5 909.50	€ 6 580.00	€ 6 929.40	€ 7 295.07	€ 7 677.51	€ 8 077.19	€ 8 494.58
EU-South Korea Trade in services (export)	€ 10 529.32	€ 8 356.12	€ 9 161.70	€ 9 448.47	€ 9 744.11	€ 10 048.89	€ 10 363.09	€ 10 687.00
EU-South Korea FDI inward stock	€ 22 112.82	€ 24 895.21	€ 27 952.77	€ 31 383.13	€ 35 231.48	€ 39 548.47	€ 44 390.84	€ 49 822.20
EU-South Korea FDI outward stock	€ 54 470.38	€ 57 035.41	€ 59 566.31	€ 62 208.93	€ 64 968.18	€ 67 849.15	€ 70 857.20	€ 73 997.88

European Union, trade with USA [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-USA Trade in goods (Imports)	€ 162 390.20	€ 132 914.44	€ 146 613.72	€ 152 624.88	€ 158 882.51	€ 165 396.69	€ 172 177.95	€ 179 237.25
EU-USA Trade in goods (exports)	€ 230 662.80	€ 192 738.35	€ 210 426.65	€ 222 000.11	€ 234 210.12	€ 247 091.68	€ 260 681.72	€ 275 019.21
EU-USA Trade in services (imports)	€ 158 915.21	€ 131 275.66	€ 141 364.01	€ 144 685.94	€ 148 059.06	€ 151 482.30	€ 154 954.40	€ 158 473.90
EU-USA Trade in services (exports)	€ 147 820.33	€ 124 917.17	€ 137 177.75	€ 142 888.12	€ 148 834.45	€ 155 026.41	€ 161 474.10	€ 168 188.01
EU-USA FDI inward stock	€ 1 397 623.73	€ 1 478 634.47	€ 1 560 277.47	€ 1 646 407.36	€ 1 737 269.76	€ 1 833 123.71	€ 1 934 242.37	€ 2 040 913.78
EU-USA FDI outward stock	€ 1 721 078.61	€ 1 946 857.73	€ 2 192 984.05	€ 2 466 592.09	€ 2 770 641.25	€ 3 108 405.91	€ 3 483 508.82	€ 3 899 958.03

Source: Deloitte

As depicted in the tables, an increase in absolute terms in trade in goods and services between the EU-27 and key third countries is expected until 2026. The growth rates differ depending on the third country⁵¹.

In a third step, the sectoral and indirect impacts on companies and SMEs across the supply chain were measured, which are affected indirectly by trade flows. In order to quantify these upstream effects (economic activities along the value chain), an Input-Output-Model was used (see description in Annex G |).

Table 9: Output and gross value-added multipliers for exports from the EU27 to selected third countries

Multipliers

Indicator	Export	\ country	AR	AU	BR	CA	CN	JP	KR	US
Output multiplier	Goods		2.115	2.148	2.125	2.126	2.137	2.136	2.150	2.096
	Services		1.769	1.768	1.815	1.773	1.750	1.759	1.779	1.787
GVA direct	Goods		33.1%	33.1%	32.6%	32.2%	33.1%	33.3%	32.9%	33.7%
	Services		50.0%	49.9%	47.0%	50.3%	51.4%	50.8%	50.2%	49.9%
GVA multiplier	Goods		2.393	2.443	2.427	2.450	2.422	2.425	2.447	2.358
	Services		1.705	1.720	1.793	1.717	1.676	1.710	1.720	1.746

Source: Deloitte

It can be noticed that the output multipliers as well as the ratios of GVA per production value differ only slightly between the countries in focus but show differences between the export of goods and the exports of services.

The following table provides the corrected baseline estimations of the number of enterprises that will be affected indirectly in the baseline scenario. In 2026, 681 312 enterprises are estimated to be affected indirectly regarding EU export in goods and 227 457 enterprises will be affected regarding the EU export in services. These numbers increase by around 25% in the observation period (2022-2026). As compared to directly affected SMEs indirectly affected SMEs are expected to be affected – due to their potentially lower involvement in trade relations – to a lesser extent.

Table 10: Corrected baseline estimations of sectoral and indirect impacts on companies and SMEs

Direct and indirect impacts (EURm)															
Scenario	Indicator	Subindicator	Economic imp/Impact	Country	Cour	Multipl	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
Baseline	Exports	Goods	Enterprises (no.) Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	546 596	577 180	609 736	644 399	681 312
Baseline	Exports	Services	Enterprises (no.) Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	181 518	191 818	202 864	214 721	227 457

Source: Deloitte

⁵¹ Estimation based on the average growth rates of the past five years and the prognostics from Economist Intelligence Unit, OECD and IMF statistics.

The FDI influx of third countries into the EU depends on a variety of factors, among them the terms of trade with the EU, GDP and general economic situation, and the area of a particular investment. Investments from China and USA will be largest in absolute numbers in 2025.

Micro-economic impacts (businesses, consumers and citizens)

Under the baseline scenario, the costs and lengthy legal procedures would remain and therefore have an economic impact on businesses and consumers. This is mainly due to:

- Legal uncertainty and unpredictability in international dealings;
- Delays and undue costs to businesses and citizens.

The status quo represents a possible barrier for entering international dealings. According to interviews with SMEs representatives, legal experts relevant to the domain, and respondents to our online survey, SMEs and consumers are more impacted by the legal uncertainty in international dealings in comparison to larger businesses. Smaller companies are not always aware of these complex issues and they cannot always afford to gather knowledge on international law or with regard to third countries' legal systems. The high uncertainty about the enforcement of foreign judgments leads to an important number of SMEs to give up on their claim as arbitral proceedings are considered too expensive for them and they feel more comfortable with starting proceedings in courts. According to interviews with legal experts in business disputes, contract value must be well above one million EUR to justify an arbitration proceeding.

In third countries, the current disparate rules on recognition and enforcement of foreign judgments are considered as cumbersome by stakeholders⁵². According to the majority of interviewees and an SME representative, the multitude of disparate national legal frameworks in third countries can be too complex for SMEs and consumers to rely on without the assistance of expensive legal experts specialising in the matter⁵³. This is for instance the case in Australia (and potentially other countries) where the latter stakeholders often settle to avoid court proceedings⁵⁴.

On the other hand, larger businesses mitigate the legal uncertainty by including arbitration clauses in international contracts, driven partly by the fear of unfair judgments and the possibilities of influence in less efficient judicial systems. In the case of arbitration, formal proceedings can be required to recognise and enforce foreign arbitral awards⁵⁵. However, such arbitral proceedings might be accelerated (e.g. in the US), keeping the latter process faster than the recognition and enforcement of a judgment. Large businesses also have more resources to spend on local legal support should there be a need for litigation proceedings.⁵⁶

If arbitration does not take place due to its cost or fails, litigation leads to several burdens on the businesses, such as:

- Length of proceedings;
- Lawyer fees;
- Court fees;
- Travel costs and time lost in travel;
- Costs for translations;
- Additional costs such as fees for expert judgment or those associated with exequatur proceedings.

Currently, official translation costs range from hundreds to thousands of euros. As an illustration (see section 3.2.2), imagining a case on which an average lawyer spends 80 hours, such a case could amount to more than 24 040 EUR in the Netherlands, whereas in Australia it would amount to more than 25 740 EUR for businesses. A majority of interviewees indicated that for larger businesses, these amounts would run up to hundreds of thousands of euros.

According to the majority of interviews with legal experts, these costs represent an ever-greater burden for consumers. Due to economic or financial reasons, there is little chance that consumers pursue their claim.

⁵² In the online survey, 46% of legal professionals indicated having faced challenges to a great extent with regard to complying with different requirements and procedures in a third country. 36% indicated having faced these challenges to some extent.

⁵³ Based on an interview with one Australian legal expert.

⁵⁴ Ibid.

⁵⁵ [https://uk.practicallaw.thomsonreuters.com/0-6196072?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/0-6196072?transitionType=Default&contextData=(sc.Default)&firstPage=true)

⁵⁶ Based on two interviews with large multinational conglomerates.

The main current issue faced by consumers is thus the lack of legal remedies for the claimant in some foreign countries, or the lack of expertise to inform consumers about legal procedures in third countries. Such situations mostly concern consumers' rights when purchasing online goods or services.

Under the baseline scenario, the average cost for proceedings per case is expected to remain constant. Due to the expected increase in cases, the overall costs spent on proceedings will however increase towards 2026, both for cases with regards to the recognition and enforcement of third country judgments in the EU and EU judgments in third countries. Table 11 represents the total estimated spending on the recognition and enforcement of key third country judgments in the EU and EU judgments in third countries linked to the continuation of the status quo.

Table 11: Overall estimated spending by businesses and citizens on proceedings related to the recognition and enforcement of foreign judgments in the EU originating from key third countries and EU judgments in key third countries

	2021	2022	2023	2024	2025	2026	Total
Policy option 1 (baseline)							
Spending on key third country foreign judgments in the EU	17 139 111 EUR	17 641 423 EUR	18 143 735 EUR	18 646 047 EUR	19 148 360 EUR	19 650 672 EUR	110 369 349 EUR
Spending on EU judgments in							
Argentina	165 163 EUR	157 605 EUR	150 047 EUR	142 489 EUR	134 931 EUR	127 372 EUR	877 608 EUR
Australia	300 159 EUR	310 810 EUR	321 461 EUR	332 112 EUR	342 763 EUR	353 414 EUR	1 960 719 EUR
Brazil	72 349 EUR	72 679 EUR	73 010 EUR	73 340 EUR	73 671 EUR	74 001 EUR	439 050 EUR
Canada	194 405 EUR	205 873 EUR	217 341 EUR	228 810 EUR	240 278 EUR	251 746 EUR	1 338 453 EUR
China	272 750 EUR	294 122 EUR	315 494 EUR	336 866 EUR	358 238 EUR	379 610 EUR	1 957 079 EUR
Japan	127 139 EUR	133 055 EUR	138 971 EUR	144 887 EUR	150 803 EUR	156 719 EUR	851 575 EUR
South-Korea	359 961 EUR	364 033 EUR	368 105 EUR	372 178 EUR	376 250 EUR	380 322 EUR	2 220 849 EUR
USA	1 162 739 EUR	1 221 314 EUR	1 279 889 EUR	1 338 464 EUR	1 397 039 EUR	1 455 614 EUR	7 855 059 EUR

5.1.3. Impacts on fundamental rights

Impact on fundamental rights

According to the majority of legal experts interviewed but also responses to our online survey, the lack of a comprehensive treaty on recognition and enforcement of foreign judgments does not ensure that EU principles and/or rights are duly observed in the case of foreign proceedings. Such rights could include consumer protection, right to property, equality before the law, right to fair and just working conditions, and the right to protection of data and freedom to conduct a business. Several rights of the defence also risk being impaired, such as the right to a fair trial, the principle of legality and proportionality of penalties, and the familiar EU right to an effective remedy, part of the right of access to justice. Based on the answers to our online survey by two social partners organisations, another example could be the difference between EU standards and third countries' regarding workers' rights or parties' procedural rights (i.e. the right of collective and bargaining action, workers' rights granted by the Posting of Workers Directive⁵⁷).

In terms of the recognition and enforcement of a foreign judgment in an EU Member State based on national law, such infringement of an EU fundamental right would not be upheld. However, and under the current situation, the legal certainty around such proceedings would still be lacking. Although enforcement can be done via channels other than judicial (e.g. arbitration), courts are still the main institution to solve (international) disputes and enforce (foreign) judgments. Trust in the judicial systems is therefore key. This legal uncertainty and unpredictability might decrease the trust of businesses and consumers in judicial systems, their functioning, and the results of the disputes.

Impact on the protection of weaker parties

Under this policy option, the absence of a clear international convention would sustain the current issues faced by stakeholders, such as the limited consumer protections in the context of international transactions, parties' procedural rights, employment law or workers' rights⁵⁸. Additional rights that are covered by the Charter of Fundamental Rights of the EU but rarely in the texts of national constitutions or alternative human

⁵⁷ [Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services](#)

⁵⁸ Based on interviews with legal experts and based on the responses to our online survey.

rights instruments are, for example, the Workers' rights to information and consultation (Article 17 of the Charter), and the Protection in the event of unjustified dismissal (Article 30 of the Charter)⁵⁹.

Impact on access to justice

The absence of a clear international convention would impact the access to justice for the different EU stakeholders because if they have to pursue a debtor where assets are available in a non-EU country, they would lack certainty as to how and if the EU judgment granting them such a right can be enforced. Access to justice will therefore be impaired because without enforcement justice is simply not done.

Moreover, added difficulties for some stakeholders' access to justice might be language barriers, not being informed of proceedings to which they would be a party as well as how to organise a defence to the claim⁶⁰.

5.1.4. Environmental impacts

Under the baseline scenario, the main environmental impacts concern the continued use of (non-)renewable resources due to mostly paper-based communication and the transport of persons complying with a court summons or necessary travel. The environmental impacts of both elements are expected to increase under the baseline scenario in line with the projected increase of international proceedings.

Presently, official documents are often printed on paper whose production requires renewable resources (such as wood), consumes water and involve chemicals (e.g. brightening agents). Likewise, the production of toner requires (non-renewable) raw materials, e.g. plastic particles and other chemical products produced using mineral oil. Both paper and toner need to be packaged and shipped to end-users, leading to emissions from transport and handling. Both the production and use of these materials produce waste which may only be partially recycled (again requiring energy).

The environmental impact of international travel is expected to remain stable, or slightly increase, under the baseline scenario as well. Currently, persons involved in international proceedings may have to travel to enable the taking of evidence. For instance, a competent court may summon a person (e.g. witnesses or experts) directly to the trial. Moreover, and in the absence of the Convention, arbitration remains the preferred option chosen by businesses and citizens, to the extent possible, in the context of international civil or commercial proceedings. Under this situation, the persons or arbitral team in question have to travel across the border or internationally, e.g. by using a plane. While the distance to be covered and the environmental impact of different modes of travel varies, they are a direct result of the pending arbitral proceedings.

The digitalisation of the judiciary following the COVID-19 crisis could help offset these environmental impacts, decreasing the paper-based communication and the international travels to a certain extent. A recent survey found that 19% of executives stated that reducing the amount of air travel and discouraging use of private jets are some actions that their organisation has undertaken so far⁶¹. According to interviewees, there seems to be a quicker shift towards digital hearings in arbitration, and it is expected to continue in the future as well.

5.2. Policy option 2a: EU accession without any declaration

Under this policy option, the EU would accede to the Judgments Convention without making a declaration excluding specific matters from the scope of the Convention's application. All the potential impacts are mapped out according to the affected parties and stakeholders. It should be noted that for the purposes of this study, it is assumed that all key third countries considered would follow the lead of the EU and join the Convention⁶².

⁵⁹ https://fra.europa.eu/sites/default/files/fra_uploads/fra-2018-charter-guidance_en.pdf

⁶⁰ Based on interviews with third country legal experts and two European legal experts.

⁶¹ [Climate check: Business' views on environmental sustainability report](#), Deloitte, released April 2020.

⁶² In the case where all EU's key partners do not accede to the Convention, the impacts would have to be slightly adjusted to display the reality.

5.2.1. Impact on judiciary

The ratification of the Convention by the European Union, and its implementation, would tackle the root causes of disparate national approaches to recognition and enforcement of foreign judgments, and the limited international scope of existing conventions to which the European Union is Party. The ratification would provide solutions to the two main problems, namely:

- The legal uncertainty and unpredictability in international dealings;
- Delays and undue costs related to proceedings which hamper access to justice.

Impact on the number of cases

This policy option would increase legal certainty and decrease unpredictability in international dealings. In this situation, according to the majority of interviewees, the Convention would offer an alternative to the different stakeholders involved in international civil or commercial proceedings, reinforcing the status and trust in domestic courts and judicial systems. A portion of larger companies involved in arbitration might opt for proceedings before national courts⁶³. As such, a slight decrease in the number of arbitration cases and an increase in the number of domestic courts cases could be expected. However, this would be a rather marginal and indirect effect. On the other hand, the Convention might also offer an alternative to SMEs which currently do not press their claims either in domestic courts or via arbitration because these options are too costly for them⁶⁴. The increase in number of cases is expected to be higher those Member States that currently have a more restrictive approach to the recognition and enforcement of foreign judgments (see also Table 12).⁶⁵

Overall, however, due to the rather low number of existing cases, the number of new cases compared to the increase in the baseline is not expected to be significant (see Annex J |).

Impact on length of proceedings

Consequently, and under this policy option, the burden from undue costs and delays involved in international dealings is expected to decrease to some extent⁶⁶. Although it is complicated to assess the overall magnitude of this impact due to the different experiences based on the complexity of the cases and the efficiency of the judicial system in the Member States or the third countries, it is estimated that this decrease in length would range from 3 to 6 months on average⁶⁷, both for proceedings related to the recognition and enforcement of foreign judgments in the EU and of EU judgments in third countries. In EU Member States, some differentiation will exist with regards to proportionate extent to which the length of proceedings is decrease. For instance, Ireland, Luxemburg and Sweden already seem to have rather fast proceedings today, whereas other Member States such as Romania, Greece and Poland currently have longer proceedings for the recognition and enforcement of foreign judgments.⁶⁸

Considering that the delays caused by the COVID-19 crisis amount to an added length of proceedings up to 2.5 months, the positive impact of the accession to the Convention in terms of decreasing the length of proceedings with 3 to 6 months would offset the negative effect of COVID-19 for this aspect, to the extent that these would persist after 2022.

Impact on the legal environment

A potential negative impact of the ratification of the Judgments Convention concerns the relationship between any bilateral treaties where they exist and the Judgments Convention. Based on our online survey, some 47% of legal professionals believed that the accession to the Convention could have a potentially negative impact in creating confusion on the legal environment and additional administrative burden. It

⁶³ Based on two interviews with large multinational conglomerates.

⁶⁴ Based on interviews with legal experts and SMEs representative.

⁶⁵ Member States with a more restrictive approach are Austria, Belgium, Czech Republic, Germany, Spain, Finland, Croatia Lithuania, Luxembourg, Poland, Romania, Sweden, Slovenia, Slovakia.

⁶⁶ Estimations based on the responses to our online survey and interviews conducted, and validated by experts during the workshops.

⁶⁷ Ibid.

⁶⁸ Quantitative estimates based on interviews with national legal experts, [Multilaw Enforcement of Foreign Judgments Project](#) and SPARK's Legal network national report. See Annex F |.

would be necessary to make sure that there is a clear distinction between the Judgments Convention and the set of bilateral treaties in place between the Member States and third countries and thus that the clear rules of the Convention on the relationship with other international instruments are well known by the legal community and relevant stakeholders. However, according to interviewees, it will take some time for the Convention to be fully adopted and well-known by all the different levels of the judiciary and the different affected stakeholders. It will take time for lawyers to automatically advise their clients to include ordinary court litigation clauses in the contracts, instead of arbitration.

At the same time, overall positive impacts on the legal environment are expected as it would help and align the existing disparate rules on the recognition and enforcement of foreign judgments. Based on three interviews held with third country legal experts, the ratification of the Judgments Convention will simplify the current regimes in place. In the case of Australia, the impact would have a high positive impact as it would offer a single and more comprehensive legal instrument to rely on. The Convention would also have a positive impact in China by increasing the legal certainty and the predictability for all the parties and allow to bypass current reciprocity rules.

With regard to the legal environment of the Member States, the latter will be differently impacted by the Convention, depending mostly on their existing grounds for recognition and enforcement of foreign judgments, and grounds for refusal of such judgments provided under national law. The Convention would create additional grounds for both the recognition and enforcement of foreign judgments, as well as for the refusal of such judgments.

Based on the impact described for each Member State in the National Reports, the below table was set up. It offers a summary of the grouping of Member States according to the extent their legal environment is affected if the EU was to accede to the Convention. Member States such as Poland, Sweden or Spain have rather restrictive rules for the recognition and enforcement of foreign judgments in comparison to Portugal or the Netherlands who are more liberal in their national rules. Thus, the impact of the Convention on the Member States' legal environments will differ but is mostly positive.

Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law⁶⁹

Liberal approach to FJ (Little to no positive impact from the JC)	Less liberal approach to FJ (Moderate positive impact from the JC)	Restrictive approach to FJ (Considerable positive impact from the JC)
Bulgaria	Cyprus	Austria
Hungary	Estonia	Belgium
Netherlands	Greece	Czech Republic
Portugal	France	Germany
	Ireland	Spain
	Italy	Finland
	Latvia	Croatia
	Malta	Lithuania
		Luxembourg
		Poland
		Romania
		Sweden
		Slovenia

⁶⁹ See Annex K.

Impact on Member States' public administration

Under this policy option, costs are foreseen to be null compared to the baseline scenario. It is expected that some on-off costs related to the adoption of the Convention may apply, such as:

- Training activities;
- Awareness-raising via information campaigns;
- Amendment of national legislation;
- The time needed to understand the new legislation and practices for legal professionals.

However, and according to 12 out of the 17 EU Member States who responded to the national questionnaire, the current resources would be sufficient to cover the moderate costs that the Convention would bring⁷⁰.

Moreover, it is assumed that the slight increase in cases will be offset by a slight decrease in costs associated with the decreased lengths of proceedings. The latter would also offset the very moderate one-off costs. Consequently, no overall impact on the Member States' public administration is expected.

5.2.2. Economic impacts

The economic impacts of policy option 2a are analysed at macro-economic and micro-economic level. At macro-economic level, an increase in trade and investments is forecasted. At micro-economic level, an assessment is made of costs incurred by businesses including SMEs, consumers and citizens.

Macro-economic impacts

As the Convention contributes to enhancing legal certainty and access to justice it is assumed to attract more trade and FDI. This additional investment generates new trade flows thereby creating new products and new potential markets.

Furthermore, general assumptions of international trade literature on patterns of bilateral trade relations were applied, namely: the effects of agreements on trade are generally weaker the more distant economies are and also for trade partners where a high level of ex-ante trade frictions exist⁷¹. In general, economies with already high trade volumes and intense and stable relations where substantial levels of legal certainty exist are also likely to be less impacted by trade conventions such as the Foreign Judgment Convention⁷².

The estimations are derived from estimates on trade volume and FDI related to free trade agreements. Free trade agreements also include provisions on regulatory standards, health, safety rules, investment, banking and finance, intellectual property and many other subjects. They, therefore, have substantially greater scope and macro-economic impact in comparison to the Convention. Hence, only a fraction of these positive macro-economic impacts can be expected with access to the Judgment Convention. In order to determine these impacts, several estimates and projections from different free trade agreements were compared to determine a range of possible impacts under different scenarios.

The macro-economic effect with all third countries is expected to be positive under this policy option. The macro-economic impact is expected to be largest in EU exports to China, Brazil and Argentina as in these countries the difference with the EU with regard to legal certainty is highest. It is expected that these economies would compensate for weaker legal certainty by signing the Convention in order to attract foreign

⁷⁰ Greece, Germany, Malta, Portugal and Sweden are the EU Member States who stated that the current EU resources would not be sufficient in the National Member States questionnaire.

⁷¹ See Baier, S.L., Yotov, Y.V. and T. Zylkin (2019). On the widely differing effects of free trade agreements: lessons from twenty years of trade integration. *Journal of International Economics* 116: pp. 206-226.
Ludema, R.D. and A.M. Mayda (2011). Do terms-of-trade effects matter for trade agreements? Theory and evidence from WTO Countries. [LudemaandMayda_TOT_EffectsandTradeAgreements.pdf \(usitc.gov\)](#)

⁷² See ibd. and Mattoo, A., Mulabdic, A. and M. Ruta (2017). Trade Creation and Trade Diversion in Deep Agreements. Policy Research Working Paper: No. 8206. World Bank

investment⁷³. The trade volume is also expected to increase with Australia. Here, due to clearer regulations regarding foreign judgments, a significant improvement in reducing the complexity of the access to Australian courts can be achieved. Due to their distance to the EU, the exports to Japan and South Korea will be impacted to a slightly lesser extent. As the US has the closest trade relations with the EU, and already certain national law provisions regarding the recognition and enforcement of foreign judgments and legal certainty exists to a high degree, only a slight positive macro-economic impact as compared to the baseline is expected.

Annex G provides a detailed description and explanation of the methodology and assumptions and results can be found in Annex H.

Table 13: Estimated total increase of EU trade volume under policy option 2a for the years 2022-2026 as compared to the corrected baseline

Policy Options, total % increase (2022-2026)								
Policy Option 2a (No declaration)	AR	AU	BR	CA	CN	JP	KR	US
Goods	1.5	1.2	1.5	1.5	1	1	1	1
Services	1.3	1.2	1.6	1.1	1.6	1	1	0.9
FDI	0.4	0.4	0.5	0.2	0.5	1	0.2	0.3

Source: Deloitte

The indirect impact regarding the number of SMEs under policy option 2a is illustrated in the following table. In case the EU enters the Convention without any declaration, the number of indirectly affected enterprises in 2026 is 683 903 for the export in goods and 228 242 for the export in services. In 2026, the production value in exports for goods increases to 417 107 mio. EUR for all SMEs which are affected indirectly. The analogous production value for exports in services amounts to 139 203 mio. EUR in 2026. As compared to directly affected SMEs indirectly affected SMEs are expected to be affected – due to their potentially lower involvement in trade relations – to a lesser extent.

Table 14: Estimation of sectoral and indirect impact on companies and SMEs under policy option 2a

Direct and indirect impacts (EURm)																
Scenario	Indicator	Subindicator	Economic impact	Impact	Country	Cour Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026	
PO2a	Exports	Goods	Production value	Indirect	Total	TOT	54.9%	SME	333 015	297 355	315 839	334 468	353 234	373 207	394 469	417 107
PO2a	Exports	Goods	Gross value added	Indirect	Total	TOT	55.9%	SME	141 020	125 888	133 725	141 612	149 557	158 012	167 012	176 595
PO2a	Exports	Services	Production value	Indirect	Total	TOT	54.9%	SME	115 338	94 788	104 844	111 081	117 386	124 148	131 406	139 203
PO2a	Exports	Services	Gross value added	Indirect	Total	TOT	55.9%	SME	55 148	45 353	50 155	53 133	56 144	59 372	62 837	66 557
PO2a	Exports	Goods	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	548 405	579 175	611 923	646 785	683 903
PO2a	Exports	Services	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	182 132	192 470	203 557	215 458	228 242

Source: Deloitte

Micro-economic impacts (businesses, consumers and citizens)

With the accession to the Convention, the average cost for proceedings related to the recognition and enforcement of foreign judgments is expected to decrease because of enhanced legal certainty through clear rules and standardised procedures, and increased compliance with due process in third countries. According to a majority of the interviewees, the Convention would not have a direct impact on the costs of the enforcement procedures, but the time savings due to more efficient procedures would impact the amount of time spent with a case by legal professionals, decreasing overall legal fees⁷⁴. In general, the positive effects of the additional legal certainty are assumed to be higher in those countries with today more restrictive legal frameworks with regards to the recognition and enforcement of foreign judgments, as described in section 5.1.1.

⁷³ Rodrik, D. (2018). What Do Trade Agreements Really Do?. Journal of Economic Perspectives 32 (2): pp. 73-90.

⁷⁴ Based on interviews and validated by legal experts during the workshops.

Efficiency gains and a decrease in costs are particularly relevant for SMEs. Larger companies will also benefit from this effect, but proportionally to a lesser extent as they generally already have more extended resources and more established mechanisms for dispute resolution. Moreover, they tend to favour arbitration⁷⁵.

On average, an estimated decrease in the costs of proceedings for EU parties related to the recognition and enforcement of EU judgments in third countries is expected to range between 10% and 20% compared to today's costs⁷⁶. Recalling the illustrative case used in section 3.2.2, the average cost of a case would amount to less than 22 000 EUR in The Netherlands, whereas in Australia it would amount to less than 23 000 EUR for businesses, which means that the estimated decrease in these cases would range between 2 200 and 4 400 EUR in The Netherlands and between 2 300 and 4 600 EUR in Australia. This decrease might differ per third country, depending on the extent to which national rules with regard to the recognition and enforcement of foreign judgments in these countries are more or less liberal today. The effect of the decrease in costs is likely to be highest in Argentina, China and Australia. In Argentina and China, this higher effect is explained by current lower degrees of legal certainty⁷⁷. In Australia's case, this higher effect is explained by the absence of bilateral agreements with the EU or EU Member States regarding the enforcement and recognition of foreign judgments.

Table 15: Upper and lower values of savings due to decrease in costs in the EU and key third countries under policy option 2a for the entire reference period (2022-2026).

	Savings on key third country foreign judgments in the EU	Savings on EU judgments in third countries								Total
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA	
Min. cost reduction scenario	6 712 795 EUR	41 234 EUR	121 814 EUR	23 289 EUR	78 119 EUR	132 368 EUR	55 805 EUR	140 277 EUR	525 457 EUR	7 831 157 EUR
Max. cost reduction scenario	16 325 844 EUR	115 813 EUR	292 786 EUR	61 446 EUR	196 555 EUR	304 808 EUR	130 097 EUR	331 456 EUR	1 210 664 EUR	18 969 469 EUR

According to the majority of stakeholders interviewed, as the Convention is more B2B oriented, consumers would not be affected to the same extent as businesses due to the more limited application of the Convention to consumer. However, the Convention would still provide added legal clarity and certainty. Based on third country legal experts, in the case of EU judgments in third countries, these matters often concern tourism-related situations. Moreover, and in the context of the COVID-19, the Convention would also assist consumers to claim reimbursement from certain businesses for already paid services which were never provided due to the pandemic (i.e. some airline companies or providers of accommodation services). Finally, the implementation of this policy option is expected to lead to less time-consuming legal proceedings in comparison to the baseline scenario. This is considered to be an important non-monetary benefit for citizens and consumers.

Case study: the US does not accede to the Convention

In the case the US would not accede to the Convention, two effects arise:

1) If the EU accedes the Convention under policy option 2a, no additional trade benefits in trade with the US are expected. This is due to the fact that neither European companies can bring their cases before European courts vice versa. Hence, the status quo continues to prevail. However, the accession to the Convention by the EU could lead to a signalling effect as other States now recognise that there will be potential benefits when they also accede the Convention. The macroeconomic effect of this signalling is, however, negligible and is therefore not expected to result in an increase of trade between the EU and the US.

2) The decrease in costs per case do not materialise for EU judgments in the EU nor for US judgments in the EU, leading to a decrease in savings of between 1.6 Million EUR and 6.3 Million EUR in total compared

⁷⁵ Ibid.

⁷⁶ Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, 50% of them believed that the reduction should be between 10% to 30%, 7% that the reduction would be less than 10%, and 43% that the reduction would range between 30 and 50%. An average of these results was initially taken to estimate that the decrease in costs would range between 18% and 37%. However, legal experts expressed the view that this range should be lower during the workshops. As such, the range was corrected towards 10% to 20%.

⁷⁷ Based on interviews with three third country legal experts.

to the situation in which the US would accede to the Convention as shown in the table below. This impact is so high because of the importance of the trading relationship between the US and the EU.

Table 16: Difference in savings in the EU and key third countries under policy option 2a for the entire reference period (2022 - 2026) if the US does not accede to the Convention compared to when it would

	Difference in savings on foreign judgments in the EU	Difference in savings on EU judgments in third countries								Total	
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA		
Min. cost reduction scenario	-1 070 550 EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- 525 457 EUR	-1 596 007 EUR
Max. cost reduction scenario	-5 041 353 EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	-1 210 664 EUR	-6 252 017 EUR

5.2.3. Impacts on fundamental rights

Impact on fundamental rights

Concerning effects on fundamental rights in the EU, the Convention provides for some refusal grounds for recognition and enforcement. Article 7 (c) in particular creates a refusal ground if “recognition and enforcement of a judgment would be manifestly incompatible with the public policy of the requested State”, as well as if the “proceedings leading to the judgments were incompatible with fundamental principles of procedural fairness of that State.” This clause could be a safeguard against violations of European fundamental rights, as well as against the recognition and enforcement of foreign judgments which are manifestly contrary to EU standards. However, one interviewee noted that the impact on fundamental rights would be limited as the Convention excluded a number of personal, non-business-related conflicts in Article 2.

According to one enforcement expert interviewed, the Convention could, to a limited extent, result in the indirect promotion of EU’s fundamental rights and standards. The Convention would define minimum standards to ensure that all parties are treated equally, in the EU but also in third countries. Whilst not being its primary objective, the Convention could indirectly promote internationally such standards to its signatories, including third countries who are lagging behind with regard to fundamental rights. In comparison to the baseline, the Convention would ensure to a certain extent that EU fundamental principles and/or rights are duly observed in the case of foreign proceedings. This would include several rights of the defence, such as the right to a fair trial or the principle of legality.

Impact on the protection of weaker parties

Multiple interviewees expressed the view that the Convention could have a negative impact in that the weaker parties might not be properly protected. This view is shared by 29% of those legal professionals participating in the online survey who thought that the Convention could have a potential negative impact.

With regard to some specific matters under consideration, some impact is expected with regard to the protection of the weaker party:

- **Employment matters:** three interviewees noted that EU employment standards could, in theory, be pressured due to foreign judgments providing fewer standards than those established within the EU. However, three interviewees also noted that the impact of the Convention on employment matters would not be significant and is more theoretical, as EU standards will apply for workers within the EU and foreign judgments contrary to EU standards could be refused.
- **Consumer matters:** in comparison to the baseline scenario, and the high level of consumer protection in the EU, the Convention could be considered as a step back⁷⁸. However, the majority of interviewees seem to consider the Convention more as a business-to-business instrument, with only limited application to consumer matters;
- **Insurance matters:** whereas the Brussels Ia regulation restricts the choice of courts in insurance contracts in order to protect the weaker party in an insurance contract (policyholder, beneficiary or the insured), this is not the case for the Convention^{79,80}.

⁷⁸ Based on several legal experts interviewed.

⁷⁹ Based on legal analysis (Annex A).

⁸⁰ The Convention only applies to non-exclusive choice of court agreements.

- Regarding **commercial tenancies of immovable property**, the Convention provides less protection as the rules for jurisdiction are broader than those established in the Brussels Ia Regulation⁸¹.

Impact on access to justice

An affective access to justice includes always speedy and reliable enforcement procedures. By providing predictable rules on the recognition and enforcement of foreign judgments, the Convention seeks to improve access to justice. The accession to the Convention would allow citizens the possibility to rely on a clear international legal framework with transparent rules with regard to the recognition and enforcement of foreign judgments. If key third countries were to accede to the Convention, the latter would align the different rules currently in application in third countries, enhancing access to justice for stakeholders. It would result, to a certain extent, in strengthening due process internationally due to increased clarity. This would be beneficial for citizens, governments, and businesses. Moreover, the expected decrease in the average cost of such procedures will increase access to justice mainly for citizens, consumers and SMEs⁸². In terms of access to justice in EU Member States, the Convention will facilitate further the recognition and enforcement of foreign judgments in the EU, in particular in those Member States that today have a more restrictive legal framework on this matter.⁸³

5.2.4. Environmental impacts

Under this policy option, the environmental impacts are expected to increase compared to the baseline scenario. This is mainly due to the relation of trade and its (in)compatibility with environmental sustainability. Whilst sustainable trade and investment could become more impactful in the future, and generate both balanced economic growth and promote environmental stewardship⁸⁴, its development is hampered by the recent economic downturns. The economic distress caused by the pandemic led to governments across the world focusing primarily on restarting their economies rather than improving its sustainability.⁸⁵

The accession and implementation of the Judgments Convention are expected to bring benefits such as:

- A decrease, to a certain extent, in the use of paper and other non-renewable materials due to the more efficient system
- A decrease in international travel.

The accession to the 2019 Judgments Convention would lead to the decreased use of paper-based communication. The simplification of the procedures linked to the recognition and enforcement of foreign judgments internationally is expected to reduce the paper-based documentation around it. Combined with the increased digitalisation of the judiciary, also due to the COVID-19 crisis, the decrease in the use of paper and other non-renewable materials is expected to be considerable.

Furthermore, the environmental impact of international travel is expected to decrease to a certain extent as well. Fewer persons involved in such international proceedings would have to travel in persons, reducing the use of plane or other international and cross-border means of travel. On the other hand, economic growth resulting from increased (international) trade directly impacts the environment by increasing pollution due to the rising number of interactions⁸⁶. Thus, the accession to the Judgments Convention is expected to:

- Further increase the impact on the environment by increasing pollution or degrading natural resources due to pollution-intensive activities (e.g. increasing number of international dealings leading to additional international transport of goods, impacts on maritime shipping or air travel).

⁸¹ The Convention provides a level of protection comparable to the existing Brussels Ia Regulation with regard to residential leases.

⁸² Based on discussions with legal experts during the workshops, including SME representatives.

⁸³ Member States with a more restrictive approach are Austria, Belgium, Czech Republic, Germany, Spain, Finland, Croatia Lithuania, Luxembourg, Poland, Romania, Sweden, Slovenia, Slovakia.

⁸⁴ As the EU for example, who has included trade and sustainable development chapters in all its FTAs since 2009.

⁸⁵ DMC. (2020). The changing nature of global trade. Access here: <https://www.futureoftrade.com/sustainability-in-trade>

⁸⁶ <https://www.oecd.org/trade/topics/trade-and-the-environment/>

5.3. Policy option 2b: EU accession with a declaration under Article 18

Under this policy option, the European Union would accede to the Hague Judgments Convention but with a declaration with respect to specific matters. This would mean that the EU accedes to the Judgments Convention making a declaration under Article 18, excluding insurance matters, and/or consumers matters, and/or employment matters, and/or finally excluding certain disputes related to immovable property⁸⁷.

5.3.1. Impact on judiciary

The exclusion of specific matters (consumer, employment, insurance matters and immovable property) would not impact the judiciary to a relevant extent. Under this policy option, legal certainty and predictability in international dealings would increase for areas not excluded by a declaration. However, it must be noted that the increased number of declarations results also in more declarations to be interpreted by the courts, thus it might increase the uncertainty to a certain extent. However, for those matters excluded by the declaration, legal uncertainty would remain the same as the baseline. It should be noted that declarations under Article 18 may induce parties to litigate directly where they need to enforce which in turn could indirectly allow local courts to deal with these specific disputes more efficiently. According to three interviewees, specific areas of employment law, insurance policy, consumer disputes, commercial disputes, commercial tenancies and immovable property are more efficiently handled by local courts who are better equipped to deal with these disputes. This is notably the case for immovable property which is often excluded from international conventions.

This policy option would increase legal certainty and predictability in international dealings, offering an alternative to the stakeholders involved in international civil or commercial proceedings. Therefore, a rather small decrease in the number of cases in comparison to Policy Option 2a is expected (cf. Annex J |).

As aforementioned, the Convention is considered as more impactful in the areas of B2B and industry-like sectors⁸⁸. The exclusion of specific matters under Article 18 is not expected to significantly impact the slight increase in the number of cases as these matters are less impacted for the recognition and enforcement of foreign judgments⁸⁹.

Impact on the length of proceedings

The impact on the length of proceedings is expected to be the same as in Policy Option 2a. Cases under the matters excluded by a declaration would not benefit from the decrease in length aforementioned. However, considering these matters only concern a very limited amount of cases, the impact of these declarations would be limited⁹⁰.

Impact on the legal environment

Under this policy option, the accession to the Convention with a declaration under Article 18 would result in a limited overlap of the Convention with the existing regulations and/or bilateral treaties. The excluded matters (i.e. consumer, employment, insurance matters, and immovable property) would still rely on the existing regulations and treaties in place. The Convention will still apply to the other legal areas. The impact of this policy option on the different Member States is expected to be similar with regard to the extent it will affect their legal environment⁹¹. Yet, the declaration under Article 18 would still bring additional restrictions and therefore uncertainty, which would translate into benefitting less from the Convention.

Impact on Member States' public administration

The impact on public administration is foreseen to be similar to Policy Option 2a as the convention would still be adopted and the same "business as usual" costs would apply. Moreover, the exclusion of specific

⁸⁷ In the case where all EU's key partners do not accede to the Convention, the effects would have to be slightly adjusted to display the reality.

⁸⁸ Based on interviews with legal experts.

⁸⁹ Views expressed by the majority of experts during the workshops.

⁹⁰ Views expressed by the majority of experts during the workshops.

⁹¹ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

matters is not expected to have an impact due to the low number of cases in relation to the areas under Article 18.

The below one-off costs are expected to be offset by the slight decrease in costs associated with the decreased length of proceedings, and according to the majority of national authorities' current resources would be sufficient to cover the implementation of the Convention. The costs are also expected to be the similar to Policy Option 2a.

- Training activities;
- Awareness-raising via information campaigns;
- Amendment of national legislation;
- Understanding the new legislation and practices for legal professionals.

5.3.2. Economic impacts

The economic impacts of policy option 2b are analysed at macro-economic and micro-economic level. At macro-economic level, an increase in trade and investments is forecasted⁹² with regard to the baseline. At micro-economic level, an assessment is made of costs incurred by businesses including SMEs, consumers and citizens.

Macro-economic impacts

Under policy option 2b, positive impacts on imports and exports of goods are expected. For the matters excluded by the declaration, no macro-economic effect is expected as the status quo remains for these sectors. The general reasoning is that the greater the share of the matters under an Article 18 declaration, the smaller the macro-economic increase will be.

According to statements from experts during validation workshops, the matters under Article 18 are rarely subject of foreign judgment cases and, if so, mainly in disputes about trade in goods or tourism related services that could include insurance matters. For trade in services and FDI stocks, the macro-economic impact is expected to be positive as compared to the baseline and the same as in policy option 2a for trade in services and FDI stocks as they will generally not be affected by declarations under Article 18.

Annex G provides a detailed description and explanation of the methodology and assumptions and results can be found in Annex H.

Table 17: Estimated total increase under policy option 2b for the years 2022-2026 as compared to the corrected baseline

Policy Options, total % increase (2022-2026)								
Policy Option 2b (Article 18)	AR	AU	BR	CA	CN	JP	KR	US
Goods	1.4	1.1	1.4	1.4	0.9	0.9	0.9	0.9
Services	1.3	1.2	1.6	1.1	1.6	1	1	0.9
FDI	0.3	0.3	0.4	0.15	0.4	0.9	0.15	0.2

Source: Deloitte

The indirect impact regarding the number of SMEs under policy option 2b is illustrated in the following table. In case the EU enters the Convention under policy option 2b, the number of indirectly affected enterprises in 2026 is 682 704 for the export in goods and 228 242 for the export in services. For trade in services (and FDI stocks), the macro-economic impact is expected to be positive as compared to the baseline and the same as in policy option 2a for trade in services and FDI stocks as they will generally not be affected by declarations under Article 18. Hence, the number of firms which could be indirectly affected in the export of services is expected to be the same as in policy option 2a. The number of indirectly affected firms from exports increases by around 25% and the analogous number of firms from services increases by around 25% in the observation period (2022-2026). As compared to directly affected SMEs indirectly affected SMEs

⁹² Estimation based on the average growth rates of the past five years and the prognostics from Economist Intelligence Unit, OECD and IMF statistics.

are expected to be affected – due to their potentially lower involvement in trade relations – to a lesser extent.

Table 18: Estimation of sectoral and indirect impact on companies and SMEs under policy option 2b

Direct and indirect impacts (EURm)																
Scenario	Indicator	Subindicator	Economic impact	Impact	Country	Cour Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026	
PO2b	Exports	Goods	Production value	Indirect	Total	TOT	54.9%	SME	333 015	297 355	315 839	334 051	352 741	372 636	393 818	416 376
PO2b	Exports	Goods	Gross value added	Indirect	Total	TOT	55.9%	SME	141 020	125 888	133 725	141 436	149 348	157 770	166 737	176 286
PO2b	Exports	Services	Production value	Indirect	Total	TOT	54.9%	SME	115 338	94 788	104 844	111 081	117 386	124 148	131 406	139 203
PO2b	Exports	Services	Gross value added	Indirect	Total	TOT	55.9%	SME	55 148	45 353	50 155	53 133	56 144	59 372	62 837	66 557
PO2b	Exports	Goods	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	547 722	578 365	610 986	645 718	682 704
PO2b	Exports	Services	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	182 132	192 470	203 557	215 458	228 242

Micro-economic impacts (businesses, consumers and citizens)

The accession to the Convention is expected to decrease the average cost for proceedings related to the recognition and enforcement of foreign judgments. This results from the increasing legal certainty thanks to the Judgments Convention, establishing clearer and simplified rules and procedures, and enhancing compliance with due process in third countries. However, with a declaration under Article 18, the decrease in the average cost is not expected to occur for cases under those specific matters that would be excluded.

For the other areas not covered by a declaration, efficiency gains due to reduced time spent by legal professionals on cases would lead to a decrease in legal fees and subsequently a decrease in costs in comparison to the baseline scenario. This would tend to benefit SMEs more in comparison to larger businesses, as the latter generally have access to more considerable resources and tend to favour arbitration.

The estimated decrease in the costs of proceedings is similar to Policy Option 2a, ranging between 10% and 20%. However, variations exist in the overall savings due to some cases not falling under the scope of application of the Convention.

Table 19 - Upper and lower values of savings due to decrease in costs in the EU and key third countries under policy option 2b for the entire reference period (2022 – 2026).

	Savings on key third country foreign judgments in the EU	Savings on EU judgments in third countries								Total
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA	
Min. cost reduction scenario	6 637 897 EUR	41 123 EUR	120 380 EUR	23 096 EUR	76 802 EUR	130 184 EUR	55 093 EUR	139 233 EUR	518 747 EUR	7 742 554 EUR
Max. cost reduction scenario	16 176 048 EUR	115 591 EUR	289 918 EUR	61 059 EUR	193 921 EUR	300 440 EUR	128 674 EUR	329 369 EUR	1 197 245 EUR	18 792 264 EUR

Table 20 - Difference in upper and lower value savings due to decrease in costs in the EU and key third countries under policy option 2b compared to policy option 2a over the entire reference period (2022 – 2026).

	Savings on foreign judgments in the EU	Savings on EU judgments in third countries								Total
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA	
Min. cost reduction scenario	- 74 898 EUR	- 111 EUR	- 1 434 EUR	- 193 EUR	- 1 317 EUR	- 2 184 EUR	- 712 EUR	- 1 044 EUR	- 6 709 EUR	- 88 602 EUR
Max. cost reduction scenario	- 149 797 EUR	- 222 EUR	- 2 868 EUR	- 387 EUR	- 2 634 EUR	- 4 368 EUR	- 1 424 EUR	- 2 087 EUR	- 13 419 EUR	- 177 205 EUR

Under this policy option, consumers would not benefit at all from recognition and enforcement of EU judgments in third countries, for instance against foreign companies, as the area would be excluded from the Judgments Convention.

Case study: the US does not accede to the Convention

In the case the US would not accede to the Convention, two effects arise:

1) If the EU accedes the Convention under policy option 2b, no additional trade benefits in trade with the US are expected. The same logic applies as under policy option 2a: This is due to the fact that neither European companies can bring their cases before European courts vice versa. Hence, the status quo continues to prevail. However, the accession to the Convention by the EU could lead to a signalling effect as other States now recognise that there will be potential benefits when they also accede the Convention. The macroeconomic effect of this signalling is, however, negligible and is therefore not expected to result in an increase of trade between the EU and the US.

2) The decrease in costs per case do not materialise for EU judgments in the EU nor for US judgments in the EU, leading to a decrease in savings of between 3.1 Million EUR and 7.6 Million EUR in total compared to the situation in which the US would accede to the Convention as shown in the table below. This impact is so high because of the importance of the trading relationship between the US and the EU.

Table 21: Difference in savings in the EU and key third countries under policy option 2b for the entire reference period (2022 - 2026) if the US does not accede to the Convention compared to when it would

	Difference in savings on foreign judgments in the EU		Difference in savings on EU judgments in third countries							Total				
	EUR		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea		USA			
Min. cost reduction scenario	-2 620 676	EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- 518 747	EUR	-3 139 424	EUR
Max. cost reduction scenario	-6 386 388	EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	-1 197 245	EUR	-7 583 633	EUR

5.3.3. Impact on fundamental rights

Impact on fundamental rights

Under this policy option, the status quo would remain as specific matters under Article 18 would be excluded. Whilst the Convention would result in a comprehensive and reliable treaty on the recognition and enforcement of foreign judgments for the included matters, this policy option would avoid the situation where EU principles and/or rights with regard to weaker parties are not duly observed in the case of foreign proceedings⁹³.

Impact on the protection of weaker parties

With regard to some specific matters under consideration, some impact is expected with regard to the protection of the weaker party:

- **Employment matters:** three interviewees noted that EU employment standards could, in theory, be pressured due to foreign judgments providing fewer standards than those established within the EU. As such, a declaration would uphold the protection of employment standards as specific matters under Article 18 would be excluded. However, three interviewees also noted that the impact of the Convention on employment matters would not be significant and is more theoretical, as EU standards will apply for workers within the EU and foreign judgments contrary to EU standards could be refused.
- **Consumer matters:** in comparison to the baseline scenario, and the high level of consumer protection in the EU, the Convention could be considered as a step back⁹⁴. Therefore, a declaration could uphold the protection by excluding specific matters. However, the majority of interviewees seem to consider the Convention more as a business-to-business instrument, with a limited impact on consumers;
- **Insurance matters:** A declaration on this matter would result in the absence of recognition and enforcement of such judgments under the Convention between the EU and third countries, thus leaving these specific matters being covered by the Brussels Ia Regulation.
- **Regarding commercial tenancies of immovable property,** a declaration could increase protection as the indirect jurisdictional grounds in these matters are broader in the Convention than those established in the Brussels Ia Regulation.⁹⁵

Insights from interviews on the desirability of declarations were not equivocal. With regard to commercial tenancies on immovable property, on the other hand, interviewees noted that these are often excluded from international agreements and thus this would be a more logical declaration to make⁹⁶.

In the case of third countries, such declaration under Article 18 depends on the country itself. According to our interviewees, Brazil would potentially make a declaration with respect to Article 6 and regarding

⁹³ Quantitative estimates based on interviews with national legal experts and responses gathered on our online survey.

⁹⁴ Based on several legal experts interviewed.

⁹⁵ Ibid.

⁹⁶ Following interviews with stakeholders, six out of the 28 interviewed were explicitly for a declaration in specific matters, with the commercial tenancies on immovable property being of particular focus. Consumer protection is the second reason used to justify the need for declaration under Article 18.

immovable property rights. That is mostly explained by the great number of available tools currently available under Brazilian law⁹⁷, with a wide range of issues covered by special protection. In the case of China, consumer and employment matters are key as their protection standards are lower in comparison to the EU. Therefore, it is expected that China would make a declaration with respect to these matters

Impact on access to justice

It should be noted, lastly, that those declarations are a double-edged sword. A declaration would indeed bar the recognition and enforcement of foreign judgments within the EU, but also the recognition and enforcement of EU judgments in third countries. As such, the declaration would infringe on access to justice with regard to EU judgments in third countries⁹⁸.

The increased clarity of due process internationally would only slightly positively impact consumers and citizens due to the exclusion of specific matters under Article 18. Overall, however, since the matters concern only a fraction of overall cases⁹⁹, the general effect on access to justice would be positive even with declarations.

5.3.4. Environmental impacts

The impact is expected to be similar to Policy Option 2a, with the exception with regard to the exclusion of specific matters (consumer, employment, insurance and immovable property) which would, to a very moderate extent, limit the increased environmental impacts.

5.4. Policy option 2c: EU accession with a declaration under Article 19

Under this policy option, the European Union would accede to the Convention but with a declaration under Article 19 excluding judgments involving state entities from the application of the Convention¹⁰⁰.

5.4.1. Impact on judiciary

The accession to the Convention with a declaration under Article 19 is not expected to bring significant impacts on the judiciary.

Under this policy option, a dual effect is expected on legal certainty. First, it would lead to an increase in legal certainty by avoiding litigation on the question whether a State, a government agency or a natural person acting on their behalf have participated in the proceedings in a public or a private function, in addition to uncertainty with regard to the term of "civil and commercial matters". The latter issues could be reduced to a large extent if all proceedings to which a State or a government agency is a party are excluded from the Judgments Convention by a declaration made under Article 19¹⁰¹. Secondly, however, there would be a return to the baseline scenario regarding the legal certainty on the possibility to enforce a foreign judgment against a government agency or a natural person acting on their behalf¹⁰². Moreover, litigations regarding what is and what is not a governmental agency might also decrease the legal certainty to a certain extent, especially in countries where the boundary between the public and private domain is blur.

It should be noted that there are two sides to this coin: on the one hand, a declaration under Article 19 would bar non-EU parties from enforcing foreign judgments in the EU against State entities. On the other hand, it would also prevent EU parties to enforce EU judgments in third countries in similar circumstances¹⁰³. A great majority of legal experts, both from the EU and third countries, expressed that an Article 19 declaration would be detrimental to the success of the Convention if many parties would make such a

⁹⁷ Based on Article 23, indent 1 of the Brazilian Código de Processo Civil

⁹⁸ Views expressed by legal experts during the workshops.

⁹⁹ Ibid.

¹⁰⁰ In the case where all EU's key partners do not accede to the Convention, the impacts would have to be slightly adjusted to display the reality.

¹⁰¹ Views expressed by legal experts during the workshops.

¹⁰² Ibid.

¹⁰³ Ibid.

declaration. Based on interviews, Brazil and Australia do not currently envisage any declaration in relation to Article 19.

Impact on the number of cases

The impact is expected to be similar to Policy Option 2a. A declaration under Article 19 would not impact this increase in a number of cases significantly as the Convention is more a business-to-business instrument¹⁰⁴ and state-owned companies cannot be excluded from its application (see Annex J |).

Impact on the length of proceedings

As aforementioned, the number of cases that would be affected by the declaration under Article 19 represents a rather low number of the overall cases concerning the recognition and enforcement of foreign judgments. Therefore, the impact is expected to be similar to Policy Option 2a.

Impact on the legal environment

The impact of this policy option on the different Member States is expected to be the same with regard to the extent it will affect their legal environment¹⁰⁵. Yet, the declaration under Article 19 would still bring, to a limited extent, additional restrictions and therefore uncertainty, which would translate into benefitting less from the Convention.

Impact on Member States' public administration

The impact on public administration is foreseen to be similar to Option 2a as the convention would still be adopted and the same "business as usual" costs would apply. Moreover, the declaration under Article 19 is not expected to result in any impact due to the rather low number of cases it would represent.

5.4.2. Economic impacts

The accession of the EU to the Convention with a declaration under Article 19 is not expected to bring significant change as compared to an accession without any declaration. An impact is expected with regard to economies where states are significantly involved in domestic economic and trade relations.

Macro-economic impacts

With regard to the EU accession to the Convention with a declaration under Article 19, an increase in trade volume is expected, in comparison to the baseline scenario. Under policy option 2c, the macro-economic impacts for the EU-27 depend on the respective third country. On the international stage, this declaration would affect more extensively economies where the state is more deeply involved in the economy or with little liberalisation of markets and the economy. According to third-country legal experts, this could apply to third countries such as China, and a certain extent Brazil and Argentina. In the case of China, this declaration could lead to increased legal uncertainty as public institutions in the country can act as such, but also develop business internationally. These three countries have more involvement of state entities whose disputes are however excluded from the scope of the Convention under this policy option. Consequently, the legal uncertainty persists in the areas under Article 19 and therefore, the status quo persists.

¹⁰⁴ Views expressed by the majority of interviewees.

¹⁰⁵ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

Table 22: Estimated total increase under policy option 2c for the years 2022-2026 as compared to the corrected baseline

Policy Options, total % increase (2022-2026)										
Policy Option 2c (Article 19)		AR	AU	BR	CA	CN	JP	KR	US	
	Goods	1.2	1.2	1.2	1.5	0.7	1	1	1.5	
	Services	1.1	1.2	1.3	1.1	1.3	1	1	0.9	
	FDI	0.2	0.4	0.3	0.2	0.3	1	0.2	0.3	

Source: Deloitte

The current broad definition of Article 19 should be further specified to avoid similar situations that could impact trade and investment interactions between the EU and key third countries.

Under policy option 2c, the macro-economic impacts, and therefore the directly and indirectly affected firms, for the EU-27 depend on the respective third country. EU trade and investment with third countries which have higher degrees of involvement of state entities into economic activities will be more affected. Overall, the impact is estimated to be positive as compared to the baseline but lower as compared to policy option 2a, in particular -0.3% for Argentina, Brazil and China for trade in goods and services and -0.2% for FDI stocks. As policy option 2c is not relevant for the remaining five third countries (Australia, Canada, Japan, South Korea, US), the macro-economic impact under this option will be the same as for policy option 2a. The indirect impact regarding the number of SMEs under policy option 2c is illustrated in the following table. In case the EU enters the Convention without any declaration, the number of indirectly affected enterprises in 2026 is 683 743 for the export in goods and 228 189 for the export in services. As compared to directly affected SMEs indirectly affected SMEs are expected to be affected – due to their potentially lower involvement in trade relations – to a lesser extent.

Table 23: Estimation of sectoral and indirect impact on companies and SMEs under policy option 2c

Direct and indirect impacts (EURm)															
Scenario	Indicator	Subindicator	Economic Impact	Country	Cour Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026	
PO2c	Exports	Goods	Production value Indirect	Total	TOT	54.9%	SME	333 015	297 355	315 839	334 567	353 284	373 207	394 420	417 010
PO2c	Exports	Goods	Gross value added Indirect	Total	TOT	55.9%	SME	141 020	125 888	133 725	141 655	149 579	158 013	166 993	176 555
PO2c	Exports	Services	Production value Indirect	Total	TOT	54.9%	SME	115 338	94 788	104 844	111 059	117 362	124 121	131 377	139 171
PO2c	Exports	Services	Gross value added Indirect	Total	TOT	55.9%	SME	55 148	45 353	50 155	53 123	56 133	59 360	62 823	66 542
PO2c	Exports	Goods	Enterprises (no.) Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	548 566	579 255	611 923	646 704	683 743
PO2c	Exports	Services	Enterprises (no.) Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	182 096	192 430	203 513	215 410	228 189

Micro-economic impacts (businesses, consumers and citizens)

The accession to the Convention is expected to decrease the average cost for proceedings related to the recognition and enforcement of foreign judgments. This results from the increasing legal certainty thanks to the Convention, establishing clearer and simplified rules and procedures, and enhancing compliance with due process in third countries. However, with a declaration under Article 19, the decrease in the average cost is not expected to occur to the same extent for cases relevant to the excluded matter (and in which one of the parties is a state agency).

The estimated decrease in the costs of proceedings is similar to Policy Option 2a, ranging between 10% and 20%.¹⁰⁶ This decrease differs per third country, depending on the extent to which national rules with regard to the recognition and enforcement of foreign judgments in these countries is more or less liberal today. As mentioned, the effects of an Article 19 declaration materialise mainly in China, as well as Argentina and Brazil to a lesser extent. As a consequence, a small effect is also seen in the EU, as proceedings related to the recognition and enforcement of judgments of these three countries in the EU might not benefit to the full extent of the cost reduction normally created by the Convention.

¹⁰⁶ Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, 50% of them believed that the reduction should be between 10% to 30%, 7% that the reduction would be less than 10%, and 43% that the reduction would range between 30 and 50%. An average of these results was initially taken to estimate that the decrease in costs would range between 18% and 37%. However, legal experts expressed the view that this range should be lower during the workshops. As such, the range was corrected towards 10% to 20%.

Table 24: Upper and lower values of savings due to decrease in costs in the EU and key third countries under policy option 2c for the entire reference period (2022 – 2026).

	Savings on key third country foreign judgments in the EU	Savings on EU judgments in third countries								Total
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA	
Min. cost reduction scenario	6 670 942 EUR	41 001 EUR	121 814 EUR	22 907 EUR	78 119 EUR	127 679 EUR	55 805 EUR	140 277 EUR	525 457 EUR	7 784 000 EUR
Max. cost reduction scenario	16 242 138 EUR	115 346 EUR	292 786 EUR	60 683 EUR	196 555 EUR	295 431 EUR	130 097 EUR	331 456 EUR	1 210 664 EUR	18 875 155 EUR

Table 25: Difference in upper and lower value savings due to decrease in costs in the EU and key third countries under policy option 2c compared to policy option 2a over the entire reference period (2022 - 2026).

	Savings on foreign judgments in the EU	Savings on EU judgments in third countries								Total
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA	
Min. cost reduction scenario	- 41 853 EUR	- 233 EUR	- EUR	- 382 EUR	- EUR	- 4 688 EUR	- EUR	- EUR	- EUR	- 47 157 EUR
Max. cost reduction scenario	- 83 707 EUR	- 467 EUR	- EUR	- 763 EUR	- EUR	- 9 377 EUR	- EUR	- EUR	- EUR	- 94 314 EUR

The accession to the Convention with a declaration to Article 19 is not expected to impact consumers, citizens and SMEs. This is explained by the limited interaction that SMEs, consumers and citizens have with states entities in general. Therefore, there are no expectations regarding additional benefits or costs for these stakeholders. However, this policy option is more relevant for larger businesses as they contract more frequently with state agencies.

Case study: the US does not accede to the Convention

In the case the US would not accede to the Convention, two effects arise:

1) If the EU accedes the Convention under policy option 2c, no additional trade benefits in trade with the US are expected. The same logic applies as under policy option 2a: This is due to the fact that neither European companies can bring their cases before European courts vice versa. Hence, the status quo continues to prevail. However, the accession to the Convention by the EU could lead to a signalling effect as other States now recognise that there will be potential benefits when they also accede the Convention. The macroeconomic effect of this signalling is, however, negligible and is therefore not expected to result in an increase of trade between the EU and the US.

2) The decrease in costs per case do not materialise for EU judgments in the EU nor for US judgments in the EU, leading to a decrease in savings of between 3.2 Million EUR and 7.6 Million EUR in total compared to the situation in which the US would accede to the Convention as shown in the table below. This impact is so high because of the importance of the trading relationship between the US and the EU.

Table 26: Difference in savings in the EU and key third countries under policy option 2c for the entire reference period (2022 - 2026) if the US does not accede to the Convention compared to when it would

	Difference in savings on foreign judgments in the EU	Difference in savings on EU judgments in third countries								Total
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA	
Min. cost reduction scenario	-2 633 723 EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- 525 457 EUR	-3 159 179 EUR
Max. cost reduction scenario	-6 412 480 EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	-1 210 664 EUR	-7 623 144 EUR

5.4.3. Impact on fundamental rights

Impact on fundamental rights

Under this policy option, judgments arising from proceedings to which the State or state agency, or natural person acting on behalf of any of these, would not fall under the application of the Convention.

As such, a declaration could be seen as a safeguard with regard to certain third countries which display systemic problems in their judicial systems. However, in the situation where there are serious concerns about judicial systems, these concerns do not only arise in cases where States are parties and would rather have to be addressed differently, for instance under Article 29 of the Convention, rather than by excluding all judgments to which any State is a party;

Impact on the protection of weaker parties

No impact is expected on the protection of weaker parties. As stated, consumer and citizens have limited civil or commercial contractual interactions with foreign states and a number of matters which might lead to disputes are excluded from the Convention's application by virtue of Article 2.

Impact on access to justice

This policy option would impact access to justice on two dimensions, by barring EU parties from directly enforcing judgments against third-country government agencies in non-EU countries, but also inhibiting the enforcement of similar judgments by non-EU parties in the EU.

Overall, access to justice would generally be improved by the accession of the EU to the Convention with a declaration under Article 19, as the majority of stakeholders are not impacted by such a declaration. However, access to justice for larger businesses with contractual relationships with foreign states would be hampered.

5.4.4. Environmental impacts

The impact is expected to be similar to Policy Option 2a. The exclusion of Article 19 would not result in additional environmental impacts.

5.5. Policy option 3: EU accession with a declaration under both Articles 18 and 19

Under this policy option, the European Union would accede to the Convention but with a declaration under both Articles 18 and 19. Therefore, specific matters (consumer, employment, insurance and/or immovable property) and judgments involving states agencies would be excluded from the Convention¹⁰⁷.

5.5.1. Impact on the judiciary

The accession to the Convention with a declaration under both Articles 18 and 19 is not expected to significantly impact the judiciary. The slight negative impact is that for those matters excluded by the declarations, legal certainty would not increase compared to the baseline, in comparison to the matters still included in the Convention.

As mentioned for policy option 2b, a declaration under Article 18 would ensure that specific matters and areas of the law are still dealt with at the local level, where these matters can be decided with closer regard to the local context.¹⁰⁸ Concerning the declaration under Article 19, a declaration would prevent non-EU parties from directly enforcing foreign judgments concerning state agencies in the EU. At the same time, it would also inhibit EU parties from enforcing the same EU judgments in third countries¹⁰⁹.

Impact on the number of cases

The impact is expected to be similar to Policy Option 2a. Declarations under both Articles 18 and 19 would not impact this increase in the number of cases significantly as the Convention is expected to be more relevant in a business-to-business environment¹¹⁰ and state-owned enterprises cannot be excluded from its application (see Annex J |).

Impact on the length of proceedings

The impact is expected to be similar to Policy Option 2a. The decrease in length would not materialise for those cases related to any of the matters excluded by a declaration for Article 18, nor for cases in which state agencies are involved. However, this concerns only a fraction of cases.

¹⁰⁷ In the case where all EU's key partners do not accede to the Convention, the impacts would have to be slightly adjusted to display the reality.

¹⁰⁸ Views expressed by three legal experts.

¹⁰⁹ Ibid.

¹¹⁰ Views expressed by the majority of interviewees.

Impact on the legal environment

Under this policy option, the exclusion of specific matters under Article 18 would limit the overlap of the Convention with the existing regulations and/or bilateral treaties¹¹¹. The declaration under Article 19 would not impact the current legal environment. The impact of this policy option on the different Member States is expected to be the same with regard to the extent it will affect their legal environment¹¹². The only difference would be that Member States would be less (positively) affected due to the exclusion under both Articles 18 and 19.

Impact on Member States' public administration

The impact on public administration is foreseen to be similar to Policy Option 2a as the convention would still be adopted and the same "business as usual" costs would apply. Moreover, the declaration under both Articles 18 and 19 is not expected to result in any impact due to the rather low number of cases it would represent.

5.5.2. Economic impacts

Policy Option 3 is a combination of the accession to the Judgments Convention with declarations under both Article 19 and Article 18. The effects of policy options 2b and 2c will therefore add up for EU trade and investment with the eight selected third countries.

Macro-economic impacts

Under this policy option, the positive impact on imports and exports of goods and an increase in trade volume is expected, in comparison to the baseline scenario. There is no macro-economic expected impact for the specific matters excluded under Article 18 and the macro-economic impact for the EU-27 of excluding Article 19 would depend on the respective third country. The declaration would affect more extensively economies where the state is more deeply involved in the economy.¹¹³

Table 27: Estimated total increase under policy option 3 for the years 2022-20226 as compared to the corrected baseline

Policy Options, total % increase (2022-2026)								
Policy Option 3 (Art. 19 + Art. 18)	AR	AU	BR	CA	CN	JP	KR	US
Goods	12	11	12	14	0.7	0.9	0.9	0.9
Services	1	12	13	11	1.3	1	1	0.9
FDI	0.2	0.3	0.3	0.15	0.3	0.9	0.15	0.2

Source: Deloitte

The sectoral and indirect effect from 2022-2026 of policy option 3 on companies and SMEs is presented in the table below. In case the EU enters the Convention with a declaration under both Articles 18 and 19, the number of indirectly affected enterprises in 2026 is 683 185 for the export in goods and 228 189 for the export in services. The numbers as compared to policy options 2a and 2b differ as the effects of policy options 2b and 2c will add up for EU trade and investment with the eight selected third countries. As compared to directly affected SMEs indirectly affected SMEs are expected to be affected – due to their potentially lower involvement in trade relations – to a lesser extent.

¹¹¹ Based on the responses of our online survey and based on the interview with the multinational conglomerate corporation

¹¹² See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

¹¹³ According to third-country legal experts, this could apply to third countries such as China, and to a certain extent Brazil and Argentina.

Table 28: Estimation of sectoral and indirect impact on companies and SMEs under policy option 3

Direct and indirect impacts (EURm)															
Scenario	Indicator	Subindicator	Economic impact	Country	Cour Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026	
PO3	Exports	Goods	Production value Indirect	Total	TOT	54.9%	SME	333 015	297 355	315 839	334 290	352 992	372 901	394 097	416 670
PO3	Exports	Goods	Gross value added Indirect	Total	TOT	55.9%	SME	141 020	125 888	133 725	141 537	149 455	157 883	166 855	176 410
PO3	Exports	Services	Production value Indirect	Total	TOT	54.9%	SME	115 338	94 788	104 844	111 058	117 361	124 121	131 376	139 171
PO3	Exports	Services	Gross value added Indirect	Total	TOT	55.9%	SME	55 148	45 353	50 155	53 123	56 132	59 360	62 823	66 542
PO3	Exports	Goods	Enterprises (no.) Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	548 114	578 778	611 420	646 175	683 185
PO3	Exports	Services	Enterprises (no.) Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	182 095	192 429	203 513	215 409	228 189

Source: Deloitte

Micro-economic impacts (businesses, consumers and citizen)

The accession to the Convention is expected to decrease the average cost for proceedings related to the recognition and enforcement of foreign judgments. This results from the increasing legal certainty thanks to the Convention, establishing clearer and simplified rules and procedures, and enhancing compliance with due process in third countries. However, with a declaration under both Articles 18 and 19, the decrease in the average cost is not expected to occur for cases pertaining to excluded matters, nor for cases in which one of the parties is a state agency.

The estimated decrease in the costs of proceedings is similar to Policy Option 2a, ranging between 10% and 20%¹¹⁴. This decrease might differ per third country, depending on the extent to which national rules with regard to the recognition and enforcement of foreign judgments in these countries are more or less liberal today, as explained in section 5.4.2. In terms of overall savings realised by this policy option, there is only a slight difference compared to policy option 2a.

Table 29 - Upper and lower values of savings due to decrease in costs in the EU and key third countries under policy option 3 for the entire reference period (2022 – 2026).

	Savings on key third country foreign judgments in the EU		Savings on EU judgments in third countries							Total										
	EUR	EUR	Argentina	Australia	Brazil	Canada	China	Japan	South-Korea		USA									
Min. cost reduction scenario	6 606 130	EUR	41 001	EUR	120 380	EUR	22 823	EUR	76 802	EUR	125 936	EUR	55 093	EUR	139 233	EUR	518 747	EUR	7 706 145	EUR
Max. cost reduction scenario	16 112 514	EUR	115 346	EUR	289 918	EUR	60 514	EUR	193 921	EUR	291 945	EUR	128 674	EUR	329 369	EUR	1 197 245	EUR	18 719 445	EUR

Table 30 - Difference in upper and lower value savings due to decrease in costs in the EU and key third countries under policy option 3 compared to policy option 2a for the entire reference period (2022 – 2026).

	Savings on foreign judgments in the EU		Savings on EU judgments in third countries							Total										
	EUR	EUR	Argentina	Australia	Brazil	Canada	China	Japan	South-Korea		USA									
Min. cost reduction scenario	- 106 665	EUR	- 233	EUR	- 1 434	EUR	- 466	EUR	- 1 317	EUR	- 6 432	EUR	- 712	EUR	- 1 044	EUR	- 6 709	EUR	- 125 012	EUR
Max. cost reduction scenario	- 213 330	EUR	- 467	EUR	- 2 868	EUR	- 932	EUR	- 2 634	EUR	- 12 863	EUR	- 1 424	EUR	- 2 087	EUR	- 13 419	EUR	- 250 023	EUR

On the one hand, a declaration under Article 19 is not expected to impact consumers, citizens and SMEs. This is explained by the limited interaction of SMEs, consumers and citizens have with states entities in general. However, this policy option is more relevant for larger businesses as they contract more frequently with state agencies. On the other hand, a declaration to Article 18 would negatively impact consumers as they would not benefit at all from the Convention.

Case study: the US does not accede to the Convention

In the case the US would not accede to the Convention, two effects arise:

1) If the EU accedes the Convention under policy option 2c, no additional trade benefits in trade with the US are expected. The same logic applies as under policy option 2a: This is due to the fact that neither European companies can bring their cases before European courts vice versa. Hence, the status quo continues to

¹¹⁴ Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, 50% of them believed that the reduction should be between 10% to 30%, 7% that the reduction would be less than 10%, and 43% that the reduction would range between 30 and 50%. An average of these results was initially taken to estimate that the decrease in costs would range between 18% and 37%. However, legal experts expressed the view that this range should be lower during the workshops. As such, the range was corrected towards 10% to 20%.

prevail. However, the accession to the Convention by the EU could lead to a signalling effect as other States now recognise that there will be potential benefits when they also accede the Convention. The macroeconomic effect of this signalling is, however, negligible and is therefore not expected to result in an increase of trade between the EU and the US.

2) The decrease in costs per case do not materialise for EU judgments in the EU nor for US judgments in the EU, leading to a decrease in savings of between 3.1 Million EUR and 7.6 Million EUR in total compared to the situation in which the US would accede to the Convention as shown in the table below. This impact is so high because of the importance of the trading relationship between the US and the EU.

Table 31: Difference in savings in the EU and key third countries under policy option 3 for the entire reference period (2022 - 2026) if the US does not accede to the Convention compared to when it would

	Difference in savings on foreign judgments in the EU	Difference in savings on EU judgments in third countries								Total	
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA		
Min. cost reduction scenario	-2 608 135 EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	-518 747 EUR	-3 126 882 EUR
Max. cost reduction scenario	-6 361 304 EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	-1 197 245 EUR	-7 558 549 EUR

5.5.3. Impact on fundamental rights

Impact on fundamental rights

Firstly, and as mentioned in policy option 2b, a declaration under Article 18 could be seen as a safeguard as previously explained in section 5.4.3.

Secondly, and as mentioned above in 5.5.1, this policy option would limit access to justice on two dimensions, by preventing non-EU parties from directly enforcing foreign judgments in the EU, but also inhibiting enforcement by EU parties against third-country government agencies. Moreover, and according to the great majority of interviewees, Article 19 is understood as the “safety valve”. The article is intended to enable a state to accede to the Judgments Convention even if there are concerns about applying it to its State entities. This results in the possibility for states to not apply the Convention to civil and commercial cases in which State entities are involved.

Impact on the protection of weaker parties

As discussed in policy option 2b, a declaration under Article 18 could increase the protection of the weaker party.

The declaration under Article 19 is not expected to further impact the protection of weaker parties. As aforementioned, consumer and citizens have limited civil or commercial contractual interactions with foreign states and several matters which might lead to disputes are excluded from the Convention’s application pursuant to Article 2.

Impact on access to justice

As discussed in the previous section 5.3.1, a declaration under Article 18 is considered as a “double-edged sword”. A declaration would indeed prevent the direct recognition and enforcement of selected foreign judgments within the EU, but also the recognition and enforcement of the same type of EU judgments in third countries. As such, the declaration would infringe on access to justice with regard to EU judgments in third countries¹¹⁵.

The increased clarity of due process internationally would only slightly positively impact consumers and citizens due to the exclusion of specific matters under Article 18. Overall, however, since the matters concern only a fraction of overall cases¹¹⁶, the general effect on access to justice would be positive even with declarations. Regarding the declaration under Article 19 however, access to justice for larger businesses with contractual relationships with foreign states would be hampered.

¹¹⁵ Views expressed by legal experts during the workshops.

¹¹⁶ Ibid.

5.5.4. Environmental impacts

The impact is expected to be similar to Policy Option 2a. The exclusion of both Articles 18 and 19 would not result in additional environmental impacts.

6. Comparison of the policy options

This chapter compares the policy options qualitatively and quantitatively on their effectiveness, efficiency and coherence.

6.1. Approach to the comparison

The impacts of individual policy options are compared with regard to their effectiveness, efficiency and coherence. The sub-criteria used in the comparison are as follows:

Table 32: Assessment criteria for the comparison of the policy options

Criterion	Sub-criterion
Effectiveness (i.e. extent to which the options address the policy objectives)	Potential of the options to achieve the general objectives:
	<ul style="list-style-type: none"> To promote international trade and investment, thereby increasing economic growth and creating jobs
	<ul style="list-style-type: none"> To enhance access to justice for EU business and citizens through a system that facilitates the recognition and enforcement of foreign judgments everywhere in the world where the debtor happens to have assets
	Potential of the options to achieve the specific objectives:
	<ul style="list-style-type: none"> To increase legal certainty for EU businesses and citizens involved in international trade To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution To allow for the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected
Efficiency (i.e. cost-benefit balance)	<ul style="list-style-type: none"> Overall cost savings on cases involving foreign judgments in the EU
	<ul style="list-style-type: none"> Overall cost savings on cases involving EU judgments in third countries
	<ul style="list-style-type: none"> Environmental impact
	<ul style="list-style-type: none"> Impact for various (public and private) stakeholders <ul style="list-style-type: none"> Member State Authorities (incl. judiciaries) Large businesses SMEs Citizens and consumers
Coherence	Coherence of international framework concerning recognition and enforcement of foreign judgments
	Alignment with other legal instruments in the EU

Criterion	Sub-criterion
Other impacts	Impact on the national legal environment
	Impact on the protection of the weaker parties

Source: Deloitte

The assessment tables, by organised criterion, are presented in the following sub-sections. An in-depth assessment of each of the criteria and sub-criteria per policy options is added to this report in Annex I | and Annex L.

In the comparison of the options, sub-criteria under effectiveness and coherence are attributed a score from -3 to +3 (with -3 being the most negative impact and +3 the most positive impact) based on the assessment of the impacts of that policy option (section 5). The criteria were then calculated based on the average of the sub-criteria, with the sum of the averages equalling the overall assessment. For efficiency, the overall cost savings expected for cases in the EU and third countries between 2021-2026 is presented.

In the assessment, all options are assessed across the sub-criteria in comparison with the baseline scenario (policy option 1). The baseline situation is attributed the value of 0 for all criteria. As shown in the summary table below, policy option 2a performs the best in terms of its effectiveness, efficiency and coherence compared to other options.

Table 33: Results of comparative analysis¹¹⁷

Criteria		Policy Option 1	Policy Option 2a	Policy Option 2b	Policy Option 2c	Policy Option 3
Effectiveness						
To promote international trade and investment, thereby increasing economic growth and creating jobs		0	1	0,5	0,5	0,5
To enhance access to justice for EU business and citizens through a system that facilitates the recognition and enforcement of foreign judgments everywhere in the world where the debtor happens to have assets		0	2	1,5	1,5	1
To increase legal certainty for EU businesses and citizens involved in international trade		0	2	1	1	0,5
To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution		0	2	1,5	1,5	1
To allow for the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected		0	1	2	1	1,5
Efficiency						
Overall cost savings on cases involving key third country foreign judgments in the EU		0 EUR	Minimum: EUR 6.7 Million Maximum: EUR 16.3 Million	Minimum: EUR 6.6 Million Maximum: EUR 16.2 Million	Minimum: EUR 6.7 Million Maximum: EUR 16.2 Million	Minimum: EUR 6.6 Million Maximum: EUR 16.1 Million
Overall cost savings on cases involving EU judgments in third countries		0 EUR	Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million	Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million	Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million	Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million
Environmental impact		0	-1	1	1	1
Impact for specific (public and private) stakeholders	Main cost factor for Member States Authorities (incl. Judiciaries)	0	1	0,5	0,5	0,5
	Main cost factor for Large businesses	0	0,5	1	1	1
	SMEs	0	1	0	0,5	0
	Citizens and consumers	0	0,5	-1	-1	-1
Coherence						
Coherence of international framework concerning recognition and enforcement of foreign judgments		0	2	-1	-0,5	-1,5
Alignment with other legal instruments in the EU		0	-1	1	0,5	1
Other impacts						
Impact on the national legal environment		0	1	0,5	0,5	0,5
The impact of the option on the protection of weaker parties (employment, consumer and insurance matters)		0	-1	0	-1	0

The summary analysis per each option is provided below and a more detailed breakdown of the results per sub-criterion is provided in Annex I | for effectiveness and coherence and annex L for efficiency.

¹¹⁷ The numbers displayed for "Overall cost savings on cases involving EU judgments in third countries" are based on a conservative estimation of the current number of EU judgments recognised and enforced in the selected third countries.

6.2. Comparison of the policy options

6.2.1. Policy option 1: Baseline scenario (Status quo)

Table 34: Summary assessment of Option 1

Criteria	Assessment Option 1		
	Rating	Summary	
Effectiveness	0	The status quo is overall not effective at meeting the policy objectives. Although an increase in trade and FDI is expected over time, access to justice for EU businesses and citizens would continue to be impaired due to the disparate and bilateral rules on recognition and enforcement of foreign judgments. Legal uncertainty would persist as well as costs and delays related to judicial proceedings, with delays being aggravated by the effect of the COVID-19 crisis. The lack of a comprehensive treaty on the recognition and enforcement of foreign judgments would ensure that EU principles and/or rights are duly observed in the case of EU judgments and enforcement orders. However, in third countries, EU principles or rights are not ensured in the case of a foreign judgment or the recognition and enforcement of an EU judgment. Thus, legal certainty would still be lacking to a certain extent.	
Efficiency		Overall cost savings on cases involving foreign judgments in the EU	0 EUR
		Overall cost savings on cases involving EU judgments in third countries	0 EUR
		Environmental impact	The environmental impact related to the emissions increases caused by increased global trade in goods. The increase in cases results in a negative impact related to proceedings (e.g. increased use of paper, travel...).
		Impact for various (public and private) stakeholders	Excessive costs related to the recognition and enforcement of foreign judgments continue to be borne by businesses, SMEs, consumers and citizens. For MS judiciaries, a slight increase in cases is expected over time, resulting in a slight burden for Member States.
Coherence	0	Disparities in rules on recognition and enforcement of foreign judgments continue to lead to inconsistency and a lack of coherence of applicable provisions internationally. Within the EU, current legal instruments remain in place. There is no impact expected on national legal environments neither.	
Impact on national level environment	0	No impact on national level environment is expected in the baseline scenario.	

Criteria	Assessment Option 1	
	Rating	Summary
Impact on protection of weaker party	0	The absence of a clear international convention would sustain the current consumer protections in the context of international transactions, parties' procedural rights, employment law or workers' rights. Thus, the protection of weaker parties would not be ensured.
Overall conclusion	Under the baseline scenario, the problems identified in the problem assessment, including in relation to costs and delays for recognition and enforcement of foreign judgments, would likely continue.	

6.2.2. Policy option 2a: EU accession without any declaration

Table 35: Summary assessment of Option 2a

Criteria	Assessment Option 2a	
	Rating	Summary
Effectiveness	1.6	Policy option 2a overall contributes positively to the general and specific objectives. The Convention, by providing a consistent framework for recognition and enforcement, contributes to enhancing legal certainty and compliance with due process. The cost and length of proceedings is expected to decrease. Overall, it is assumed that it would lead to more trade and FDI, generating new trade flows and new potential markets. The Convention would define minimum standards to ensure that all parties are treated equally to some extent, in the EU but also in third countries.
Efficiency	N/A	Overall cost savings on cases involving third country judgments in the EU Minimum: EUR 6.7 Million Maximum: EUR 16.3 Million
		Overall cost savings on cases involving EU judgments in third countries Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million
		Environmental impact The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the increased global trade in goods.
		Impact for various (public and private) stakeholders With regard to efficiency, we see a slight positive impact compared to the baseline. For public authorities, the cost of increased numbers of cases is only marginal. The decrease in length in proceedings, however, will provide positive impacts in the longer term for authorities, businesses, SMEs, citizens and consumers alike.
Coherence	0.5	This policy option will lead to a more coherent external legal environment, due to the application of one international legal framework providing coherent rules on recognition and enforcement of foreign judgments. However, this is slightly

Criteria	Assessment Option 2a	
	Rating	Summary
		offset by a foreseen negative impact on internal alignment with the EU' internal <i>acquis</i> . The impact of the Convention on the Member States' legal environments will differ but is positive as it will help liberalise the national systems ¹¹⁸
Impact on the national legal environment	1	The Judgments Convention would create additional grounds for the recognition and enforcement of foreign judgment, and for the refusal of such judgments, thus positively impacting the national legal environments by increase the scope of foreign judgments.
Impact on the protection of the weaker parties	-1	The accession to the Judgments Convention without any declarations would provide less protection to the weaker parties due to the already existing high level of protection in the EU.
Overall conclusion	This option performs better than the baseline scenario in relation to all of the assessment criteria. It brings benefits in particular by reducing costs and length of proceedings (i.e. through a streamlined approach to recognition of judgments). In addition, coherence in the EU and internationally regarding the recognition and enforcement of judgments would increase.	

6.2.3. Policy option 2b: EU accession with a declaration under Article 18

Table 36: Summary assessment of Option 2b

Criteria	Assessment Option 2b	
	Rating	Summary
Effectiveness	1.3	<p>Policy option 2b overall contributes positively to the general and specific objectives, despite the declaration under Article 18.</p> <p>The Convention would contribute to enhancing legal certainty and compliance with due process. The cost and average length of proceedings is expected to decrease. The declaration under Article 18 although still excluding certain types of cases, is not expected to greatly affect these impacts as the specific matters concern only a fraction of overall cases¹¹⁹.</p> <p>Overall, positive impacts on imports and exports of goods are expected. For the matters excluded by the declaration, no macro-economic effect is expected as the status quo would remain.</p> <p>The policy option would allow for the recognition and enforcement of third country judgments in the EU as long as EU fundamental principles and/or rights are respected. Additionally, with declarations, the protection of weaker parties in the EU might be better assured, in line with the internal <i>acquis</i>.</p>
Efficiency	N/A	<p>Overall cost savings on cases involving foreign judgments in the EU</p> <p>Minimum: EUR 6.6 Million Maximum: EUR 16.2 Million</p>

¹¹⁸ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

¹¹⁹ Views expressed by legal experts during the workshops.

Criteria	Assessment Option 2b	
	Rating	Summary
		<p>Overall cost savings on cases involving EU judgments in third countries</p> <p>Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million</p> <p>Environmental impact</p> <p>The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the increased global trade in goods.</p> <p>Impact for various (public and private) stakeholders</p> <p>The decrease in the length of proceedings and its impact on the costs will slightly positively benefit the different stakeholders. Member State authorities are expected to be marginally positively impacted, despite some low once-off additional costs related to implementation to be offset in the long term by the decreased length of proceedings. While large businesses and SMEs will experience a very marginal positive impact related to the main cost factors¹²⁰, citizens and consumers will not experience any impact on main cost factors. The declaration under Article 18, however, will, to a certain extent, negatively impact consumers and citizens as they will not benefit from the cost reduction.</p>
Coherence	0	<p>The positive internal impact on coherence is offset by the slightly negative impact on external coherence.</p> <p>Internally, declarations made would be in line with current <i>acquis</i> (Brussels Ia Regulation). The rules of the Convention will apply to certain legal areas when dealing with recognition and enforcement of EU judgments in third countries, while others will be excluded. This will to some extent improve internal and external coherence, disparate approaches will still be applied to matters pertaining to the declaration.</p> <p>The impact of this policy option on the national legal environment is expected to be similar with regard to the previous policy option. Yet, the declaration under Article 18 would still bring additional restrictions and therefore uncertainty, which would translate into benefitting less from the Convention.</p>
Impact on the national legal environment	0.5	The additional grounds created by the Judgments Convention for the recognition and enforcement, and refusal, of foreign judgments would be limited due to the declaration under Article 18.
Impact on the protection of the weaker parties	0	With a declaration under Article 18, the protection of weaker parties would be upheld as specific matters would be excluded.
Overall conclusion		This option performs better than the baseline scenario in relation to all of the assessment criteria, except coherence. In terms of effectiveness and efficiency, some gains would still be made in terms of reduced costs overall. However, for

¹²⁰ Based on interviews and validated by legal experts during the workshops.

Criteria	Assessment Option 2b	
	Rating	Summary
		coherence, the exclusion of certain matters from the Convention will lead to even more disparity at EU and international level concerning recognition and enforcement of foreign judgments overall.

6.2.4. Policy option 2c: EU accession with a declaration under Article 19

Table 37: Summary assessment of Option 2c

Criteria	Assessment Option 2c		
	Rating	Summary	
Effectiveness	1.2	The assessment has given evidence that policy option 2c would improve international trade and access to justice overall, thus addressing the policy objectives. The Convention contributes to enhancing legal certainty and compliance with due process and so access to justice would be greater for both EU and non-EU parties. The cost and length of proceedings are expected to decrease, facilitating the increase in trade and FDI. Moreover, the Convention would ensure that the recognition and enforcement of foreign judgments which would not be excluded is not contrary to fundamental principles of EU law.	
Efficiency	N/A	Overall cost savings on cases involving third country judgments in the EU	Minimum: EUR 6.7 Million Maximum: EUR 16.2 Million
		Overall cost savings on cases involving EU judgments in third countries	Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million
		Environmental impact	The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the increased global trade in goods.
		Impact for various (public and private) stakeholders	In comparison to the baseline, this policy option would positively impact the overall efficiency of recognition and enforcement of foreign judgments. The cost for the Member State authorities is only marginal, however, the decrease in the average length and cost of proceedings will positively impact all stakeholders alike, with the exception of large businesses who might be affected by the declaration under Article 19.
Coherence	0	The policy option will result in a slightly more coherent external legal environment, tackling the existing disparities in rules on recognition and enforcement of foreign judgments internationally, with the exception of matters involving state entities. Within the EU, the declaration under Article 19 would not be in line with the <i>acquis</i> . The impact of this policy option on the different Member States is expected to be the same with regard to the extent it will affect their legal	

Criteria	Assessment Option 2c	
	Rating	Summary
		environment ¹²¹ Yet, the declaration under Article 19 would still bring, to a limited extent, additional restrictions and therefore uncertainty, which would translate into benefitting less from the Convention.
Impact on the national legal environment	0.5	The impact of the national legal environment would still remain positive due to the additional grounds created for the recognition and enforcement, and refusal, of foreign judgments.
Impact on the protection of the weaker parties	-1	No impact is expected on the protection of weaker parties as consumers and citizens have limited civil or commercial contractual interactions with foreign states.
Overall conclusion		This option performs better than the baseline scenario in relation to all of the assessment criteria, except coherence. In terms of effectiveness and efficiency, some gains would still be made in terms of reduced costs overall. However, for coherence, the exclusion of matters concerning state entities will lead to a less consistent approach to recognition and enforcement of foreign judgments overall.

6.2.5. Policy option 3: EU accession with a declaration under both Articles 18 and 19

Table 38: Summary assessment of Option 3

Criteria	Assessment Option 3		
	Rating	Summary	
Effectiveness	0.9	Policy Option 3 would improve the overall effectiveness, thus addressing the policy objectives. Slight positive impacts on international trade and investment is expected. The general effect on access to justice would be positive even with declarations. Moreover, the Convention would ensure that the recognition and enforcement of foreign judgments is not contrary to fundamental principles of EU law, particularly in the excluded matters.	
Efficiency	N/A	Overall cost savings on cases involving foreign judgments in the EU	Minimum: EUR 6.6 Million Maximum: EUR 16.1 Million
		Overall cost savings on cases involving EU judgments in third countries	Minimum: EUR 1.1 Million Maximum: EUR 2.6 Million
		Environmental impact	The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the increased global trade in goods.
		Impact for various (public and private) stakeholders	This option will have a slightly positive impact on the costs in comparison to the baseline scenario. Among the concerned stakeholders, the Member States' authorities and the businesses are expected to be marginally positively impacted thanks to the decrease in the average length and cost of proceedings. Larger businesses are also slightly

¹²¹ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

Criteria	Assessment Option 3	
	Rating	Summary
		negatively impacted because of the declaration under Article 19. More importantly, the declaration under Article 18 negatively impacts the citizens and consumers, with matters relevant to them being left out of the Convention's scope.
Coherence	-0.25	<p>The overall coherence under this policy option is expected to be close to the baseline scenario. This is because the moderate positive internal impact on coherence is offset by the external coherence which is null.</p> <p>The exclusion of specific matters under Article 18 would be in line with internal <i>acquis</i> on matters related to consumer, employment, insurance and/or immovable property. However, the weaker parties would be limited when dealing with recognition and enforcement of EU judgments in third countries. The declaration under Article 19 would not be in line with the <i>acquis</i>.</p> <p>The impact of this policy option on the different Member States is expected to be the same with regard to the extent it will affect their legal environment¹²². The only difference would be that Member States would be less (positively) affected due to the exclusion under both Articles 18 and 19.</p>
Impact on the national legal environment	0.5	Both declarations under Articles 18 and 19 would result in limited benefits with regards to the newly added grounds for the recognition and enforcement, and refusals, of foreign judgments.
Impact on the protection of the weaker parties	0	No further impact is expected with regard to a declaration under Article 19, a declaration under Article 18 would uphold the protection of weaker parties.
Overall conclusion		This option performs better than the baseline scenario in relation to all of the assessment criteria, except coherence. In terms of effectiveness and efficiency, some gains would still be made in terms of reduced costs overall. However, for coherence, the exclusion of certain matters will lead to a less consistent approach to recognition and enforcement of foreign judgments overall.

¹²² See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

7. Conclusion

Our analysis shows that the full accession of the EU to the Judgments Convention – Policy Option 2a - would be most effective in achieving the policy objectives overall. The highest benefit would be achieved with regard to the promotion of trade and investment as well as with the enhancement of access to justice for EU business and citizens. Moreover, the full accession would yield the highest increase of legal certainty for EU businesses and citizens involved in international trade and the highest reduction of costs and length of proceedings for citizens and businesses involved in international dealings or in international dispute resolution compared to other options.

However, it must be said that this is not the case for the policy objective of ensuring the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal *acquis* on the same subject matter is not affected, namely policy option 2b, 2c and 3 (respectively accession with a declaration under Article 18, Article 19 and a combination of both). For this policy objective, the latter policy options (2b and 2c) outperform the full accession to the Convention without any declaration.

However, it should be noted that the Convention also offers some other tools that would be relevant in barring the recognition and enforcement of foreign judgments in the EU that are contrary to fundamental principles of EU law and the EU internal *acquis*. For instance, the refusal grounds under Article 7 of the Convention allow refusal where “recognition and enforcement of a judgment would be manifestly incompatible with the public policy of the requested State”, as well as if the “proceedings leading to the judgments were incompatible with fundamental principles of procedural fairness of that State.” This clause could be a safeguard against violations of European fundamental rights, as well as against the recognition and enforcement of foreign judgments which are manifestly contrary to EU standards.

With regard to efficiency in balancing costs and benefits, only slight variations between policy options exist due to the declarations that could be made under options 2b, 2c and 3. For consumer matters under policy options 2b and 3, consumers would not directly reap the benefits yielded by the accession to the Convention as they would be excluded from its scope. As such, the decrease in length and costs for proceedings related to the recognition and enforcement of foreign judgments would not apply for cases in which they are a party. Due to the fact that these cases are not very numerous, the overall impact on the costs for these stakeholders is minimal.

Moreover, the full accession to the Convention also scores higher with regard to coherence, where we see a double effect in sub-criteria. On the one hand, policy option 2a has a more negative impact than the other policy options in terms of alignment with EU internal *acquis*. EU citizens already enjoy wide protection in areas of law related to the internal market. The Convention creates an added layer of complexity with regards to other EU and international legal instruments and agreements. This added layer would be less present with the other policy options. On the other hand, however, full accession to the Convention would improve greatly the overall coherence of the international framework concerning recognition and enforcement of foreign judgments due to its applicability across all matters in scope.

The central question of this study thus revolved around the desirability of declarations either under Article 18 or Article 19 (Option 2 b and 2c respectively), or a combination of the two (Option 3). This assessment has shown that generally, a full accession without declaration would yield the highest benefits - although the difference in benefits between policy options is rather small. This assessment is echoed by the majority of stakeholders.

If a declaration were still to be made, it should be made in order to achieve the objective of allowing recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal *acquis* on the same subject matter is not affected, or for the protection of the weaker party in proceedings. However, as is often the case in international proceedings, the principle of reciprocity looms around the corner. Declarations could therefore prove to be a double-edged sword, providing protection against certain foreign judgments on the one side, but also barring EU citizens and

businesses from obtaining recognition and enforcement of EU judgments abroad under the matters excluded. Caution is therefore needed with declarations, which, if made by many contracting States, could be detrimental to the success of the Convention according to experts and stakeholders.

In the case of adoption of Policy Option 2a on the basis of this assessment and to monitor the yield of benefits due to the accession of the EU to the Convention, it is recommended that a sound monitoring system be put in place, including a comprehensive set of qualitative and quantitative indicators, as well as a clear and structured reporting and monitoring process. This is important to verify if the Convention is successful in achieving the objectives, even more so if a full accession without declaration occurs to monitor whether there might still be a need for future declarations.

In order to provide guidance in the monitoring process, the following table presents examples of indicators that may serve to analyse the achievement of these objectives. In terms of timing, an evaluation every 3-5 years would be useful in order to closely monitor the evolution of the impacts and the context in which the Convention operates.

Table 39: Evaluation and monitoring framework

Assessment criterion	Indicator	Frequency
Horizontal aspects	Number of cases in which the Convention is applied	Once per year
	Number of citizens and businesses affected by the application of the Convention	At least for every evaluation
To increase legal certainty for EU businesses and citizens involved in international trade	Case law at national level pointing to uncertainties (e.g. lack of clarity on certain concepts)	At least for every evaluation
	Case law at EU level pointing to uncertainties (e.g. lack of clarity on certain concepts)	At least for every evaluation
	Case law in third countries pointing to uncertainties (e.g. lack of clarity on certain concepts)	At least for every evaluation
To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution	Estimates on the length of recognition and enforcement proceedings in civil and commercial matters and reasons for undue delays in the EU and in third countries (concerning EU judgments)	At least for every evaluation
	Estimates on the costs of recognition and enforcement proceedings in civil and commercial matters in the EU and in third countries (concerning EU judgments)	At least for every evaluation
To allow for the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected	Number of cases at national level in which recognition and enforcement of a foreign judgment was refused on the basis of incompatibility of the judgment with the public policy of the requested State	Once per year
	Number of cases at national level in which recognition and enforcement of a foreign judgment was refused on the basis of incompatibility of the proceedings leading to that judgment with the fair trial principle	Once per year

Source: Deloitte

Annex A | Legal analysis

Introduction: recognition and enforcement of judgments under EU and international law

In EU law, the recognition and enforcement of judgments between the Member States are governed by Regulation (EU) No. 1215/2012 of the European Parliament and the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) of 12 December 2012 (Brussels Ia Regulation). Considered within the same regime of rules (i.e. the "Brussels Regime") is the 2007 Lugano Convention¹²³ which entered into force in 2010. Its effects and material scope are the same as the 2001 Brussels I Regulation but extended to relations between the European Union and its Member States on the one side and Iceland, Norway and Switzerland, on the other. The Brussels Regime still applies by virtue of the Parallel Agreement for Denmark.

The only multilateral conventions in force are the Hague Conventions on Choice of Court; Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters; and Family and Maintenance Matters.

[Convention on the Choice of Court of 25 November 1965](#)

The convention contains rules on recognition and enforcement of decisions made in the chosen court (Articles 7-10). The convention has been signed only by Israel and did not come into force.

[Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters of 1 February 1971](#)

The relevance and success of the first Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil and Commercial Matters were limited, mainly due to the 1968 Brussels Convention (now Brussels Ia Regulation) which turned out to be a great success. Further reasons for the failure of the 1971 Hague Convention were its alleged discriminatory effect against defendants based outside Europe and the bilateralisation requirement.¹²⁴The convention came into force on 20 August 1979 for the Netherlands and Cyprus. It is in force today also for Albania (since 1 November 2010), Kuwait (since 1 December 2002) and Portugal (since 20 August 1983). However, none of the latter countries concluded the required bilateral agreements, blocking the operationalisation of the Convention.

[Convention on Choice of Court Agreements of 30 June 2005](#)

The Convention has come into force for the European Union and its Member States (with the exception of Denmark) in relation to Mexico on 1 October 2015. In the meantime, it is in force also for Denmark (since 1 September 2018), Montenegro (since 1 August 2018) and Singapore (since 1 October 2016). The Convention is aimed at ensuring the effectiveness of choice of court agreements (also known as "forum selection clauses") between parties to international commercial transactions. By doing so, the Convention provides greater certainty to businesses engaging in cross-border activities and therefore creates a legal environment more amenable to international trade and investment. The recognition and enforcement of decisions made in the chosen court being dealt with in Articles 8-15. According to Article 8(1), a judgment given by a court of a Contracting State designated in an exclusive choice of court agreement shall be recognised and enforced in the other

¹²³ Convention on jurisdiction and the enforcement of judgments in civil and commercial matters signed in Lugano on 30 October 2007 and published in the Official Journal on 21 December 2007 (L339/3).

¹²⁴ Van Loon, Hans (2019) Towards a global Hague Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, for further information see here: <http://www.nipr-online.eu/pdf/2020-134.pdf>

Contracting States in accordance with Chapter III of the Convention. Recognition or enforcement may be refused only on the grounds specified in this Convention, in particular in Article 9.

Hague Conventions in Family and Maintenance Matters

Further Hague conventions deal with the recognition and enforcement of judgments which are excluded from the substantive scope of the 2019 Judgments Convention:

- Convention concerning the recognition and enforcement of decisions relating to maintenance obligations towards children of 15 April 1958;
- Convention on Jurisdiction, Applicable Law and Recognition of Decrees Relating to Adoptions of 15 November 1965;
- Convention on the Recognition of Divorces and Legal Separations of 1 June 1970;
- Convention on the Recognition and Enforcement of Decisions Relating to Maintenance Obligations of 2 October 1973;
- Convention on Protection of Children and Co-operation in Respect of Intercountry Adoption of 29 May 1993 (Articles 23-27);
- Convention on Jurisdiction, Applicable Law, Recognition, Enforcement and Co-operation in Respect of Parental Responsibility and Measures for the Protection of Children of 19 October 1996 (Articles 23-28);
- Convention on the International Protection of Adults of 13 January 2000 (Articles 22-27);
- Convention on the International Recovery of Child Support and Other Forms of Family Maintenance of 23 November 2007.

Other than the Lugano and Hague Conventions, a Council of Europe Convention exists on European Recognition and Enforcement of Decisions concerning Custody of Children and on Restoration of Custody of Children of 20 May 1980. The only practically relevant Convention of the Council of Europe on recognition and enforcement of judgments deals thus with custody of children which is excluded from the substantive scope of application of the Hague Judgments Convention.

Two International Commission on Civil Status (CIEC) Conventions exist also on the recognition of decisions in matrimonial matters of 8 September 1967 which deals with matrimonial matters - excluded from the substantive scope of application of the Judgments Convention and the Convention on the recognition of decisions recording a sex reassignment of 12 September 2000. This convention is in force only for the Netherlands and Spain; it equally refers to matters excluded from the substantive scope of application of the Judgments Convention.

Apart from these conventions, foreign judgments may be recognised and enforced based on bilateral agreements between States. There is a dense network of bilateral conventions and agreements on recognition and enforcement of judgments between the individual EU Member States and third States. For example, Germany has concluded such agreements with Israel (on 20 July 1977), Norway (on 17 June 1977), Switzerland (02 November 1929) and Tunisia (19 July 1966).

In what follows, a deeper legal analysis is set out.

I. Recognition and Enforcement of Judgments in EU Law

(1) Brussels Ia Regulation, 2012

The most important source of EU law for recognition and enforcement of judgments is Regulation (EU) No. 1215/2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) of 12 December 2012.

a) Recognition

Under the Regulation, a judgment given in a Member State shall be recognised in the other Member States *without any special procedure* being required, Article 36(1). A party who wishes to invoke in a Member State a judgment given in another Member State shall only produce a copy of the judgment which satisfies the conditions necessary to establish its authenticity and the certificate pursuant to Article 53, in accordance with Article 37(1).

(b) Enforcement

A judgment given in a Member State which is enforceable in that Member State shall be enforceable in the other Member States without any declaration of enforceability being required, based on Article 39. The abolition of the intermediate procedure of declaration of enforceability is the most important progress of the Brussels Ia Regulation compared to its predecessor, the Regulation (EC) No. 44/2001 of 22 December 2000 (Brussels I).

(c) Refusal of recognition and enforcement

The Brussels Ia Regulation has not abolished, however, the control of the foreign judgment in the Member State of enforcement. This control has shifted from the procedure of declaration of enforceability ("exequatur procedure") to the procedure of enforcement. Article 46 of the Regulation provides that, on the application of the person against whom enforcement is sought, the enforcement of a judgment shall be refused where one of the grounds referred to in Article 45 is found to exist.

According to Article 45(1) the recognition of a judgment shall be refused:

- (a) if such recognition is manifestly contrary to **public policy** (ordre public) in the Member State addressed;
- (b) where the judgment was given in default of appearance, if the **defendant was not served** with the document which instituted the proceedings or with an equivalent document in sufficient time and in such a way as to enable him to arrange for his defence, unless the defendant failed to commence proceedings to challenge the judgment when he could do so;
- (c) if the judgment is irreconcilable with a judgment given between the same parties in the Member State addressed;
- (d) if the judgment is irreconcilable with an earlier judgment given in another Member State or a third State involving the same cause of action and between the same parties, provided that the earlier judgment fulfils the conditions necessary for its recognition in the Member State addressed; or
- (e) if the judgment conflicts with:
 - (i) Sections 3, 4 or 5 of Chapter II where the policyholder, the insured, a beneficiary of the insurance contract, the injured party, the consumer or the employee was the defendant; or
 - (ii) Section 6 of Chapter II (exclusive jurisdiction).

Whereas the grounds for refusal in Article 45(1) lit. a to lit. d Brussels Ia Regulation correspond to Article 7(1) lit. a, c, e and f of the Judgments Convention, the control of the jurisdiction of the original court is rather limited based on Article 45 (1) lit. e Brussels Ia Regulation compared to the detailed provisions in Article 5 of the Judgments Convention. One reason is that the Brussels Ia Regulation in its Chapter II also provides for direct jurisdiction rules which have to be respected already by the original court whereas the Judgments Convention is restricted in Article 5 to provisions on indirect

jurisdiction which are only binding on the court deciding on the recognition and enforcement of a foreign judgment. Moreover, it is also in the context of the EU building mutual recognition and mutual trust, also between judicial authorities, that leads to a rather limited assessment of the jurisdiction of the court of origin by the judge in the court where recognition and enforcement are sought.

(2) European Enforcement Order Regulation, 2004

Another important source for the enforcement of judgments within the EU is Regulation (EC) No. 805/2004 of the European Parliament and of the Council creating a European Enforcement Order for uncontested claims of 21 April 2004.

The EEO Regulation for the first time eliminated the declaration of enforceability in European procedural law. It dispenses with any kind of intermediate proceedings in the Member State of enforcement (see Article 5 EEO Regulation). This involved a complete system change in recognition law in 2004 because the Member State of enforcement no longer had any possibility of control or influence. Rather, it is obliged to enforce the European Enforcement Order in every case. This type of title therefore has the same quality in the Member State of enforcement as a domestic enforcement order. Such a procedure offers significant advantages as compared with the exequatur procedure provided for in Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, in that there is no need for approval by the judiciary in a second Member State with the delays and expenses that this entails.

Instead, the examination of the grounds for refusal of recognition is transferred in its entirety to the Member State of origin. The only exception is Article 21(1) providing that:

Enforcement shall, upon application by the debtor, be refused by the competent court in the Member State of enforcement if the judgment certified as a European Enforcement Order is irreconcilable with an earlier judgment given in any Member State or a third country, provided that:

- (a) the earlier judgment involved the same cause of action and was between the same parties; and
- (b) the earlier judgment was given in the Member State of enforcement or fulfils the conditions necessary for its recognition in the Member State of enforcement; and
- (c) the irreconcilability was not and could not have been raised as an objection in the court proceedings in the Member State of origin.

The EEO Regulation has lost this particular quality with the reform of the Brussels I Regulation in 2012 because under the Brussels Ia Regulation the intermediate procedure for a declaration of enforceability has also been abolished. Article 39 of the Brussels Ia Regulation corresponds to Article 5 of the EEO Regulation. As a consequence, a significant advantage of the certification of a European Enforcement Order has been eliminated compared to the enforcement of a decision under the Brussels Ia Regulation, which also has a much wider scope of application because it is not only applicable to uncontested claims as defined by Article 3 EEO Regulation.

One advantage of the EEO Regulation over the Brussels Ia Regulation remains, however: The enforcement of a European Enforcement Order can only be refused in the Member State of enforcement if the order conflicts with a decision on the same subject matter of dispute between the same parties which was issued or previously recognised there. In contrast, the enforcement of a decision under Article 46 Brussels Ia Regulation can be refused only if one of the grounds for refusal of recognition listed in Article 45 of that Regulation applies.

(3) Order for payment Regulation, 2006

Provisions on recognition and enforcement of orders for payment between the EU Member States are outlined in the Regulation (EC) No.1896/2006 of the European Parliament and the Council creating a European order for payment procedures of 12 December 2006.

European order for payment issued in one Member State which has become enforceable is regarded for enforcement as if it had been issued in the Member State in which enforcement is sought. Mutual trust in the administration of justice in the Member States justifies the assessment by the court of one Member State that all conditions for issuing a European order for payment are fulfilled to enable the order to be enforced in all other Member States without judicial review of the proper application of minimum procedural standards in the Member State where the order is to be enforced. Without prejudice to the provisions of this Regulation, in particular, the minimum standards laid down in Article 22(1) and (2) and Article 23, the procedures for the enforcement of the European order for payment continue to be governed by national law.

Therefore, according to Article 19 of this Regulation, a European order for payment which has become enforceable in the Member State of origin shall be recognised and enforced in the other Member States without the need for a declaration of enforceability and without any possibility of opposing its recognition. Consequently, a European order for payment which has become enforceable shall be enforced under the same conditions as an enforceable decision issued in the Member State of enforcement, Article 21(1).

Parallel to Article 21(1) EEO Regulation enforcement of a European order for payment shall only be refused, according to Article 22(1) of the Payment Order Regulation in case of conflict with an earlier decision between the same parties on the same cause of action:

Article 22(1). Enforcement shall, upon application by the defendant, be refused by the competent court in the Member State of enforcement if the European order for payment is irreconcilable with an earlier decision or order previously given in any Member State or a third country, provided that:

(a) the earlier decision or order involved the same cause of action between the same parties;

and

(b) the earlier decision or order fulfils the conditions necessary for its recognition in the Member State of enforcement;

and

(c) the irreconcilability could not have been raised as an objection in the court proceedings in the Member State of origin.

Moreover, enforcement shall, upon application, also be refused if and to the extent that the defendant has paid the claimant the amount awarded in the European order for payment, Article 22(2).

(4) Small Claims Regulation, 2007

For judgments on small claims recognition and enforcement between the EU Member States has been facilitated by the Regulation (EC) No. 861/2007 of the European Parliament and the Council establishing a European Small Claims Procedure of 11 July 2007, as amended by Regulation (EU) 2015/2421 of 16 December 2015.

In order to facilitate recognition and enforcement, a judgment given in a Member State in the European Small Claims Procedure is being recognised and enforceable in another Member State without the need for a declaration of enforceability and without any possibility of opposing its recognition, in accordance with Article 20(1). *And any judgment given in the European Small Claims Procedure shall be enforced under the same conditions as a judgment given in the Member State of enforcement, pursuant to Article 21(1).*

Enforcement shall, upon application by the person against whom enforcement is sought, only be refused by the court or tribunal with jurisdiction in the Member State of enforcement if the judgment given in the European Small Claims Procedure is irreconcilable with an earlier judgment given in any Member State or in a third country provided that the requirements of Article 22(1) are fulfilled which correspond to those of Article 22(1) of the European Payment Order Regulation cited above.

(5) European Account Preservation Order Regulation, 2014

The Regulation (EU) No. 655/2014 of the European Parliament and of the Council establishing a European Account Preservation Order procedure to facilitate cross-border debt recovery in civil and commercial matters of 15 May 2014 also contains provisions on the recognition and enforcement of preservation orders between the EU Member States.

According to Article 22, a Preservation Order issued in a Member State in accordance with this Regulation shall be recognised in the other Member States without any special procedure being required and shall be enforceable in the other Member States without the need for a declaration of enforceability. Subject to the provisions of Chapter 3 of the Regulation, the Preservation Order shall be enforced in accordance with the procedures applicable to the enforcement of equivalent national orders in the Member State of enforcement. The competent authority of the Member State of enforcement shall take the necessary steps to have the Order enforced in accordance with its national law, Article 23(1) and (5).

The Preservation Order shall have the same rank, if any, as an equivalent national order in the Member State of enforcement, Article 32.

(6) Regulation on mutual recognition of protection measures in civil matters, 2013

Finally, recognition and enforcement of judgments are dealt with by Regulation (EU) No. 606/2013 of the European Parliament and of the Council on mutual recognition of protection measures in civil matters of 12 June 2013. According to Article 3(1) of the Regulation 'protection measure' means any decision, whatever it may be called, ordered by the issuing authority of the Member State of origin in accordance with its national law and imposing one or more of the following obligations on the person causing the risk with a view to protecting another person, when the latter person's physical or psychological integrity may be at risk: "Any decision, whatever it may be called" may also be a judgment on the merits which circulates under the Judgments Convention. According to the definition of a "judgment" under Article 3(1) of the Judgments Convention, "judgment" means any decision on the merits given by a court, whatever that decision may be called, including a decree or order, and a determination of costs or expenses of the proceedings by the court (including an officer of the court), provided that the determination relates to a decision on the merits which may be recognised or enforced under this Convention. An interim measure of protection is not a judgment¹²⁵.

In a common area of justice without internal borders, provisions to ensure rapid and simple recognition and, where applicable, enforcement in another Member State of protection measures ordered in a Member State are essential to ensure that the protection afforded to a natural person in one Member State is maintained and continued in any other Member State to which that person

¹²⁵ <https://www.hcch.net/en/instruments/conventions/full-text/?cid=137>

travels or moves. Mutual trust in the administration of justice in the Union and the aim of ensuring the quicker and less costly circulation of protection measures within the Union justify the principle according to which protection measures ordered in one Member State are recognised in all other Member States without any special procedure being required. As a result, a protection measure ordered in one Member State should be treated as if it had been ordered in the Member State where its recognition is sought.

Therefore, Article 4(1) provides that a protection measure ordered in a Member State shall be recognised in the other Member States without any special procedure being required and shall be enforceable without a declaration of enforceability being required. But the procedure for the enforcement of protection measures shall be governed by the law of the Member State addressed. Article 4(5).

According to Article 13(1) of the Regulation the recognition and, where applicable, the enforcement of the protection measure shall only be refused, upon application by the person causing the risk, to the extent, such recognition is:

- (a) manifestly contrary to public policy in the Member State addressed; or
- (b) irreconcilable with a judgment given or recognised in the Member State addressed.

But the recognition of the protection measure may not be refused on the ground that the law of the Member State addressed does not allow for such a measure based on the same facts, Article 13(3).

(7) EU-Regulations in family, maintenance and succession matters

Further EU Regulations also provide for the recognition and enforcement of judgments between the Member States, but they refer to judgments which are excluded from the substantive scope of the Hague Judgments Convention according to Article 2 of the Convention.

This is true for the following Regulations:

1. Council Regulation (EC) No. 2201/2003 concerning jurisdiction and the recognition and enforcement of judgments in **matrimonial matters** and the **matters of parental responsibility**, repealing Regulation (EC) No 1347/2000 of 27 November 2003 (Ch. III, Articles 21-52), see Article 2(1) lit. a and c Judgments Convention
2. Council Regulation (EC) No. 4/2009 on the jurisdiction, applicable law, recognition and enforcement of decisions and cooperation in **matters relating to maintenance** obligations of 18 December 2008 (Ch. IV, Articles 16-43); see Article 2(1) lit. b Judgments Convention
3. Regulation (EU) No. 650/2012 of the European Parliament and of the Council on the jurisdiction, applicable law, recognition and enforcement of decisions and acceptance and enforcement of authentic instruments in **matters of succession** and on the creation of a European Certificate of Succession of 4 July 2012 (Ch. IV and V, Articles 39-61); see Article 2(1) lit. d Judgments Convention
4. Council Regulation (EU) 2016/1103 implementing enhanced cooperation in the area of jurisdiction, applicable law and the recognition and enforcement of decisions in **matters of matrimonial property regimes** of 24 June 2016 (Ch. IV and V, Articles 36-60); see Article 2(1) lit. c Judgments Convention
5. Council Regulation (EU) 2016/1104 implementing enhanced cooperation in the area of jurisdiction, applicable law and the recognition and enforcement of decisions in **matters of the property consequences of registered partnerships** of 24 June 2016 (Ch. IV and V, Articles 36-60); see Article 2(1) lit. c Judgments Convention.

II. Recognition and enforcement of EU judgments in selected third States

(1) England and States of the British Commonwealth

(a) General

According to the Withdrawal Agreement between the European Union and the United Kingdom dated 31 January 2020 EU law will be applied by English courts only until 31 December 2020. This is also true for EU-regulations on the recognition and enforcement of judgments, in particular for the Brussels Ia Regulation.

For the time after 31 December 2020, the Withdrawal Agreement provides that in the United Kingdom the Brussels Ia Regulation will continue to apply to judgments „given in legal proceedings instituted before the end of the transition period“, pursuant to Article 67(2)(a). The recognition and enforcement of judgments from the remaining 26 EU Member States (without Denmark) will, therefore, be governed by the Brussels Ia Regulation in respect of judgments handed down in proceedings started before 31 December 2020. For judgments rendered in proceedings initiated after that date, the Brussels Ia Regulation no longer applies and the recognition and enforcement of judgments from the EU27 courts in the United Kingdom (and vice versa) will be based on any applicable international framework or on national law, as the case may be.

Specific provisions to facilitate the recognition and enforcement of judgments between England and most states of the former British Empire having gained independence after World War II are applicable according to the Administration of Justice Act 1920. The same is true, according to the Foreign Judgments (Reciprocal Enforcement) Act 1933 for judgments obtained in Australia, Canada (with exception of Quebec), India, Israel and Pakistan.

The recognition and enforcement of foreign judgments in England and Wales which fall outside the scope of EU law, the afore-mentioned acts and international conventions ratified by the United Kingdom (as for instance the 2005 Hague Convention on the choice of court agreements) are dealt with under **English common law** which is still relevant for the recognition and enforcement of judgments from third states. The procedure of enforcement of such judgments is set out in Part 74 of the English Procedure Rules (CPR).

The principles of English common law continue to be also highly influential in many of its former colonies. This explains why the law of foreign judgments in Australia, Canada, New Zealand, Singapore and the African countries of the Commonwealth is essentially the same as the English common law of foreign judgments.

(b) England

(aa) Prerequisites for recognition of foreign judgments

(1) The first requirement for enforcing a foreign judgment under English law is that the judgment is **final, binding and conclusive**. This means that the unsuccessful party is precluded from bringing fresh proceedings in that foreign jurisdiction.

(2) Secondly, the common law rules require the judgment to be enforced to have been rendered by a court having **personal jurisdiction over the defendant**. This requirement has traditionally been understood very restrictively. A foreign court only has jurisdiction if the person against whom the judgment was given:

- was present in the foreign state at the time of initiation of the proceedings (service);
- was claimant, or counterclaimed, in the proceedings in the foreign court;

- submitted to the jurisdiction of the foreign court, whether expressly or implicitly, in particular by voluntarily appearing in the proceedings;
- had, before the commencement of the proceedings, agreed, in respect of the subject matter of the proceedings, to submit to the jurisdiction of that court or the courts of that country.

Residence in the foreign state was once a valid ground of jurisdiction, but scholars debate whether it remains to be. The jurisdiction of the foreign court is thus defined more restrictively under the English rule than under the Judgments Convention. In any case, English courts would not enforce a judgment rendered by the court of the place where the foreign defendant caused damage or by the court of the place of performance of the contract. The same is true for a judgment made in foreign proceedings which were brought in breach of a jurisdiction agreement.

(3) The judgment does not violate **English public policy**.

(4) The judgment does not offend **principles of natural justice** or substantial/procedural justice enshrined in the English legal system; for example, the defendant was given due notice of the original proceedings or was given a fair opportunity to be heard.

(5) The judgment was not fraudulently obtained.

(6) There is **no previous final and conclusive judgment** of a competent foreign or English court with sufficient jurisdiction that conflicts with the judgment that is being sought to be enforced.

(bb) Procedure of enforcement

Application for the recognition and enforcement of foreign judgments are dealt with by the **Queen's Bench Division of the High Court**.

The action to enforce a foreign judgment must be commenced within six years of the date on which the foreign judgment became enforceable (Sec. 24(1) Limitation Act 1980).

The process is as follows:

- The creditor will need commence a fresh claim in the English courts to obtain an English judgment in respect of the foreign judgment debt.
- The creditor will need to issue a claim form and particulars of claim in accordance with the Civil Procedure Rules, Part 7.
- If the debtor files an acknowledgement of service of the claim, it will usually be possible to apply for a summary judgment under the Civil Procedure Rules, Part 24, on the basis that the debtor has no real prospects of succeeding on the claim.
- Once the creditor has obtained a judgment from the English court in respect of the foreign judgment, it will be able to enforce the judgment in England in the same way as any other English judgment.

(c) Australia

(aa) General

Foreign judgments may be enforced in Australia under common law or under a statutory regime limited to jurisdictions that provide substantial reciprocity for enforcement of Australian judgments.

As far as enforcement of foreign judgments under common law is concerned it can be referred to the report on English common law which applies with minor modifications by the Foreign Judgments Act 1991 also in Australia.

A special statutory regime applies to the recognition and enforcement of judgments of New Zealand Courts (see the Trans-Tasman Proceedings Act 2010).

(bb) Enforcement under the Foreign Judgments Act 1991

The FJA provides for the recognition and enforcement of foreign judgments of superior courts (and particular inferior courts) specified in the Foreign Judgments Regulations 1992 based on „substantial reciprocity“ for Australian judgments. The FJA presently applies to 35 jurisdictions, among them only four EU Member States (France, Germany, Italy and Poland). Reciprocity under the FJA is also guaranteed in relation to Israel, Japan, South Korea, Switzerland and the United Kingdom, but not, for instance, in relation to China, India, Indonesia, the United States and Vietnam.

Under the FJA only final or interlocutory judgments for the payment of an amount of money delivered in civil proceedings are considered capable of recognition and enforcement. A foreign judgment cannot be registered if, at the date of application, it has been wholly satisfied or cannot be enforced in the country in which it was made.

Different from enforcement under common law there is no requirement under the FJA for the Australian court to have jurisdiction over the defendant in order to recognise and enforce a foreign judgment.

Whereas, in order to be enforced at common law, the foreign judgment must be made a local judgment and, therefore, the judgment creditor must commence fresh legal proceedings in an Australian court for the judgment debt, the main procedural advantage of the FJA is that it provides for enforcement by registration of the foreign judgment. Once registered, a foreign judgment may be enforced in the same way as a judgment of an Australian court.

If the judgment debtor can satisfy the court that any of the following matters apply the court has no discretion and must set aside the registration of the judgment:

- the judgment is not a judgment to which the FJA applies;
- the judgment was registered for an amount higher than the amount payable under it at the date of registration;
- the judgment was registered in contravention to the FJA;
- the courts of the country of the original court had no jurisdiction in the case (sec 7(3) of the FJA sets out circumstances in which the foreign court is deemed to have jurisdiction);
- the judgment debtor did not receive notice of the proceedings before the original court insufficient time to enable him to defend the proceedings and did not appear;
- the judgment was obtained by fraud;
- the judgment has been set aside in the country of the original court;
- the rights under the judgment are not vested in the person who made the application for registration;
- the judgment has been discharged or wholly satisfied; or
- enforcement of the judgment would be contrary to public policy.

The court has the discretion to also set aside the registration if the judgment debtor establishes that the matter in dispute in the proceedings in the original court had already been the subject of a final conclusive judgment by another court having jurisdiction (sec 7(2)(b) FJA).

(d) Canada

(aa) General

In Canada, there is some federal law applicable to the recognition and enforcement of foreign judgments, but mainly the matter is left to the law of the Canadian provinces. Absent any special regime, a foreign judgment would be recognised and enforced under common law in all Canadian provinces excluding Québec which operates under a civil law regime.

As far as enforcement of foreign judgments under common law is concerned it can be referred to the report on English common law which applies with minor modifications also in Canada.

To be capable of recognition and enforcement, a foreign judgment must have been issued by a court of competent jurisdiction according to Canadian conflict of laws rules. Further, the foreign judgment must be final and conclusive in the original jurisdiction. Whereas historically only foreign money judgments were enforceable in Canada, the Supreme Court of Canada held in 2006 that courts have jurisdiction to enforce foreign judgments providing non-monetary awards.

For a Canadian court to recognise and enforce a foreign judgment, the foreign court must have had jurisdiction, either based on a real and substantial connection to the defendant or with the subject matter of the dispute, or on another traditional basis for jurisdiction, such as the presence or consent of the defendant. But there is no need for a real and substantial connection between either the subject matter of the foreign dispute or the judgment debtor and the province in which recognition and enforcement are sought.

In 2012 the Canadian Supreme Court identified a list of presumptive connecting factors in relation to claims in tort that were intended to be illustrative of factual situations in which a real and substantial connection would typically exist. These connecting factors are:

- the defendant is domiciled or is a resident in the jurisdiction;
- the defendant carries on business in the jurisdiction;
- the tort was committed in the jurisdiction; and
- a contract connected with the dispute was made in the jurisdiction.

Guided by the principles of comity, cooperation and efficiency in an increasingly connected world, the law surrounding the recognition and enforcement of foreign judgments in Canada has undergone significant change in the past two decades. The general trend has resulted in a more liberal framework for the enforcement of foreign judgments.

bb) Grounds to refuse recognition or enforcement

Recognition and enforcement of a foreign judgment may be refused in Canada today only on the following grounds:

- the issuing court lacked jurisdiction;
- fraud;
- denial of natural justice; and
- public policy.

(e) India

Although India is a member of the Commonwealth and largely follows the English system, it has a significantly **more restrictive regime of foreign judgments** than other former English colonies.

The different proceedings do not concern the jurisdiction of the foreign court which is defined in the same way as in other Commonwealth countries. It concerns **the merits of the case**: Indian courts may deny enforcement of foreign judgments based on foreign law for the sole reason that an Indian court would have applied Indian law in the relevant case, or that the outcome of the case amounts to „a breach of any law in force in India.“ By contrast, the Judgments Convention excludes the review of the merits of the foreign judgment except to the extent necessary for the application of the Convention for instance in order to assess the violation of the fundamental principles of the forum (which is the traditional understanding of the public policy exception in private international law), see Article 7(1)(c): „manifestly incompatible with the public policy of the requested State“.

(f) Commonwealth African Countries

The afore-mentioned principles of English Common Law on recognition and enforcement of foreign judgments also apply in the African countries of the Commonwealth, namely in Ghana, Kenya, Malawi, Nigeria, Sierra Leone, Tanzania, Uganda and Zambia. Zimbabwe and Gambia also do apply them, although they are not members of the Commonwealth.

(2) the United States of America

(a) General

Before a US court will enforce a judgment issued by a foreign court, the US court must first recognise the judgment. To “recognise” a foreign judgment means to make it equal to any other judgment issued by a US court. A foreign judgment recognised by a US court - a domesticated judgment - has the same authority as a judgment first issued in the United States. Foreign judgments cannot be enforced in the US before they are recognised.

Although the process can be complicated, it is almost always faster and cheaper to domesticate a foreign judgment than it is to obtain a new US judgment by filing a complaint and litigating the merits de novo in a US court.

No international treaties are governing U.S. court recognition and enforcement of non-US court judgments. The US is a party to multilateral conventions that apply to the enforcement of foreign arbitral awards, but not foreign court judgments. Rather, recognition and enforcement are governed by individual state laws, because the law on the recognition and enforcement of foreign judgments is not uniform in the US. Even if a case is brought in federal court, that court will apply relevant state law in reaching its decision.

Each of the 50 States has its separate regime in this respect. However, the variations between the rules of the different states are limited. Many states have adopted at least one of the two uniform laws on the recognition of foreign judgments: The 1962 Uniform Foreign Money Judgments Recognition Act has been adopted by 31 States, the District of Columbia and the Virgin Islands; the 2005 Uniform Foreign-Country Judgment Recognition Act has been adopted by 23 States and the District of Columbia. The other states follow an approach which is relatively consistent with §§ 481, 482 of the third American Restatement on Foreign Relations Law (1987) and generally recognise foreign judgments under common law and principles of comity.

(b) Prerequisites for recognition of foreign judgments under the Uniform Laws

In states that have adopted the uniform laws, a foreign judgment granting or denying recovery of money will be recognised only if the judgment is:

- (1) final;
- (2) conclusive; and
- (3) enforceable where rendered.

If these criteria are missing, the US court will not recognise the judgment. Pending appeal proceedings do not necessarily mean that a judgment is unenforceable where rendered. A US court may, however, stay the US enforcement proceeding pending the appeal.

Besides, under the uniform laws, the court cannot recognise the foreign judgment if the foreign court:

- (1) was not impartial;
- (2) did not offer due process of law; or
- (3) did not have personal jurisdiction over the defendant.

The judgment holder must prove that each of these requirements is met.

The requirement that the foreign court has **personal jurisdiction over the defendant** is common to all regimes because it has a constitutional foundation. The US Supreme Court has long held that the 14th Amendment to the US Constitution demands that courts only retain jurisdiction over defendants where certain **minimum contacts** exist between the defendant and the forum. This constitutional test is applied by US Courts not only to define the extent of their jurisdiction to decide disputes, but also to verify whether the jurisdiction of a foreign court was legitimate from the perspective of the US, and the judgment that it has rendered should thus be enforced in the US.

A peculiarity of US law is that the 14th Amendment demands, where the defendant is not sued in his home state, that there be a **connection not only between the claim and the court** which retained jurisdiction **but also between the defendant and that court**. Under US constitutional law, a court may only retain jurisdiction over a defendant if the activities of the defendant in the state of the forum constituted a purposeful and substantial connection to that state. Therefore, it is not enough that a product manufactured by the defendant was put in the stream of commerce elsewhere and was eventually used in the state of origin of the judgment and caused damage there. But the defendant must purposefully avail itself of the market of the state where the product was eventually used and caused damage, for instance by making special marketing efforts to sell its products in that state.

The essential consequence of this restrictive definition of jurisdiction is that a US court would not enforce a judgment issued by the court of the country where a US resident caused damage if that resident did not have other connections to that country. It also explains **two important compromises** of the drafters of the Judgments Convention. First, it explains why Article 5(1)(g)(ii) only accepts the jurisdiction of the place of performance of a contractual obligation (as set forth in Article 7 no. 1 Brussels Ia Regulation) „unless the defendant’s activities in relation to the transaction did not constitute a purposeful and substantial connection to that State [of performance of the contractual obligation]“. Second, it explains why Article 5(1)(j) restricts the jurisdiction on non-contractual obligations, in particular on torts, to the State where „the act or omission directly causing such harm occurred, irrespective of where that harm occurred.“ The influence of US law on these two critical provisions seems clear. The result is that under the Judgments Convention the US would not enforce judgments on contractual or non-contractual obligations that they do not already enforce. In particular, US courts would not enforce judgments rendered by States where the products manufactured by US residents would have caused damage, unless of course the products were manufactured in the State of origin of the judgment.

In addition to the afore-mentioned mandatory requirements, courts in most states have the discretion to deny recognition for many other reasons. For example, the law in most states gives courts discretion to deny recognition of a foreign judgment:

- (1) if the judgment was obtained by fraud;
- (2) if there was an insufficient notice of the foreign proceedings to the defendant;
- (3) if the judgment goes against the state's public policy; or
- (4) if the foreign judgment runs contrary to US constitutional principles.

A few US states have also adopted a reciprocity requirement. This means that if the foreign jurisdiction that first issued the judgment would not recognise a judgment from that US state, then the US state in question will also not recognise a judgment from the foreign jurisdiction. Accordingly, attorneys must consult individual states' laws *as well as* the laws of the foreign court that issued the judgment.

(c) Procedural Rules for enforcement of foreign judgments

Each state has its own procedural rules for enforcing a judgment. In most states, the procedure for recognising a non-US judgment requires starting a new action in a US court to obtain jurisdiction over the US defendant or his property. Often, a summary proceeding—such as a motion for summary judgment—may commence the action, rather than a complaint.

To support the claim, the non-US judgment holder must prove that the foreign judgment is valid and authentic. To make that determination, the US court will likely require a certified copy of the judgment by the court that issued it, along with an English translation. The translation must be certified by an approved translator or consular agent.

Notice of the recognition and enforcement proceeding must be properly served on the adverse party, and the adverse party must be allowed to be heard. The adverse party may contest the proceeding and generally has a set time—such as 30 days—to do so.

Once the procedural rules for starting the action are satisfied, the foreign judgment holder must prove that the final judgment rendered against the US defendant meets the state standards for the recognition, as set forth above. If the foreign judgment meets the requirements to be recognised in a US court, a US court will convert the foreign judgment into a US judgment. The domesticated judgment may then be enforced in the United States.

(3) Asia

(a) People's Republic of China (PRC)

According to Article 265 of the PRC Law of Civil Procedure, the parties to a judgment and the foreign court who made the judgment can apply for recognition and enforcement of the judgment. The Chinese law on civil procedure provides that foreign judgments can be enforced in the People's Republic of China either based on a convention concluded between China and the state of origin of the judgment or on the ground of reciprocity.

(aa) International conventions

China has entered **over 30 bilateral conventions** providing for the enforcement of foreign judgments, including Russia, Brazil, Turkey and **ten EU Member States** (Bulgaria, Cyprus, France, Greece, Hungary, Italy, Lithuania, Poland, Romania and Spain). However, these conventions are limited in the scope and have been of limited practical significance so far. As reported by a Chinese

author (Tsang, 2017) out of 2,846 cases on the enforcement of foreign judgments in China until 2016 only 29 were brought under a bilateral convention.

Although the bilateral conventions concluded by China have rarely been applied, they are important insofar as many of them include rules on the jurisdiction of the foreign court which were accepted by China, and would likely be accepted again. These rules which appear in the conventions concluded with Italy, Spain and Cyprus for instance, are more liberal than those included in the Judgments Convention and recognise the jurisdiction of the court of the country where the contract was performed and the jurisdiction of the court of the country where the damage was suffered.

(bb) Reciprocity

The so-called principle of reciprocity means that a Chinese court shall examine whether there is a precedent of recognition and enforcement of a Chinese judgment in the country of origin of the foreign judgment. If no such precedent exists, the application by a foreign court or party for recognition and enforcement of the judgment in China will be rejected. Thus, in effect, a precedent of recognition and enforcement or an international convention between the foreign country and China shall be in existence in order to have judgments from that foreign country recognised and enforced in China.

If the foregoing conditions are satisfied, the Chinese court will further substantially examine the judgment in accordance with Article 266 of the PRC Law of Civil Procedure. In case that the judgment violates basic principles of the laws of the PRC or it conflicts with the state sovereignty, security or social public interests, it will not be recognised or enforced.

For many years Chinese courts routinely denied enforcement of foreign judgments on the ground of absence of reciprocity with the respective foreign state. But in 2006, 2009 and 2014 respectively, courts of Germany, the United States and Singapore declared enforceable Chinese judgments. Chinese courts then ruled that the reciprocity principle was constituted with each of these three countries, and declared enforceable judgments originating from Germany (2013), Singapore (2016) and the United States (2017).

For many years, it was considered that the prospects of enforcing foreign judgments in China were very limited. However, in a recent journal article, a judge from the Supreme People's Court advocates for the establishment of a new reciprocity standard by legislation or judicial interpretation. It is suggested that such a standard should either adopt a 'substantive equal term' theory, where reciprocity should be found if the substantive requirements for enforcement of foreign judgments are the same between two countries, or a 'reverse presumption theory,' where reciprocity should be found if there are no substantive impediments for the successful enforcement of a Chinese judgment in the courts of a particular foreign country.

(b) Japan

(aa) Legal Framework

Japan is neither a party nor a signatory to any bilateral or multilateral treaties for the reciprocal recognition and enforcement of foreign judgments.

In Japan, a foreign judgment is enforceable only if it meets all requirements under Article 118 of the Code of Civil Procedure, Act No. 109 of 1998 (the "CCP").

(bb) Prerequisites for recognition and enforcement of foreign judgments

Article 118 CCP provides that foreign judgments are recognised and enforced in Japan if:

- the **jurisdiction** of the foreign court is recognised under laws and regulations, conventions, or treaties;
- the defendant has been **served** (excluding service by publication or any other similar service) with the requisite summons or order for the commencement of litigation, or has appeared without being served;
- the contents of the judgment and the litigation proceedings are not contrary to **public policy** in Japan; and
- a guarantee of **reciprocity** is in place.

The enforcing court is not allowed to review the substance of a foreign judgment. It can only review the judgment to confirm that it satisfies the above requirements. The most problematic of them is that "a guarantee of reciprocity is in place" between Japan and the country of origin of the judgment. In this regard, Japanese courts have approved of judgments made, among other jurisdictions, in England, Hong Kong, Singapore, the State of New York and the State of California. By contrast, it is doubtful whether judgments from EU Member States are being recognised and enforced in Japan.

(cc) Procedure

In some jurisdictions, there are different proceedings established for recognition and enforcement of foreign judgments. In Japan, however, a foreign judgment is recognised without any specific procedure as long as it meets the requirements of Article 118 of the CCP.

Aside from the recognition, the judgment creditor must take two steps to enforce a foreign judgment, namely;

- (1) applying to the court for an enforcement judgment, and
- (2) applying for enforcement proceedings.

An action seeking an enforcement judgment falls under the jurisdiction of the district court with jurisdiction over the location of the general venue of the judgment debtor (e.g. the registered address of a debtor company). Where there is no general venue, it falls under the jurisdiction of the district court with jurisdiction over the location of the subject matter of the claim or the seizable assets of the judgment debtor (Article 24 (1) of the Civil Execution Act, Act No. 4 of 1979).

Compulsory enforcement proceedings are the same as for domestic judgments which only take a matter of days.

(dd) Timeframe and Limitation Periods

Applications for both an enforcement judgment and enforcement proceedings are made with notice and will usually take between 6 months to a year.

The limitation period for enforcement of a foreign judgment is 10 years from the day after the foreign judgment has become final and binding (Article 174-2 of the Civil Code (the "CC"), which will be renumbered to Article 169 after the recent amendment of the CC came into force on 1 April 2020).

(ee) Fees

The court fee, the amount of which is determined based on the amount of claim sought, for an application to enforce a judgment depends on the value of the claim (e.g. 12 648,00 EUR if the value of the claim is 790 500,00 EUR). The court fee for an application of enforcement proceedings is 30 EUR per claim.

(c) South Korea

An enforceable foreign judgment must be a final and conclusive judgment or a court ruling equivalent in effect. It is also limited to civil matters involving private parties (including the state or government agencies when acting as a private party). A judgment is considered final and conclusive only where there exists no possibility of any future appeal. This is the first condition.

A court can also enforce a foreign judgment if it satisfies the following four requirements (*Article 217, Korean Civil Procedure Act (CPA)*):

International jurisdiction: The international jurisdiction of the foreign court must be recognised according to the principles of international jurisdiction under legislation or treaties. The enforcement court usually examines whether there is a "substantive relationship" between the party or the case and the forum.

Proper service: The defendant must have received, under a lawful method, service with sufficient time to reply (excluding service by a public notice or similar forms of service). Alternatively, if there was no service, it is sufficient that the defendant responded to the lawsuit.

Public policy: Foreign judgment must not violate public policy. This means that the foreign judgment must not violate the "good morals and other social order" of Korea. This requirement corresponds to the requirement of public policy in the Uniform Foreign-Country Money Judgments Recognition Act in the US. However, as there is no statutory definition of "good morals and other social order", a court applies it by taking a holistic approach that takes into account various sources of the law. Notably, **punitive damages** are not recognised under Korean law. Therefore, the courts will restrict the scope of an award to excise punitive damages from the enforced judgment. Even if damages are not punitive damages per se, the courts can reduce the scope of an award if damages are found to be excessive (*Article 217-2, CPA*).

No conflicting domestic or foreign judgment: If there is a final and conclusive judgment rendered or recognised in South Korea that conflicts with the foreign judgment for which enforcement is sought, then for public policy reasons, the application for enforcement judgment will be denied.

Reciprocity: There must be reciprocity between Korea and the foreign jurisdiction. This means that the country giving the judgment must recognise South Korean judgments based on conditions that do not differ in significant aspects from the conditions required by the CPA for recognition of foreign judgments. Sufficient reciprocity is established once a foreign country's conditions (according to the foreign country's legislation, precedents and traditions) have been compared and approved. A treaty between the foreign country and South Korea is not necessary. Reciprocity also exists where it may be appropriate to anticipate recognition notwithstanding an absence of cases where the foreign country recognised South Korean judgments similar to the judgment at issue. The courts are quite generous with respect to reciprocity. The following jurisdictions are reciprocal: The State of New York, the province of Ontario, Japan, Taiwan and Germany.

Once the enforcement judgment is obtained for a foreign judgment, the enforcement procedure is the same as for domestic judgments. The courts are generally inclined to recognise a foreign judgment as long as the requirements stated above are satisfied. However, the courts do conduct a careful analysis to determine whether each requirement is met.

See *Kwang Hyun SUK*, Recognition and enforcement of judgments between China, Japan and South Korea in the new era: South Korean Law Perspective, *Front. Law China*, 2018, 13(2): 171-201.

(4) Latin America

(a) Brazil

(aa) General

Brazil's legal framework on the recognition and enforcement of foreign judgments comprises:

- Brazil's Federal Constitution, Article 105 I, lit. (i)
- Law of Introduction to the Norms of the Brazilian Law, No. 4.657, dated 4 September 1942
- Brazilian Code of Civil Procedure 2015, Federal Law No. 12, 105 dated 16 March 2015
- Internal Rules of the Brazilian Superior Court of Justice.

(bb) Requirements for recognition and enforcement

The basic formal and substantive requirements for the recognition and enforcement of foreign judgments in Brazil are:

(1) The judgments must have been rendered by a state court that held **jurisdiction** over the matter, according to the law of the jurisdiction of origin.

As a rule, there is no requirement of a specific connection under Brazilian law for the Brazilian Superior Court of Justice to accept the jurisdiction of a foreign court as a prerequisite for the recognition of its judgment.

(2) The defendant(s) must have been **duly served** with process and been allowed to present his/their case, or, in case of a default judgment, it must be proved that the legal prerequisites were fulfilled.

(3) The content of the decision must not violate Brazil's **public policy**, national sovereignty or the dignity of human persons.

(4) There must be no conflict between the decision to be recognised and a **previous final domestic decision** on the same matter involving the same parties.

(5) The decision must be valid, lawful and enforceable in the jurisdiction where it was rendered.

As a rule, the Brazilian Superior court of Justice only recognises foreign decisions that became *res judicata*. But also foreign judicial interlocutory decisions may be enforced by an *exequatur* decision of the Brazilian Superior Court of Justice in the form of a rogatory letter.

(6) An original or certified copy of the foreign judgment to be recognised must be presented together with a sworn Portuguese translation and must have been previously authenticated by the competent Brazilian consular authority (unless such formality is dispensed by international treaties).

(7) The foreign judgment must, in principle, be **sufficiently reasoned**.

(b) Argentina

(aa) General

If there is no international convention ratified by Argentina, the National Code of Civil and Commercial Procedure (CPCC) applies to the recognition and enforcement of foreign judgments.

Argentine courts will not automatically acknowledge the foreign court's jurisdiction over the matter in dispute, but the jurisdiction is analysed according to Argentine rules. The foreign court will be considered competent where the defendant is living in the jurisdiction of the court, the obligations of the parties to an agreement are to be performed in that jurisdiction or, in contractual disputes of a pecuniary nature, the foreign court had jurisdiction as a result of a valid forum selection clause.

(bb) Requirements of recognition

In order to be recognised in Argentina without further investigation the following requirements should be met (see Article 517 CPCC):

- the judgment must be final and originate from a court with jurisdiction over the subject matter and the defendant according to Argentine law;
- the defendant must have been served with the summons and, in accordance with the due process of law, given an opportunity to defend itself against the foreign action;
- the judgment must have been valid in the jurisdiction where it was rendered and its authenticity must be established in accordance with the requirements of Argentine law;
- the judgment must not violate the principles of international public policy of Argentine law; and
- the judgment must not conflict with a prior or contemporaneous Argentine judgment on the same dispute involving the same parties.

(cc) Procedure

Argentine civil procedure rules provide for an exequatur proceeding in order to domesticate a foreign judgment if the following standards are satisfied:

- a request and copy of the foreign judgment is delivered in the form of a letter rogatory to the local court;
- all documents must be duly apostilled or authenticated by the Argentine consulate with competence for the country where the documents were issued;
- all documents in a language other than Spanish must be translated in Spanish by a translator registered in Argentina;
- an Argentine federal court judge performs a preliminary analysis of the judgment's compliance with the above formalities.

(5) Conclusion

The practical significance of the Judgments Convention will depend on whether the current law of the future contracting states is more conservative or more liberal than the Convention.

The first group of states have a very conservative law of foreign judgments. Such conservatism can first be revealed by the power of local courts to review foreign judgments on the merits and deny enforcement to any foreign judgment which might be contrary to local law. To this category of countries belongs India.

A conservative attitude can also be revealed by a narrow definition of acceptable grounds of jurisdiction. To this second category of countries belong England, Australia, Singapore and many states of the Commonwealth.

The impact of the Convention would be high if such states would join the Convention and thus liberalize their law of foreign judgments. From the perspective of the EU Member States, it would be a considerable gain, as the prospect of enforcement of their judgments would strongly increase.

III. Recognition and enforcement of third state judgments in selected EU Member States

Equally important is the question whether the national law of EU Member States applicable to the recognition and enforcement of third state judgments is more liberal or more restrictive than the regime of the Judgments Convention. This is examined below for four bigger jurisdictions, namely France, Germany, Italy and Spain.

1. France

The French law of foreign judgments has been developed mainly by the French Supreme Court. Two of the requirements for the recognition and enforcement of foreign judgments in France are similar to the grounds for refusal listed in Article 7 of the Judgments Convention, namely that

- (1) the judgment should not violate the French procedural and substantive **public policy**, and that
- (2) the judgment should not **conflict with a French judgment** or an earlier foreign judgment producing an effect in France.

The most important requirement is that the foreign court has **jurisdiction**. This requirement is not assessed by a conclusive list of grounds for jurisdiction, like in Article 5 of the Convention, but by a **flexible test** which will be satisfied by any actual connection between the dispute and the foreign court. Therefore, French courts would enforce a judgment issued by a court of the place of performance of the litigious contract. The fact that the damage in a tort case was suffered in the foreign forum state should also suffice to constitute an actual connection. The same is true, as held by the French Supreme Court if the wrongful act had at least partly been committed in the state of origin.

The last requirement is that the foreign judgment should not have been obtained to avoid **the application of French law**, which does not correspond to any of the grounds of refusal provided by the Judgments Convention.

2. Germany

In German law, the requirements for the recognition and enforcement of foreign judgments in civil and commercial matters (excluding family and succession matters) are found in § 328 (recognition) and §§ 722, 723 (enforcement) of the German Code of civil procedure (Zivilprozessordnung, ZPO). Several of these requirements are similar to the grounds for refusal listed in Article 7 of the Judgments Convention.

In particular, recognition and enforcement shall be excluded if:

- (1) the defendant who has not entered an appearance in the proceedings and who takes recourse to this fact, has **not duly been served the document by which the proceedings were initiated**, or not in such time to allow him to defend himself, § 328(1) no. 2 ZPO;
- (2) the foreign judgment is **incompatible with a judgment delivered in Germany**, or with an earlier judgment handed down in a foreign country that is to be recognised, or the foreign proceedings on which such judgment is based should not be incompatible with the proceedings initiated earlier in Germany, § 328(1) no. 3 ZPO;

(3) the recognition of the judgment would lead to a result that is incompatible with essential principles of German law (**public policy**), and in particular with fundamental rights of the German Constitution, § 328(1) no. 4 ZPO.

(4) German law also requires that the foreign court has **jurisdiction in conformity with German jurisdictional rules** (so-called **mirror principle**, § 328(1) no. 1 ZPO). The relevant factors are – besides the general jurisdiction at the domicile of the defendant (§§ 12, 13 ZPO) – in contractual matters the place of performance of the contractual obligation in question (§ 29 ZPO), and in tort matters the place where the harmful event occurred (§ 32 ZPO).

Finally, German law provides for a requirement which is not found in the Judgments Convention, namely **reciprocity**.

According to § 328(1), no. 5 ZPO recognition and enforcement of foreign judgment are excluded in Germany if the applicant cannot prove that comparable German judgments are being recognised and enforced in the country where the judgment had been delivered. It seems that the lack of reciprocity has sometimes been used by German courts as a tool to block judgments from jurisdictions with doubtful standards concerning due process and judicial independence.

Of course, this particular German requirement of guaranteed reciprocity which is also being applied in Chinese and Japanese Law (see 3(a) and (b) above) shall not be confused with the general principle of reciprocity which is a core element of all conventions on the mutual recognition and enforcement of judgments.

3. Italy

In Italy, the law of foreign judgments is governed by Law no. 218 of 31 May 1995 reforming the Italian system of private international law. Article 64 of this Law provides for seven requirements for the recognition and the enforcement of foreign judgments. Several of these requirements correspond to the grounds for refusal listed in Article 7 of the Judgments Convention, namely:

- (1) that the **defendant was properly served** with the document instituting the proceedings in the State of origin in accordance with the law of that state, and that the relevant fundamental procedural guarantees were complied with, lit. b;
- (2) that the judgment should have become **final**, lit. d;
- (3) that the judgment does not conflict with any final judgment rendered in Italy, lit. e;
- (4) that no proceedings should be pending before Italian courts between the same parties and in respect of the same cause of action which was initiated before the foreign proceedings, lit. f; and
- (5) that the provisions of the judgment are not incompatible with Italian **public policy**, lit. g.

Moreover, Article 64 lit. a of the Law no. 218 requires that the foreign court had **jurisdiction** in conformity with the principles that govern jurisdiction under Italian law. Under those principles, an Italian court would consider that a foreign court had jurisdiction where, in contractual matters, the relevant contractual obligation was performed within the jurisdiction of the foreign court and, in tort matters, where either the damage was suffered or the wrongful conduct took place within the jurisdiction of the foreign court.

4. Spain

The rules on recognition and enforcement of foreign judgments in civil and commercial matters are established in Articles 41 to 55 Law 29/2015 of 30 July 2015 on International Cooperation in Civil Matters. The grounds for refusal are laid down in Article 46. Several of these grounds are similar to

the grounds for refusal in Article 7 of the Judgments Convention, namely incompatibility with the Spanish substantive or procedural public policy; proper notification of the summons to the defaulting defendant; incompatibility with a judgment given or recognised in Spain; pending proceedings between the same parties having the same cause of action before a Spanish court if the proceedings in Spain were first instituted: Spanish law also requires that the foreign judgment be final.

The control of the jurisdiction of the court of origin is governed by Article 46.1.c. It excludes recognition and enforcement where the foreign judgment had decided on a matter within the exclusive jurisdiction of the Spanish courts or any other matter if the jurisdiction of the court of origin is not the result of a reasonable connection. The existence of a reasonable connection with the dispute shall be presumed when the foreign court had relied on jurisdictional grounds similar to those provided for under Spanish law. Spanish jurisdiction rules are modelled to a great extent on the jurisdiction provisions of the Brussels Ia Regulation. Therefore, a reasonable connection is typically fulfilled where a foreign judgment was rendered by a court of the place of performance of the contractual obligation in question or in matters of non-contractual obligations by a court of the place where the harmful event occurred.

Conclusion

The EU Member States presented above have a rather liberal law on foreign judgments. To some extent, the Judgments Convention is more conservative than their national law, in particular insofar as it does not accept the jurisdiction of the court at the place of performance of the contract unless there is a purposeful and substantial connection to the State of origin and of the place where the damage of a tort was suffered. However, the Judgments Convention would not prevent those states from applying their more liberal national regime and thus enforce judgments from more conservative states which would not reciprocate the favour, pursuant to Article 15 of the Convention, but which would revert to the provisions of the Judgments Convention if their national law is more conservative.

IV. Recognition and enforcement of judgments in international conventions

1. Lugano Convention

The Lugano Convention on jurisdiction and recognition and enforcement of decisions in civil and commercial matters of 30 October 2007 which came into force on 1 January 2010, extends the content of the Brussels I Regulation to the relations between the European Union and its Member States on the one side and Iceland, Norway and Switzerland on the other side.

The Lugano Convention has not been adapted so far to the Brussels Ia Regulation. Therefore, the enforcement of judgments rendered in the EU Member States still requires a procedure of declaration of enforceability in the Lugano States and vice versa.

2. Further Conventions

For further international conventions see pages 55-56 above.

V. Specific matters

a) Insurance, consumer and employment matters

aa) General

Particular consideration should be given to the policy of the European Union to protect weaker parties which is reflected, within the Brussels Ia Regulation, in specific jurisdiction rules and limitations to the recognition and enforcement of judgments which do not respect the rights of the weaker party.

In the Brussels Ia Regulation, these specific jurisdiction rules are provided for in Chapter 2, Sections 3-5, namely

- in Articles 10-16 with regard to matters of insurance,
- in Articles 17-19 with regard to consumer matters, and
- in Articles 20-23 with regard to individual employment contracts.

Recognition and enforcement may be refused to judgments made by Member State courts which lacked jurisdiction under the afore-mentioned provisions, if the defendant party is the policyholder, the insured or a beneficiary of the insurance contract, the consumer or employee, see Article 45(1)(e)(i) Brussels Ia Regulation.

The main characteristics of Sections 3-5 of the Brussels Ia Regulation are:

- All three sections are applicable to the **exclusion of other jurisdiction provisions** of the Regulation. This means that Member State courts are not allowed to base their jurisdiction on other grounds than those provided for in the respective section. In particular, the plaintiff may not rely on the special jurisdictions provided for in Article 7 and 8 of the Regulation, except Article 7(5) (see Articles 10, 17(1) and 20(1)) and Article 8 no. 1 in employment matters.

- All three sections protect the weaker party when plaintiff by providing to him/her an **alternative forum in the place of his/her domicile**. See for the policyholder, insured or beneficiary in insurance matters Article 11 (1)(b), for the consumer Article 18(1) and – slightly different – for the employee Article 21(1)(b), whereas the other party may sue the weaker party only in the courts of the country where the weaker party is domiciled (see Articles 14(1), 18(2) and 21(1)(a)).

- All three sections **limit the conclusion of choice of court agreements**. From the jurisdiction rules in insurance, consumer and employment matters can only be departed, as a rule, by an agreement which is either entered into after the dispute has arisen or which allows the weaker party in insurance contracts, consumer or employee (but not the other party) to bring proceedings in courts other than those indicated in the respective section (see Articles 15, 19 and 23).

By contrast, the Judgments Convention does provide for particular protection of weaker parties **only in consumer and employment matters, not in insurance matters**, see Article 5(2) of the Convention.

bb) Consumer and employment matters

In consumer and employment matters where an action is brought against the consumer or against the employee in matters relating to the employment contract jurisdiction cannot be based on Article 5(1) lit. f (arguing of the defendant on the merits before the court without contesting jurisdiction), lit. g (place of performance of a contractual obligation) and lit. m (choice of court agreements). But Article 5 does not offer alternative fora to the weaker party. As a consequence, judgments made in such an alternative forum are excluded from recognition and enforcement under the Judgments Convention because they are not based on a sufficient ground of jurisdiction.

Example: An action for warranty of a defective product may be brought by a consumer domiciled in Germany against the French seller before the German courts and the German judgment has to be recognised and enforced in France under the Brussels Ia Regulation. By contrast, the German judgment will not be recognised and enforced under the Judgments Convention if the seller is

domiciled in a Contracting State of the Judgments Convention outside the European Union. Instead, the German consumer has to bring the action, for example, before the courts of the State of the seller's habitual residence or principal place of business under Article 5(1)(a) or (b) of the Convention.

By contrast, the Judgments Convention protects the consumer or employee even stronger against the choice of court agreements than the Brussel Ia Regulation. As Article 5(2)(b) excludes Article 5(1)(m) totally from the application if the action is brought against the consumer or employee, such an agreement is – different from Article 19 and 23 of the Brussels Ia Regulation not a valid basis of jurisdiction even if it is concluded after the dispute has arisen or if it allows the consumer or employee to bring proceedings in courts other than those indicated in Article 5(1).

cc) Insurance matters

But different from the Brussels Ia Regulation the Judgments Convention does not limit the conclusion of choice of court agreements in insurance matters brought against the policyholder, the insured or a beneficiary of the insurance contract. Therefore a choice of court agreement inserted in the text of an insurance contract establishing the jurisdiction of the courts at the domicile of the insurer is valid, provided that it is not an *exclusive* choice of court agreement, see Article 5(1)(m) Judgments Convention. As a consequence, the policyholder domiciled in an EU Member State is much less protected under the Judgments Convention when sued in a Contracting State outside the European Union than he/she would be if sued before the courts of a Member State.

Example: If a Dutch insurer brings an action against a policyholder domiciled in Germany before the Dutch courts relying on a choice of court agreement inserted in the insurance contract and establishing the jurisdiction of the Dutch courts, these courts will not accept their jurisdiction because the choice of court agreement is invalid according to Article 15 Brussels Ia Regulation. And if the Dutch court would not respect Article 15 of the Brussels Ia Regulation and nevertheless makes a decision it would not be recognised and enforced in Germany under Article 45(1)(e)(i) Brussels Ia Regulation.

By contrast, the decision has to be recognised and enforced under the Judgments Convention if the action has been brought against the German policyholders before the court of a Contracting State outside the European Union, because the choice of court agreement is a valid basis of jurisdiction under the Convention even if it is made to the disadvantage of the policyholder, see Article 5(1)(m) of the Convention.

Therefore, it should be assessed whether the material scope of the Judgments Convention has to be restricted by the European Union according to Article 18 in order to protect the weaker party in a similar way as in the Brussels Ia Regulation and to avoid that judgments against the policyholders, delivered in third States are to be recognised and enforced in the Union to a larger extent than judgments delivered in the EU Member States. However, when making such an assessment the reciprocal effect of such declarations should also be considered.

To reach this goal the European Union has made a very detailed declaration to restrict the scope of application of the Choice of Court Convention of 2005 with regard to insurance contracts. The objective of this declaration is to protect certain policyholders, insured parties and beneficiaries who, according to internal EU law, receive special protection.

Declaration of 11 June 2015¹. “The European Union declares, in accordance with Article 21 of the Convention, that it will not apply the Convention to insurance contracts, except as provided for in paragraph 2 below.

2. The European Union will apply the Convention to insurance contracts in the following cases:
(a) where a contract is a reinsurance contract;(b) where the choice of court agreement is entered into after the dispute has arisen;
(c) where, without prejudice to Article 1(2) of the Convention, the choice of court agreement is concluded between a policyholder and an insurer, both of whom are, at the time of the conclusion of the contract of insurance, domiciled or habitually resident in the same Contracting State, and that agreement has the effect of conferring jurisdiction on the courts of that State, even if the harmful event were to occur abroad, provided that such an agreement is not contrary to the law of that State;(d) where the choice of court agreement relates to a contract of insurance which covers one or more of the following risks considered to be large risks(it follows the list of risks mentioned in Article 16 of the Regulation).”

A parallel declaration could be envisaged with regard to the Judgments Convention. In formulating such declaration it should be borne in mind however, that the Judgments Convention – different from the Choice of Court Convention – does not contain rules on direct jurisdiction.

There was no necessity for the European Union when acceding to the Choice of Court Convention to make declarations also with regard to consumer and employment matters because these matters are excluded from the scope of application of that Convention (see Article 2(1)(a) and (b) of the Choice of Court Convention).

dd) Differences between the regime of protection of the Brussels Ia-regulation and the Judgments Convention

By contrast, consumer and employment matters are not excluded, according to Article 2(1), from the scope of application of the Judgments Convention. But consumers and employees are protected also to a large extent by Article 5(2) of the Convention. Therefore, it has to be discussed whether the remaining differences between the regime of protection under the Brussels Ia Regulation and the Judgments Convention does require declarations of the European Union under Article 18.

(1) The remaining differences in **consumer matters** are the following:

- The concept of “consumer” seems to be wider under the Brussels Ia Regulation than under the Judgment Convention. In Article 5(2) of the Judgment Convention consumer is defined as a “natural person acting primarily for personal, family or household purposes”. By contrast, under the Brussels Ia Regulation, the European Court of Justice has developed an autonomous European concept of “consumer” not having recourse to any *lex causae* which seems to be broader. For instance, it has been extended to investment contracts worth more than 50 million Euros. See the case C-208/18 – *Petruchová*:

“a natural person who, under a contract concluded with a brokerage company, carries out transactions on the FOREX market through that company, must be classified as a ‘consumer’ within the meaning of that provision if the conclusion of that contract does not fall within the scope of that person’s professional activity, which it is for the national court to ascertain. For that classification, on the one hand, factors such as the value of transactions carried out under contracts such as CfDs, the extent of the risks of financial loss associated with the conclusion of such contracts, any knowledge or expertise that person has in the field of financial instruments or his or her active conduct in the context of such transactions are, as such, in principle irrelevant, and, on the other, the fact that the financial instruments do not fall within the scope of Article 6 of the Rome I Regulation or that that person is a ‘retail client’ within the meaning of Article 4(1)(12) of Directive 2004/39 is, as such, in principle irrelevant.”

To the same effect the case C-500/18 – *Reliantco Investments*.

It is rather doubtful whether the concept of “consumer” in the Judgment Convention will be construed in such a wide manner.

- According to Article 45(1)(e)(i) of the Brussels Ia Regulation judgments made in proceedings brought by the consumer have to be recognised and enforced in the other Member States if jurisdiction is based on the domicile of the consumer plaintiff in the Member State of origin (Article 18(1) Brussel Ia Regulation). By contrast, the place where the consumer plaintiff is domiciled is not acknowledged as a valid ground of jurisdiction under Article 5 of the Judgments Convention and the recognition of respective judgments will be refused, therefore, under the Convention.

- According to Article 18(2) Brussels Ia Regulation proceedings may be brought against a consumer by the other party to the contract only in the courts of the Member State where the consumer is domiciled. Judgments made in proceedings against a consumer brought in other jurisdictions will not be recognised and enforced in the other Member States under the Regulation (Article 45(1)(e)(i)). By contrast, the protection of the consumer under the Judgments Convention is restricted to the exclusion of Article 5(1) lit. (f), (g) and (m) as grounds of jurisdiction. As a consequence judgments in proceedings against a consumer have also to be recognised and enforced if made in other jurisdictions under Article 5(1) not excluded in Article 5(2). For example, a judgment which ruled on a non-contractual obligation arising from damage to or loss of tangible property is eligible for recognition and enforcement under the Judgments Convention if brought against a consumer in the State where the harm occurred (Article 5(1)(j) of the Convention). Under the Brussels Ia Regulation, such a claim may only be brought by the other party in the place where the consumer is domiciled if the non-contractual obligation is closely connected to the consumer contract (*see the Brogsitter* case of the European Court of Justice C-548/12).

- On the other hand, in some respect, the protection of the consumer under the Judgments Convention goes beyond the protection offered by the Brussels Ia Regulation. For example, arguing by the defendant on the merits before the court of origin without contesting jurisdiction is not a valid ground of jurisdiction in consumer cases under the Judgments Convention, Article 5(1)(f) being excluded in consumer matters (Article 5(2)(b) of the Convention). Under the Brussels I Regulation, the European Court of Justice has ruled to the contrary (Case C—11109 – Bilas).

(2) The remaining differences in **employment matters** are the following:

- According to Article 45(1)(e)(i) of the Brussels Ia Regulation judgments made in proceedings brought by the employee have to be recognised and enforced in the other Member States if jurisdiction is based on

- the place where or from where the employee habitually carries out his work or the last place where he did so, or
- if the employee does not or did not habitually carry out his work in one country, on the place where the business which engaged the employee is or was situated (Article 21(1)(b) Brussels Ia- Regulation).

These places are not acknowledged, however, as valid grounds of jurisdiction under Article 5 of the Judgments Convention. Therefore, the recognition of judgments rendered in these jurisdictions may be refused under the Convention if they do not coincide with connecting factors for jurisdiction acknowledged also under Article 5(1) of the Convention (such as the domicile of the employee, the seat of the employer or the place of performance of contractual obligations).

- As far as arguing on the merits before the court of origin without contesting jurisdiction is concerned, the situation corresponds to what has been said for consumer matters.

Even if recognition may be refused under the Convention to judgments delivered against the business or the employer in the State of the consumer’s domicile or in the State of the employee’s

habitual place of work such recognition may be granted in the EU Member States under national law (Article 15 of the Judgments Convention)

b) Immovable property situated in the EU Member States and tenancies of immovable property

In proceedings which have as their object rights *in rem* in immovable property or tenancies of immovable property, the courts of the Member State in which the property is situated shall have exclusive jurisdiction, regardless of the domicile of the parties, according to Article 24(1) par. 1 Brussels Ia Regulation.

Only in proceedings which have as their object tenancies of immovable property concluded for temporary private use for a maximum period of six consecutive months, the courts of the Member State in which the defendant is domiciled shall also have jurisdiction, provided that a tenant is a natural person and that the landlord and the tenant are domiciled in the same Member State; Article 24(1) par. 2 Brussels Ia Regulation.

According to Article 45 (1)(e)(ii) of the Brussels Ia Regulation judgments delivered in the other Member States in violation of the jurisdiction rules in Article 24 of the Regulation are excluded from recognition and enforcement if the party against whom recognition or enforcement is sought raises this matter.

The jurisdiction rules of the Judgments Convention with regard to a lease or tenancy of immovable property correspond to a large extent to Article 24(1) of the Brussels Ia Regulation. According to Article 5(1)(h), a judgment is eligible for recognition and enforcement if it ruled on a lease of immovable property and was given by a court of the State in which the property is situated. Different from Article 24(1) of the Brussels Ia-Regulation, however, this **jurisdiction is not exclusive**. Therefore, an action referring to a commercial lease of immovable property may also be brought in other jurisdictions if it is based on one of the other grounds of jurisdiction listed in Article 5(1), for instance on the habitual residence, the principal place of business or the maintenance of a branch, agency or other establishments of the defendant party (lit. a, b or d).

The exclusive jurisdiction of the State where the immovable property is situated is being recognised under the Judgments Convention only with regard to a **residential lease** of immovable property or the registration of immovable property, see article 5(3) of the Convention. Different from Article 24(1) par. (2) Brussels Ia Regulation, an alternative jurisdiction of the State where the tenant and the landlord are domiciled in case of short term tenancies of immovable property is not accepted under the Judgments Convention.

It could be discussed, therefore, whether the European Union should protect its exclusive jurisdiction for commercial tenancies of immovable property situated in a Member State by restricting the recognition and enforcement of judgments delivered under the Judgments Convention in a State outside the European Union and based on other grounds of jurisdiction.

Annex B | Online survey responses and inputs from interviews

Below we present an overview of responses to our online survey and the inputs from the confidential interviews performed by our study team.

Geographical representation

Survey responses

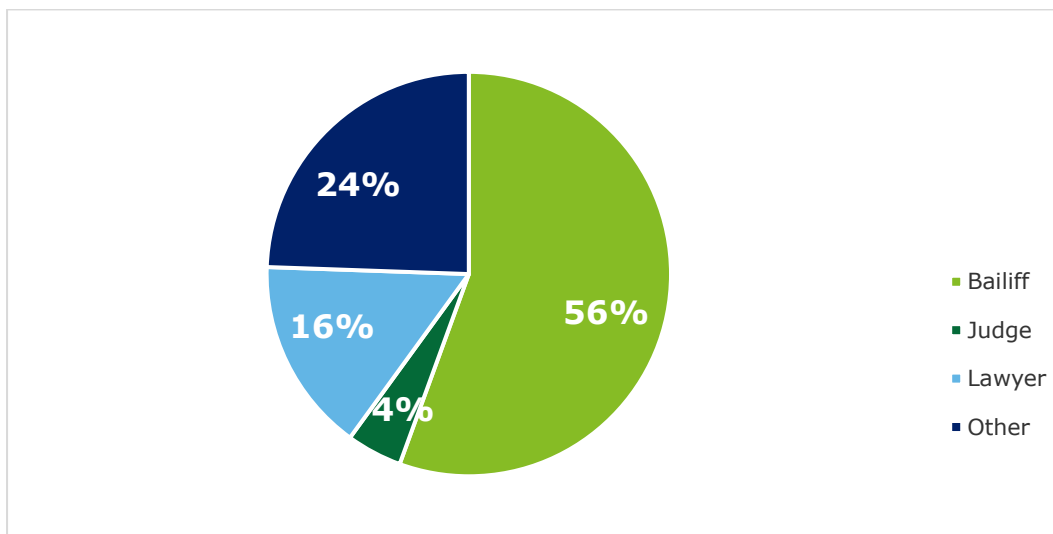
- The online survey had a total of 52 respondents out of which 45 were legal professionals. The analysis below exclusively concerns data related to the responses from legal professionals.
- 91% of the responses to the online survey from legal professionals were from EU Member States. Out of those, 78% were from Portugal.
- Only 9% of the responses were from non-EU Member States, those including Brazil and the Russian Federation. 3 responses from Brazil, 1 from the Russian Federation.
- Lack of geographical representation within EU Member States. Only Belgium, Croatia, the Czech Republic, Germany, Greece, Ireland, Portugal, and Slovenia were represented. Portugal was overrepresented. Lack of responses representing non-EU Member States (only 4 responses).

Interviews

- In total, **28** interviews were conducted with stakeholders across the EU and **6** with stakeholders in third countries.
- Out of the 28 interviews that were conducted with stakeholders across the EU, **6** were stakeholders at the European level, representing organisations and/or businesses.
- The EU members covered by the interviews included: Germany, the Netherlands, Portugal, France, Cyprus, Hungary, Finland, Austria, Luxembourg, and Greece.

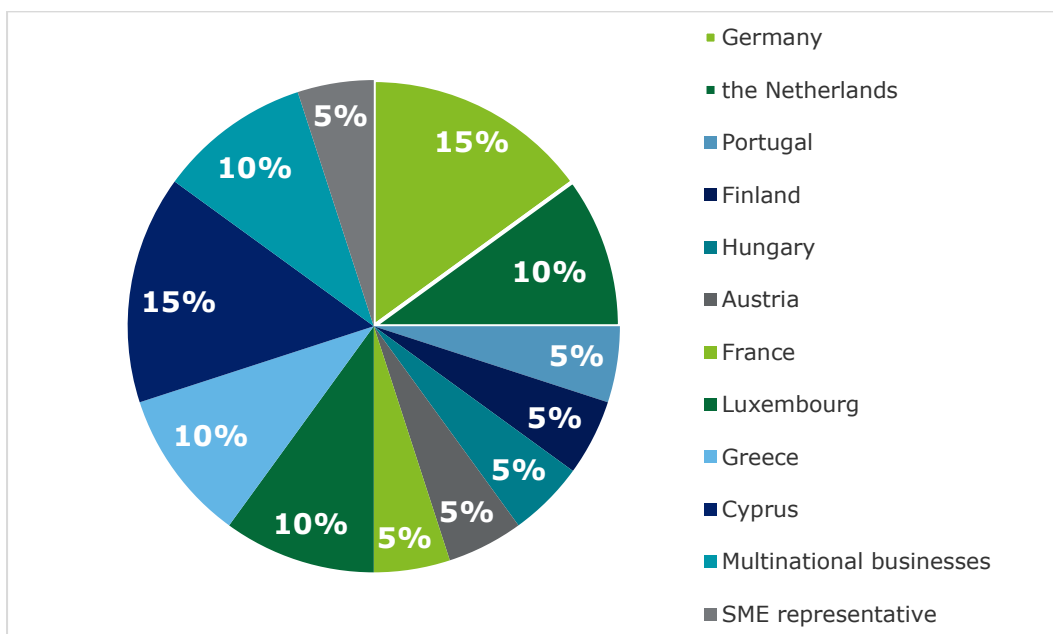
Profile of the respondents

Figure 5: Typology of legal professionals' respondent of the survey



Online survey

- 56% of the legal professionals who answered the online survey were bailiffs, 16% lawyers, and 4% judges. The rest (24%), were other legal professionals including legal academics, court registers, and court staff among others.

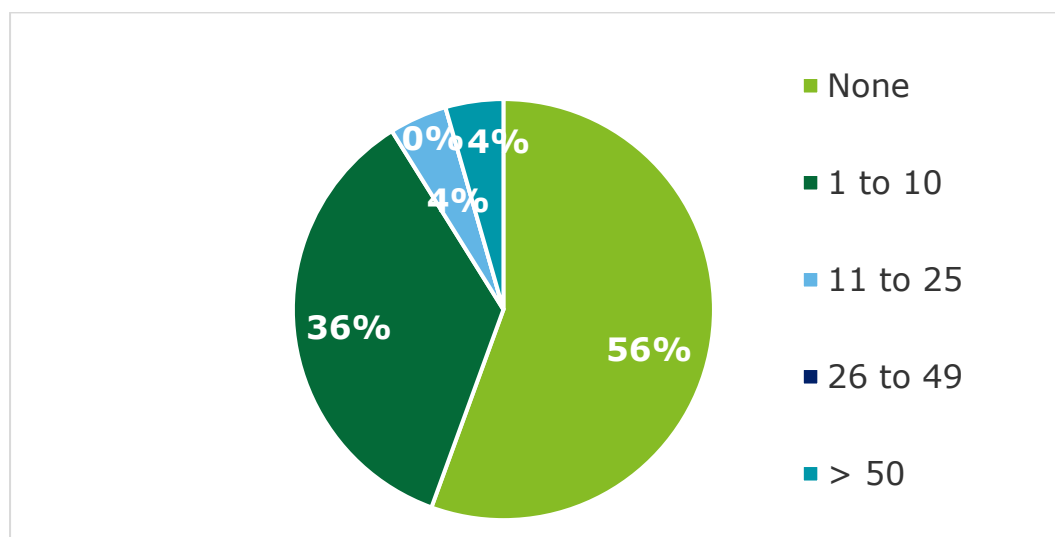


Interviews

- Interviewees were mainly legal professionals from their respective countries, with the exception of two multinational companies, multinational insurer, and one SME representative.

International cases

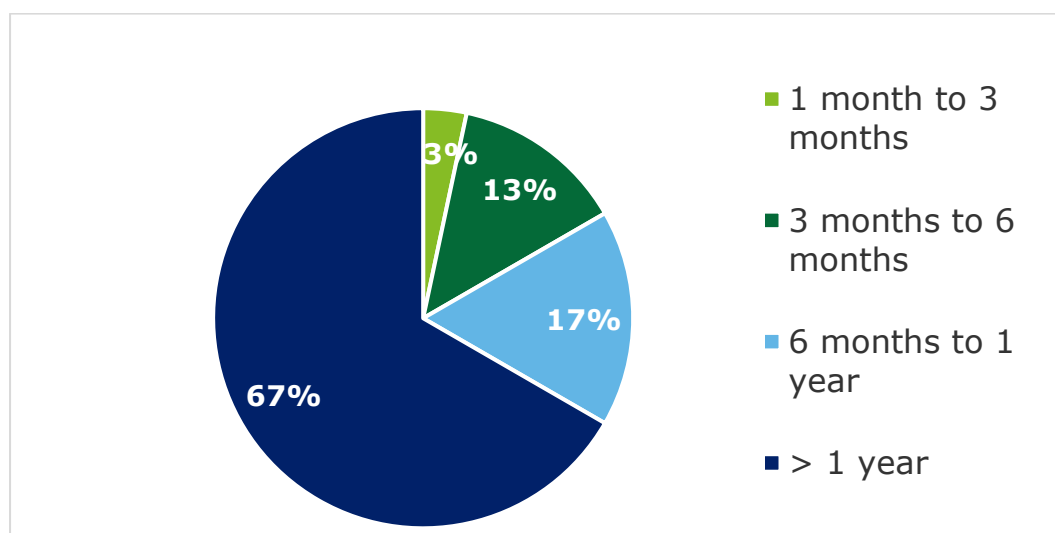
Figure 6: Number of international civil or commercial cases per year respondents were involved in



Online survey

- 56% of the respondents had never been involved in international civil or commercial cases at the time of answering the online survey. 44% of the respondents had been involved in international civil or commercial cases to different extent. However, most of them (36% of the total) had only been involved from 1 to 10 cases.

Figure 7: Average length of international civil or commercial proceedings respondents have been involved in

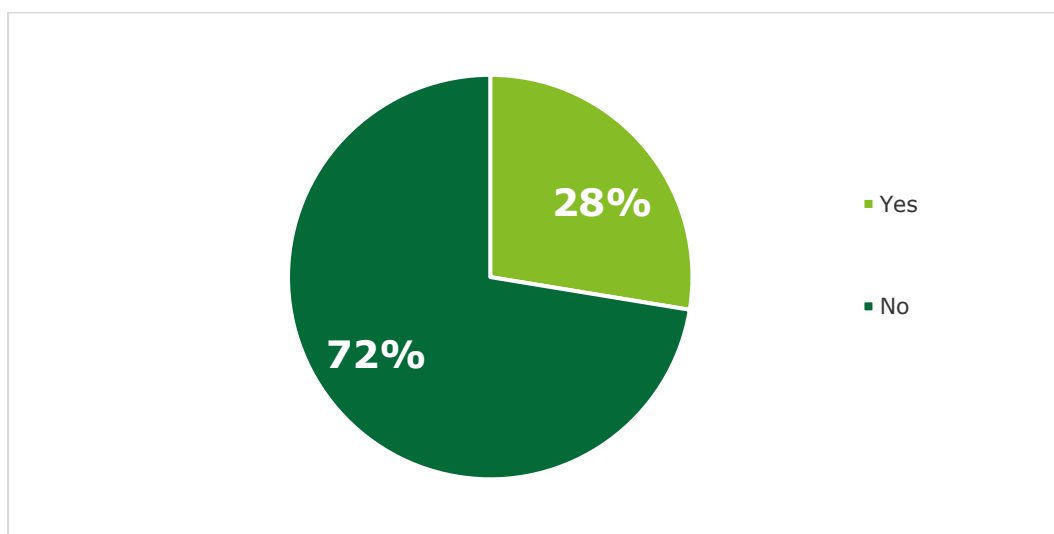


Online survey and Interviews

- According to the responses to the online survey from legal professionals, and the input gathered via interviews, 80% estimated that the average length of proceedings of international civil or commercial cases was of 6 months to a year, or more than a year.
- The costs of the proceedings of international civil or commercial cases seem to vary from country to country. This is related to the different fees related to lawyers and courts, and the complexity of the cases.

Foreign judgments recognition in the European Union

Figure 8: Request for the recognition and enforcement of foreign judgments in the EU



Online survey

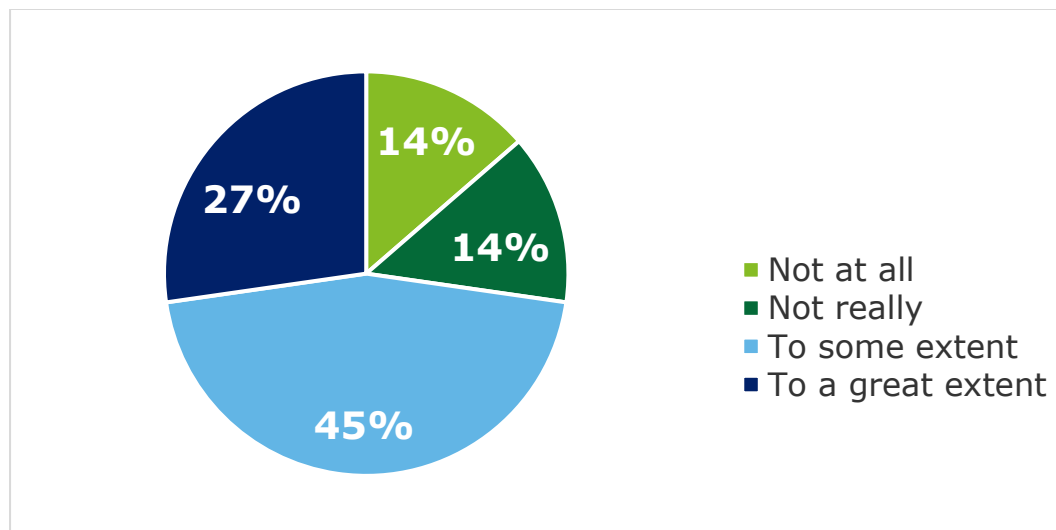
- When applicable, only 28% of the respondents to the online survey had requested the recognition and enforcement of a foreign judgment in the EU.
- 77% of the respondents estimate that the length of the proceeding is long and it represents the main challenge in the process of requesting the recognition and enforcement of a foreign judgment in the EU. For 23% the main challenge is the cost of the type of proceeding.

Interviews

- According to interviewees, whilst the average length of proceedings varies from country to country and depending on its complexity, they estimate that it usually takes at least six months to one year. Costs also change from country to country but on average it seems to cost 2.000 EUR. In more complex cases, often concerning businesses, this quickly amounts to more than 10.000 EUR. It depends on the amount of the dispute as there is in most cases no fixed charge for enforcement of foreign judgments.

Procedural requirements

Figure 9: Survey respondents facing challenges in complying with different requirements and procedures of specific third countries



Online survey

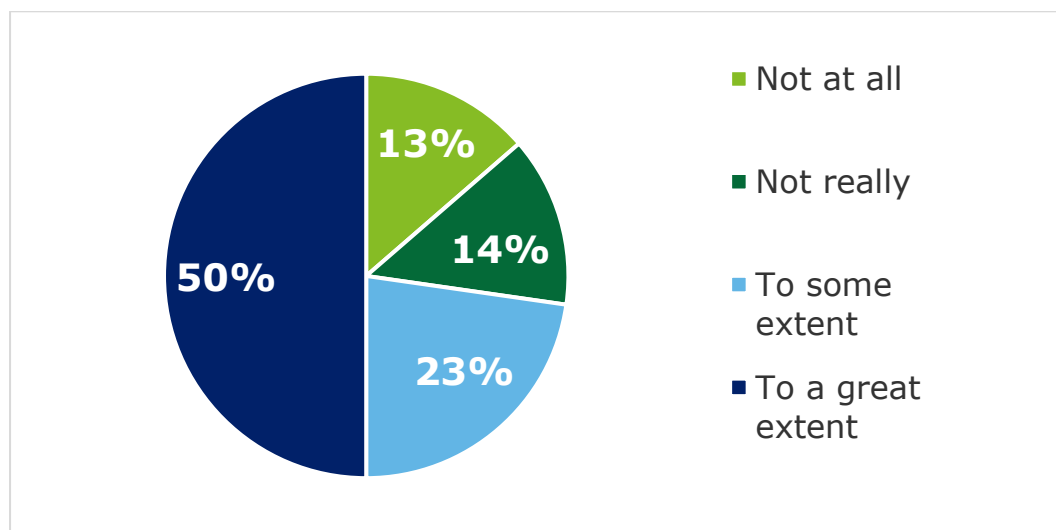
- When applicable, 72% of the legal professionals that answered to the online survey have experienced to some extent, or a great extent, challenges in complying with different requirements and procedures of specific third countries. Only 28% have barely experienced, or not experienced at all, challenges in this regard.

Interviews

- According to the great majority of interviewees, it is indeed challenging to a great extent to comply with different requirements and procedures of specific third countries. This is even more, the case for consumers or SMEs as they do not possess the financial and economic capacity of larger businesses (multinational) that can deal with (legal advice for) these requirements and procedures.

Re-litigation in EU

Figure 10: Re-litigation (when EU Member States refuses to recognise and enforce a third country judgment)



Online survey

- When applicable, 73% of the responses to the online survey from legal professionals consider that if an EU Member State refuses to recognise and enforce a third country judgment, either to some extent, or to a great extent, having to re-litigate the same dispute presents a problem.
- Only around 9% of the respondents have expressed further challenges in relation to the process of having third country judgments recognised and enforced in the EU.

Refusal in EU

Online survey

- According to most of the responses to the online survey from legal professionals, 96% acknowledge that EU countries recognise and enforced third country judgments.

Requesting recognition of EU judgments in third countries

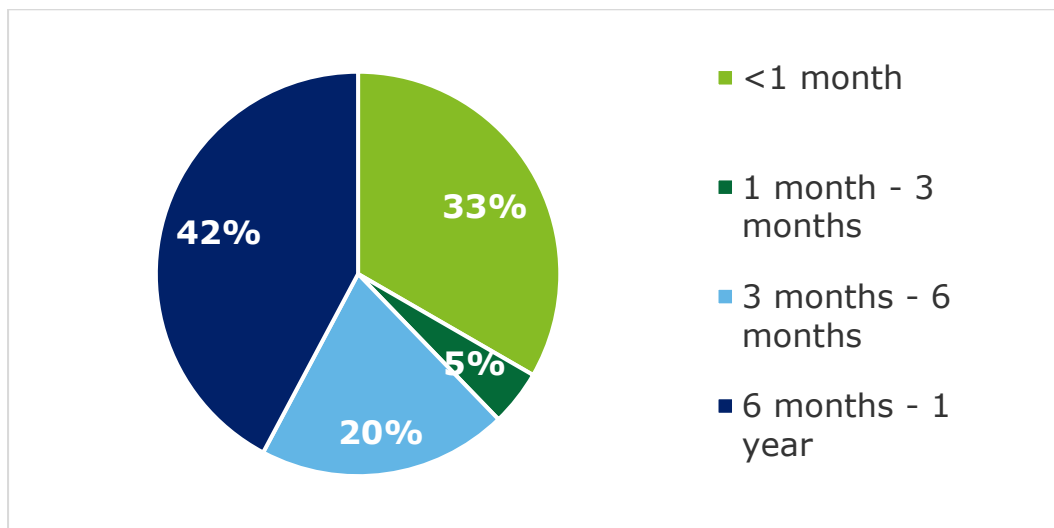
Online survey

- When applicable, according to 73% of the responses to the online survey from legal professionals, they have not requested the recognition and enforcement of an EU judgment for their client in a third country

Interviews

- According to interviewees, whilst the average length of proceedings varies from country to country and depends on the complexity of the case, they estimate that it usually takes more than six months in non-EU Member States. With regard to the cost of EU judgments’ enforcement in third countries, it is also defined on a case by case basis. However, the average cost for requesting recognition and enforcement of EU judgments in third countries is deemed to be greater due to the more complex legislative framework in place in third countries but also due to lengthier proceedings. Still according to interviewees, Australia and the United States of America are considered very expensive, with basic cases costing thousand dollars or more.

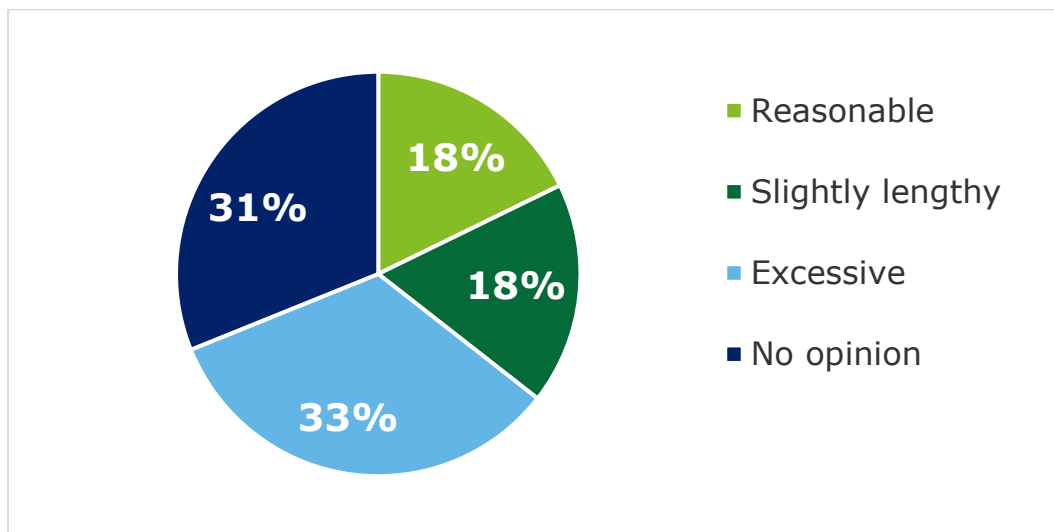
Figure 11: Average length of proceedings according to survey respondents’ experience



Online survey

- 42% of the average length of proceedings take from 6 months to one year, 20% from 3 months to 6 months, 5% from 1 to 3 months, and 33% less than 1 month.

Figure 12: Length of proceedings according to survey respondents' experience

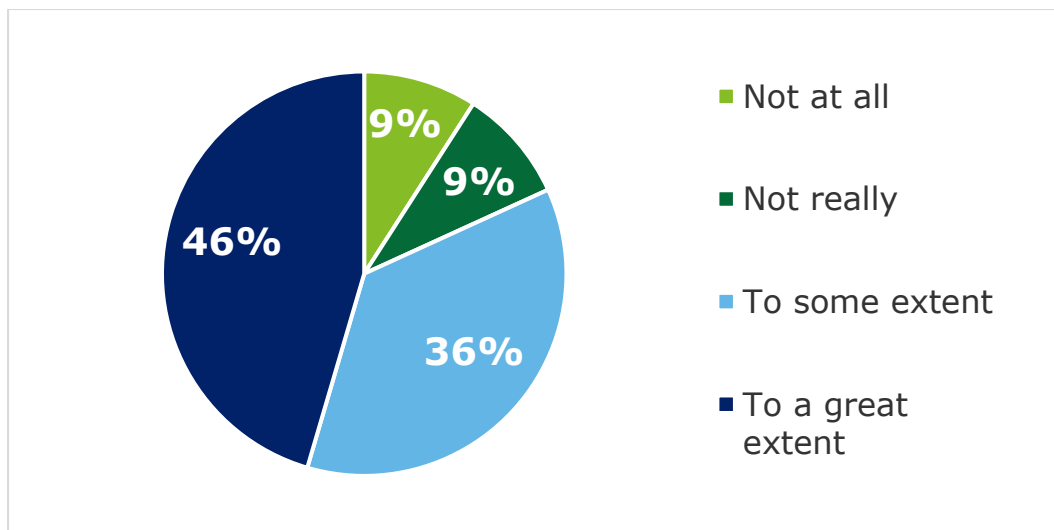


Online survey

- According to 51% of the responses to the online survey from legal professionals, the length of the recognition and enforcement proceedings were either excessive or slightly lengthy. Only 18% of the respondents considered that the length of proceedings was reasonable. Another 18% of the respondents did not have an opinion in relation to the subject.
- The assessment of the length of proceedings is highly subjective within and across countries.

Complying with requirements and procedures

Figure 13: Challenges for respondents of complying with different requirements and procedures depending on a third country

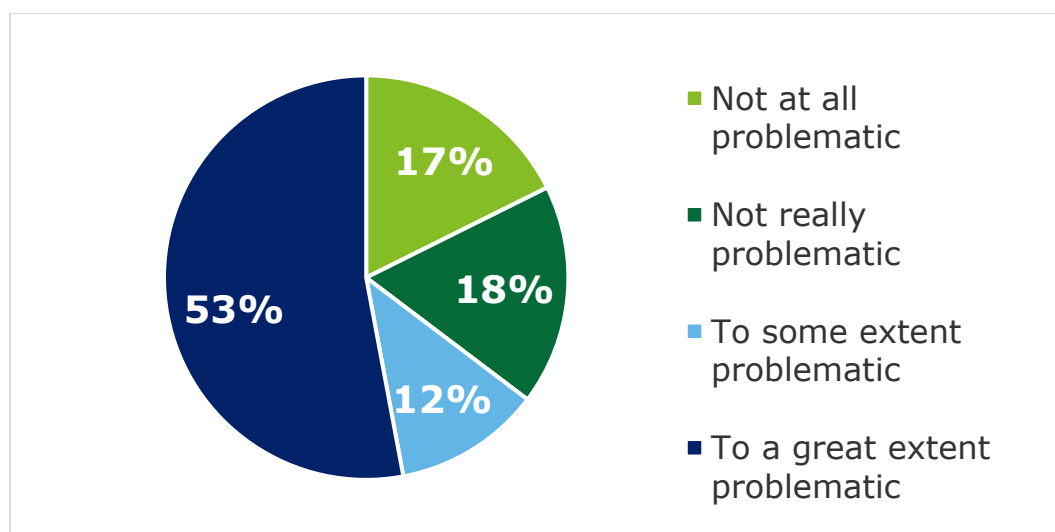


Online survey

- When applicable, according to the experience of the respondents to the online survey from legal professionals, 82% have faced either to some extent or to a great extent challenges complying with different requirements and procedures depending on a third country.

Re-litigation in third countries

Figure 14: Re-litigation (the third country refuses to recognise and accept the EU judgment) of the same dispute presenting a problem for respondents



Online survey

- When applicable, according to 65% of the respondents to the online survey from legal professionals having to re-litigate the same dispute if the third country refuses to recognise and accept the EU judgment is to a great extent, or some extent, regarded as problematic. The remaining 35% were of the opinion that this does not really problematic, or not at all problematic.

The positive impact from EU's accession to the Convention

Online survey

- 51% of the respondents to the online survey from legal professionals believed that the potential benefits from the EU's accession to the Judgments Convention would outweigh the possible disadvantages. Only 7% thought that the possible disadvantages would outweigh the potential benefits.
- A substantial percentage, 42%, did not know how to assess it. 40% of the respondents to the open consultation from legal professionals were of the views that the accession to the Convention will decrease the length of the judicial proceedings. 32% believed that it would have a positive impact on the decrease in the number of instances a third country judgement is not recognised or enforced. 25% were of the opinion that it would reduce the costs of proceedings.
- From those convinced that the accession to the Convention would reduce the costs of proceedings, 41% believed that the reduction should be between 10 to 30 per cent. 29% were of the views that the reduction should oscillate between 30 to 50 per cent. 18% thought that the reduction would be of less than 10 per cent. Finally, 12% believed that the reduction would be of more than 50 per cent.
- From those convinced that the accession to the Convention would decrease the length of proceedings, 41% believed the length of proceedings would decrease by three to six month; 37% were of the opinion that those would decrease by one to three months; 15% thought those would decrease by six months to a year; only 7% were of the views that the lengths of proceedings would decrease by less than a month

Interviews

- The majority of interviewees agree that it is difficult to assess and judge at this point the impact of possible accession to the Convention. However, they all tend to agree that there

will be positive impacts from the EU's accession to the Convention and that they expect these to outweigh possible disadvantages. The main impact expected by interviewees is that the Convention would provide more legal certainty, mostly in terms of countries currently not being party to a bilateral agreement, and the Convention will serve as an additional tool and offer more flexibility to the judiciary. Secondly, interviewees consider that there should be a positive impact on international transactions and trade as the Convention would increase certainty in doing business abroad. This will indirectly benefit consumers by the increase of competition. Concerning the level and quality of employment, interviewees tend to believe that employment creation will happen as a result of the potential increase in business.

- With regard to the cost and length of the proceeding, interviewees are divided, with half of them considering that the Convention would not directly improve and decrease such burdens. The other half believe that the Convention will positively decrease the length of proceedings and thus ultimately decrease their cost, as it was the case with the Brussels Ia.

Negative impact from EU's accession to the Convention

Online survey

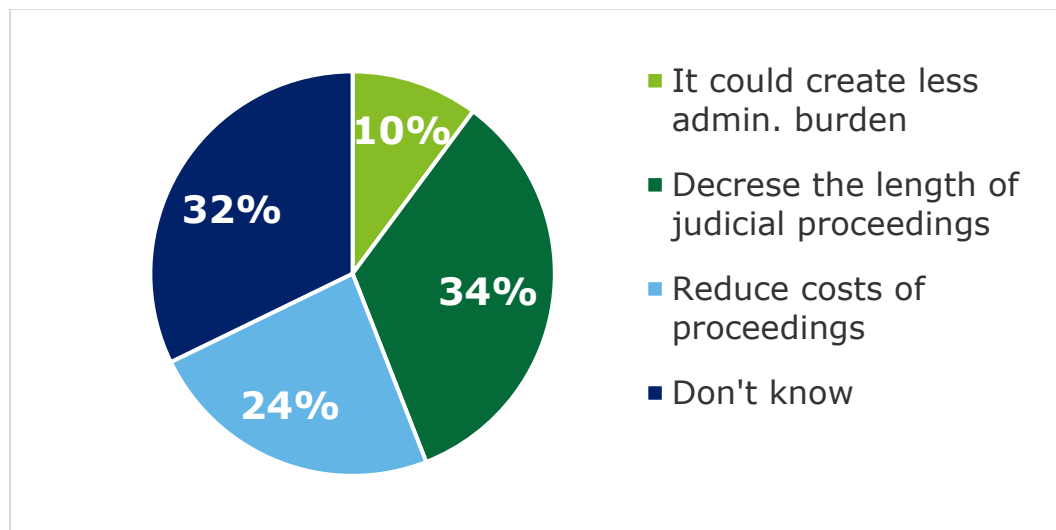
- 47% of survey respondents, including those that also saw the positive impact of the convention of the legal professionals survey believed that the accession to the Convention could have a potentially negative impact in creating confusion as some matter covered in the Convention fall under the exclusive jurisdiction of EU courts. 29% of the respondents were of the opinion that weaker parties might not be properly protected. 24% thought that accessing the Convention could create more administrative burden.
- In total, the above negative impacts were mentioned 51 times (vis-à-vis the 66 times when positive impacts were underlined).

Interviews

- According to the majority of interviewees, the possible negative impacts would not outweigh the possible positive impacts. Yet, and with regard to fundamental rights, the necessity of a "safety valve" ensuring the minimum standards imposed by all parties to the Convention is often cited.
- Based on the majority of the interviews, EU employment standards could, in theory, be endangered due to the enforcement of a foreign judgment providing fewer standards than the one established in the EU.

Impacts the Convention would bring to third countries

Figure 15: Impacts respondents expect the accession to the Convention would bring for EU parties litigating in third countries



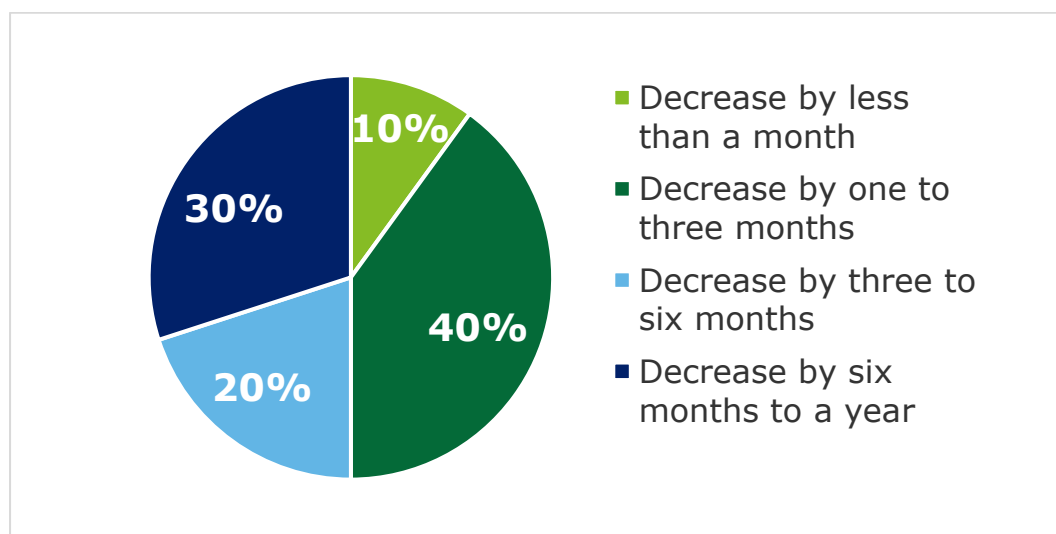
Online survey

- The respondents to the online survey believe that the accession to the Convention would bring for EU parties litigating in third countries the following impacts: 34% a decrease in the length of judicial proceedings; 24% a reduction in the costs of proceedings; 10% the potential creation of less administrative burden; 32% were not aware of the potential impacts.

Interviews

- Based on the five interviews with third country legal professionals, the accession to the Convention would lead to a decrease in the length of judicial proceedings and decrease the administrative burden. Regarding the costs of proceedings, two interviewees (from Brazil and Australia) specified that the decrease in the costs would only be linked to the reduction of the length of proceedings.

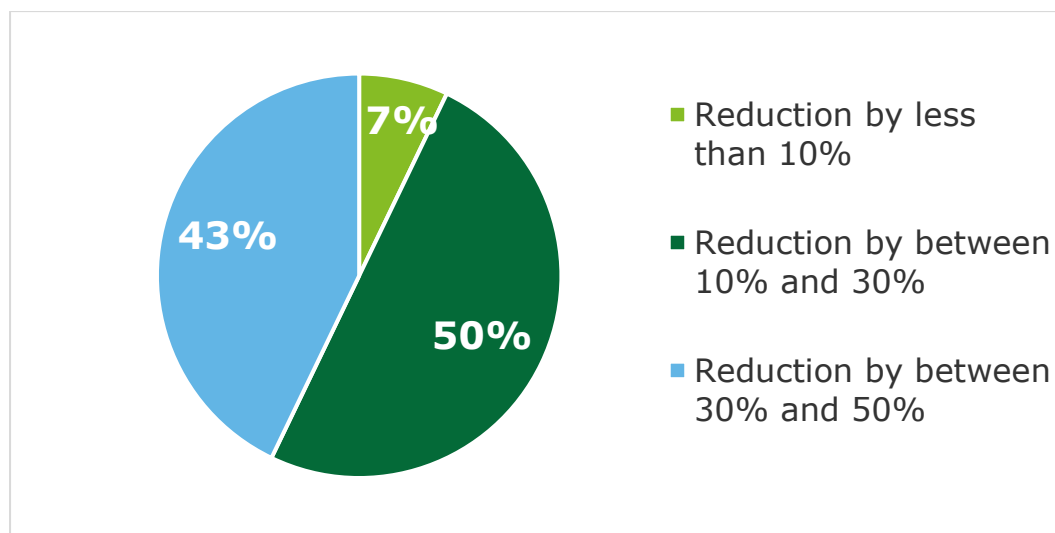
Figure 16: Possible decrease of the length of judicial proceedings as estimated by respondents



Online survey

- 40% of the respondents believed that the decrease of the length of judicial proceedings would be by one to three months; 30% decrease by six months to a year; 20% decrease by three to six months; 10% decrease by less than a month.

Figure 17: Possible reduction of the costs of proceedings as estimated by respondents



Online survey

- 50% of the respondents believe that the reduction would be by between 10 and 30 percent. 43% between 30 to 50 percent. The remaining 7% was of the opinion that the reduction would be by less than 10%.

Employment matters

Online survey

- According to 88% of the responses to the online survey from legal professionals, the European Union, in order to better protect weaker parties, should accede to the Convention without making a declaration to exclude employment disputes.

Insurance matters

Online survey

- According to 85% of the responses to the online survey from legal professionals, the European Union, in order to better protect weaker parties, should accede to the Convention without making a declaration to exclude insurance matters to better protect insurance policyholders.

Interviews

- According to a multinational insurer, there is not enough knowledge and oversight up until now to sufficiently assess this, but they seem to believe that it would be better to accede without making a declaration.

Consumers' matters

Online survey

- According to 88% of the responses to the online survey from legal professionals, the European Union, in order to better protect weaker parties, should accede to the Convention without making a declaration to exclude consumer matters.

Interviews

- Moreover, and according to the majority of interviewees, they see the Convention as a more business to business (B2B) instrument, with the majority of consumer matters already excluded from the scope.
- Yet, for several interviewees, and because consumer matters are regulated in detail in the EU, there should be a declaration related to consumer matters.

Tenancies of immovable property situated in the EU Member States

Online survey

- According to 88% of the responses to the online survey from legal professionals, the European Union should accede to the Convention without making a declaration to exclude judgments involving commercial tenancies of immovable property situated in EU Member States.

Interviews

- On contrary, and according to interviewees, immovable property rights are often excluded from international conventions and thus it is an expected exclusion. Moreover, local courts are deemed as better equipped to deal with and resolve such disputes more efficiently.

Making a declaration regarding the proceedings concerned with the enforcement of judgments in a civil or commercial matter or based on Article 19 of the Convention

Online survey

- According to 83% of the responses to the online survey from legal professionals, the European Union should accede to the Convention without making a declaration to exclude proceedings concerned with the enforcement of judgments in civil or commercial matters, as described in Article 24(5) of the Regulation (EU) No 1215/2012 (known as Brussels I).
- According to 88% of the responses to the online survey from legal professionals, the European Union should accede to the Convention without making a declaration with respect to judgments involving a State or a State entity.

Interviews

- According to the majority of interviewees, the EU should not proceed to a declaration with regard to Article 19 as it would be detrimental to the purpose of the Convention if too many states were to make such a declaration.
- However, certain interviewees agree on the fact that there should be declarations, under Article 29, towards certain states of the world where fundamental rights, due process and independence of the judiciary are not fully guaranteed.

Annex C | Summary of responses to our Member States' authorities questionnaire

The below represents a summary of the responses to our Member States' authorities questionnaire. There are 17 EU Member States who participated to the national questionnaire, namely:

- Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Finland, France, Germany, Greece, Hungary, Latvia, Malta, Portugal, Romania, Slovakia, Slovenia, and Sweden. The remaining 9 relevant EU Member States¹²⁶ did not respond to the national questionnaire.

Number of foreign judgments cases

How many third-country judgments are recognised and enforced in your country on average per year?

- Out of the 17 EU Member States who participates to the national questionnaire, 47% indicated that there more than **100** third country judgments that are recognised and enforced in their country on average per year. 18% indicated that the average ranged between 0 and 25 cases, and another 6% pointed out that there are no third country judgments at all that are recognised and enforced in their country.
- The 23% remaining respondents did not answer to this question. Whilst they did not justify this choice, there are a lot of countries that do not automatically collect this kind of data.

Have you recorded a positive evolution of these numbers during the last 5 years?

- Some 18% of the respondents underlined a positive evolution of these numbers. 53% of the responding Member States indicated that there has been a negative evolution of the number.

Table 1: Average number of foreign judgments cases per year

Country	Average number of foreign judgments cases per year	Positive evolution of these numbers during the last 5 years?
Austria	>100	No
Belgium	N/A	N/A
Bulgaria	0-25	Yes
Croatia	>100	No
Cyprus	/	/

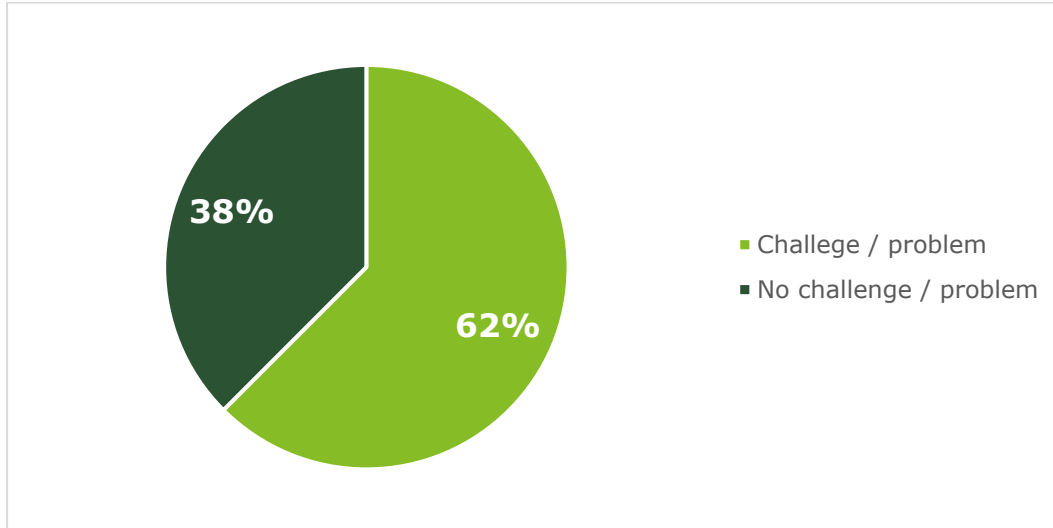
¹²⁶ Denmark was not part of this research.

Czechia	>100	No
Estonia	/	/
Finland	0-25	No
France	>100	N/A
Germany	N/A	N/A
Greece	25-50	No
Hungary	>100	No
Ireland	/	/
Italy	/	/
Latvia	26-50	No
Lithuania	/	/
Luxembourg	20-30	/
Malta	N/A	N/A
The Netherlands	/	/
Poland	/	/
Portugal	>100	Yes
Romania	>100	No
Slovakia	N/A	N/A
Slovenia	>100	Yes
Spain	/	/
Sweden	None	No

Source: Survey questionnaire to the Member States in the context of the Study to support the preparation of an impact assessment on the potential EU accession to the 2019 Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters.

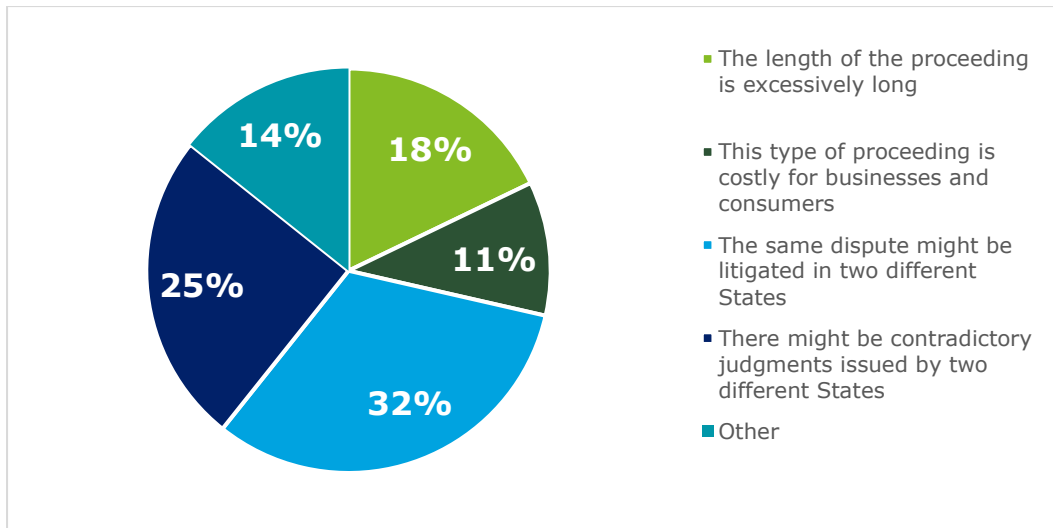
The absence of a comprehensive treaty on the recognition and enforcement of foreign judgments

Figure 18: Lack of a comprehensive treaty on the recognition and enforcement of foreign judgments



- 62% of the respondents expressed that they face a challenge or a problem in the light of the lack of a comprehensive treaty on the recognition and enforcement of foreign judgments. 38% did not seem to be affected by it.

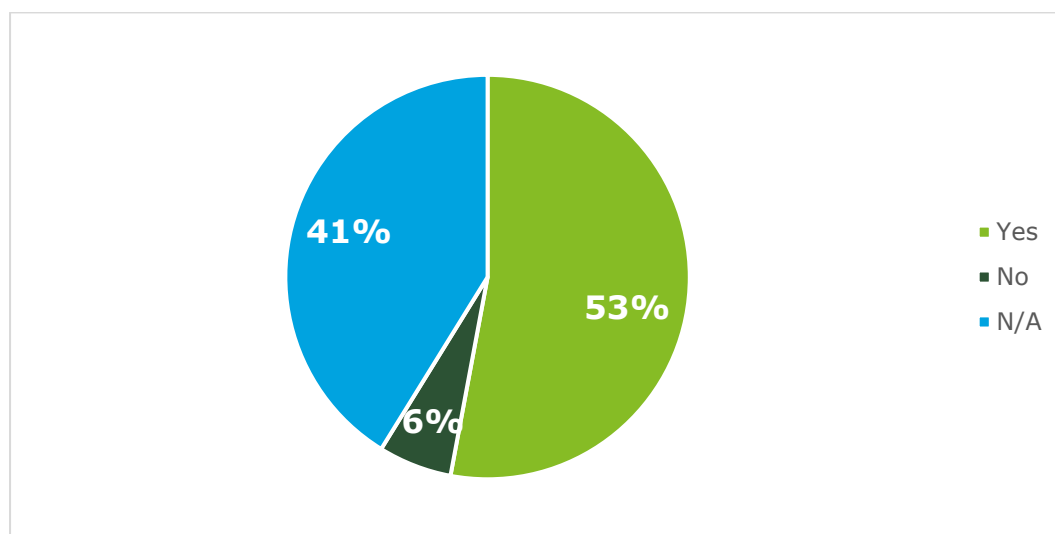
Figure 19: Problems or challenges due to the lack of a comprehensive treaty on the recognition and enforcement of foreign judgments



- The following challenges or problems were expressed as follows: 32% the same dispute might be litigated in two different states; 25% potential contradictory judgments issued by two different States; 18% excessive length of proceedings; 11% costly proceedings for businesses and consumers; 14% other challenges or problems.

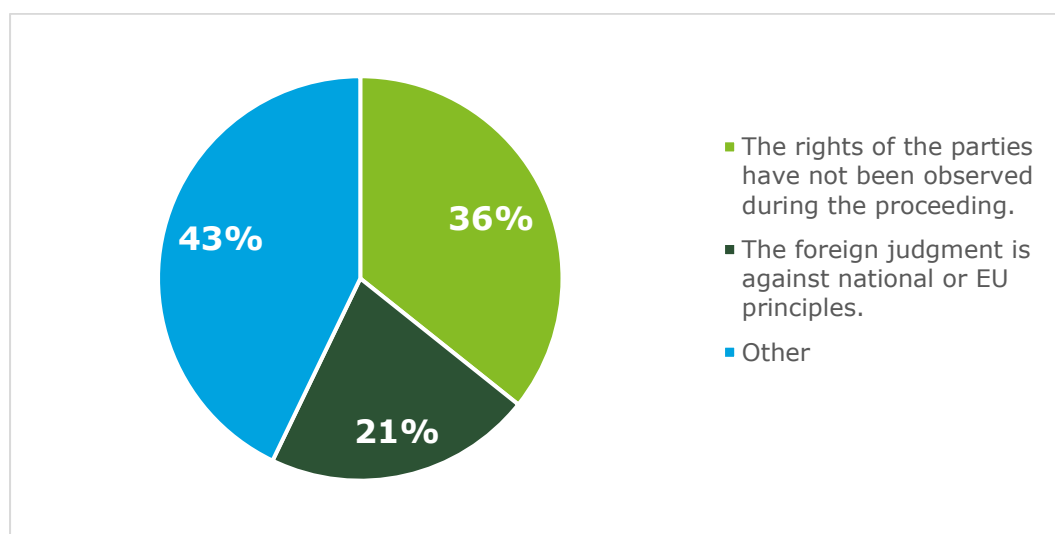
Refusals to recognise and enforce non-EU judgments

Figure 20: Refusals to recognise and enforce a non-EU judgment



- Only 6% of the respondents said that their country has never refused to recognise or enforce a third country judgment. 44% of the respondents did not answer the question related to the refusal to recognise and enforce non-EU judgments.

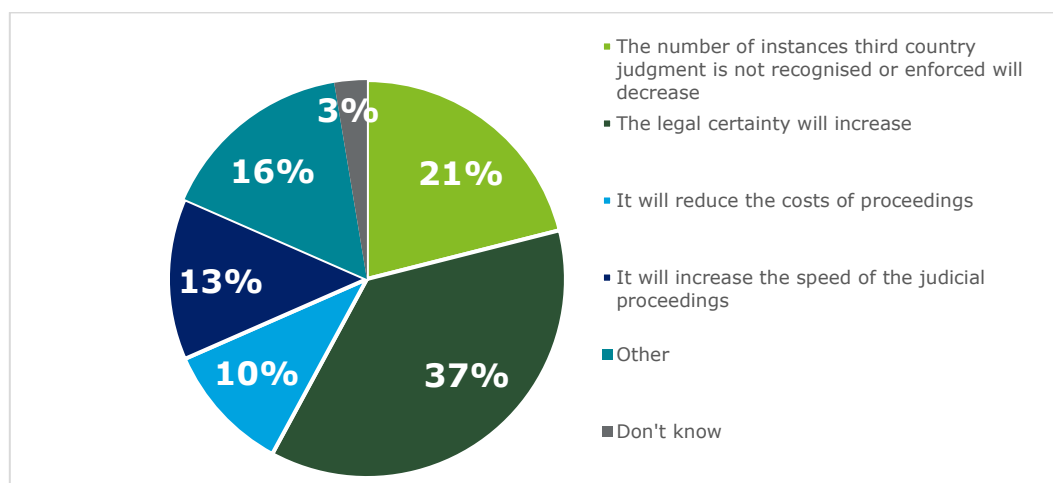
Figure 21: Reasons for refusing to recognise and enforce a non-EU judgment



- Only 50% of the respondents to the national questionnaire acknowledged that in their countries a non-EU judgment was refused recognition and enforcement at some point. The grounds for refusal were: 36% related to the rights of the parties that have not been observed during the foreign proceedings; 21% concerned the fact that the foreign judgment was against national or EU principles; 43% of the respondents provided additional reasons for refusing to recognise and enforce a non-EU judgment, those including among other, the lack of reciprocity, formalities, lack of documentation, etc.

Potential benefits from the EU's accession to the Judgments Convention

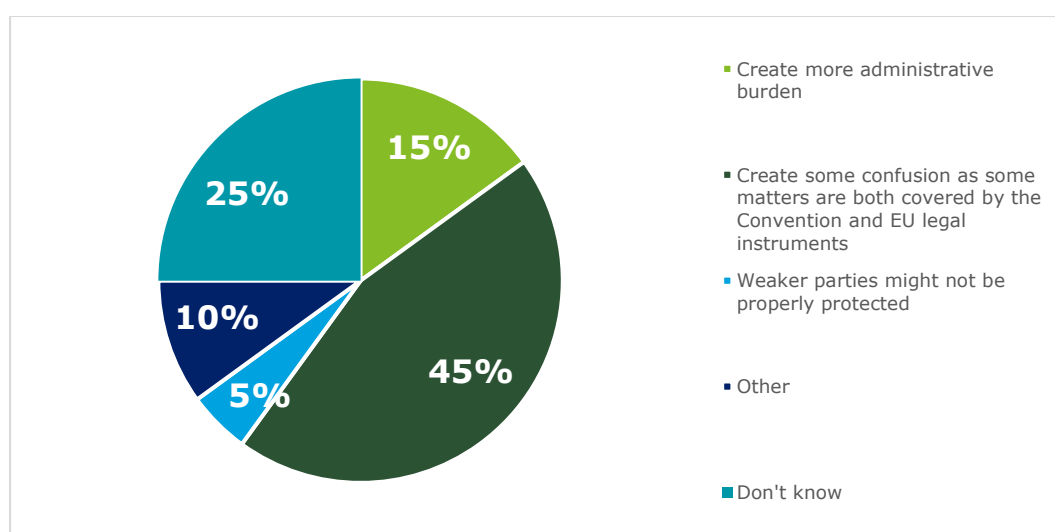
Figure 22: recognisePotential benefits form the EU's accession to the Judgments Convention



- 94% of the respondents believed that the potential benefits from the EU's accession to the Judgments Convention would outweigh the possible disadvantages. There were no responses stating the contrary. Only one respondent was unsure whether this would be the case.
- The respondents believed that the EU's accession to the Convention would bring the following potential positive impacts to their respective Member States: 37% said that the legal certainty would increase; 21% were of the opinion that the number of instances of third country judgments not recognised nor enforced would decrease; 13% said that accession will increase the speed of the judicial proceedings; 10% that will reduce the costs of proceedings; 16% put forward other positive impacts such as better access to justice, wider recognition of judgments, etc.; 3% did not know.

Potential negative impacts from the EU's accession to the Judgments Convention

Figure 23: Negative impacts if the EU would join the Convention. The respondents that identified potential negative impacts were also of the opinion that the benefits of accession outweigh the costs.

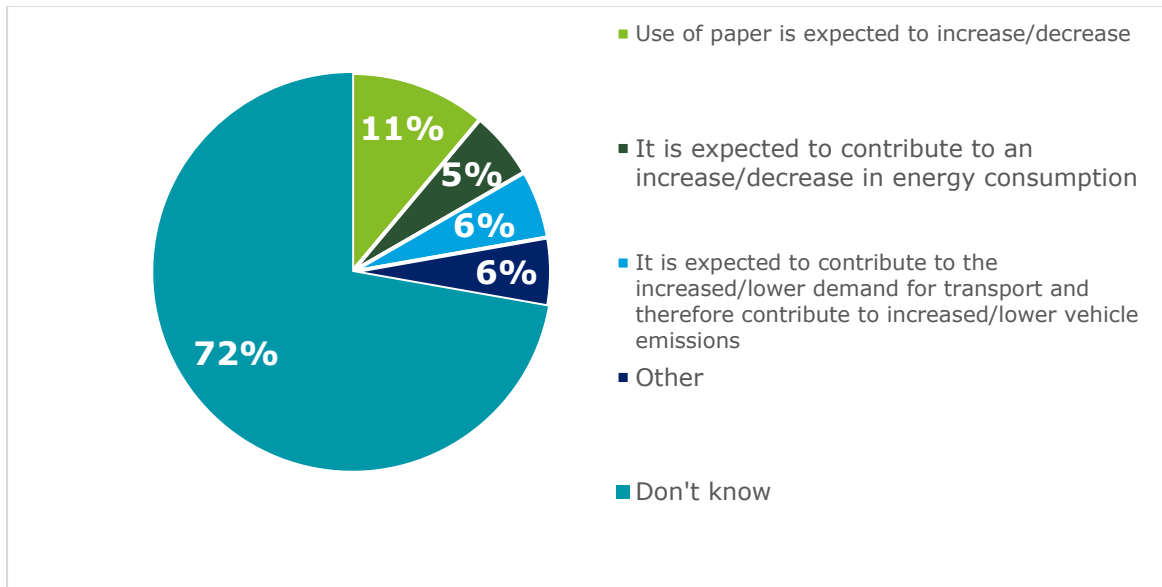


- The respondents to the national questionnaire believed that the EU's accession to the Convention could bring the following negative impacts to their respective Member States:

45% said that it would create some confusion as some matters are both covered by the Convention and EU legal instruments; 15% that it would create more administrative burden; 10% put forward other negative impacts that would depend on how the accession is done (e.g. with or without declarations); 5% said that weaker parties might not be properly protected. 25% replied that they didn't know.

Environmental impacts

Figure 24: Environmental impact to the EU's accession to the Convention



The vast majority of the respondents, 72%, did not know which environmental impacts the EU's accession to the Convention would entail. Out of the responses gathered, Hungary and Portugal specified that the accession to the Convention by the EU would decrease the use of paper. Energy consumption and the demand for transport is also expected to decrease according to Hungary.

Long lasting measures to be put in place in order to implement the Convention

- 67% of the respondents said that the current resources of their administration were sufficient to implement the Convention. 7% believed they should hire additional human resources. Another 7% pointed out that they should restructure their department. The rest mentioned additional measures mostly referring to jurisdictional related matters instead of administrative measures.

Annex D | List of desk research materials

The table below provides a preliminary overview of the documents to be assessed as part of our desk research activity.

Table 40: Preliminary documents identified for desk research

Type of document	Title
EU level strategic documents	Consolidated Version of the Treaty on the Functioning of the European Union (C 326/47)
	Inception Impact Assessment – Proposal for a Council decision on the accession to the Judgments Convention
	Regulation No 1215/2012 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters (recast)
	Council Decision of 26 February 2009 on the signing on behalf of the European Community of the Convention on Choice of Court Agreements, Official Journal L 133, 29 May 2009, p. 1;
	Council Decision of 4 December 2014 on the approval, on behalf of the European Union, of the Hague Convention of 30 June 2005 on Choice of Court Agreements
International conventions	Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (the Lugano Convention)
	Convention of 2 July 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters
	Preparatory and preliminary working documents from the negotiations conducted within the framework of the Hague Conference on Private International Law
Explanatory reports	Hague Convention on Choice of Court Agreements (2005)
	Explanatory report on the convention of 18 March 1970 on the taking of evidence abroad in civil or commercial matters
	Draft Explanatory Report on the Judgments Convention by F. Garcimartín and G. Saumier
	Explanatory Report on the Convention on Choice of Court Agreements by T. Hartley and M. Dogauchi
Studies	Minutes of the 22nd Diplomatic Session (June-July 2019) – to be made available on the website of the Hague Conference
	Study to inform an Impact Assessment on the Ratification of the Hague Convention on Choice of Court Agreements by the European Community
Statistics	Eurostat data
	DG TRADE Statistical Guide 2019
	The EU Justice Scoreboard (2013-2019)

Type of document	Title
	Factsheets EU Justice Scoreboard (2013-2019)
	"How big is the EU Economy?" statistics
	WTO statistics on evolution of trade
	Economist intelligence unit
	Forrester Research
	IDC
Academics	Lundstedt, Lydia. "The Newly Adopted Hague Judgments Convention: A Missed Opportunity for Intellectual Property," Max Planck institute for Innovation and Competition. 2019.
	Damgaard J., Elkjaer T., and Johannesen N. "The rise of phantom investments". 2019.
	Huag, Jie. "Enforcing Foreign Monetary Judgments in China: Breakthroughs, Challenges, and Solutions in the Context of "One Belt One Road", George Washington International Law Review. 2019.
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Type of document	Title
	Khanderia, S. "The Hague Conference on Private International Law's Proposed Draft Text on the Recognition and Enforcement of Foreign Judgments: Should South Africa Endorse It?", <i>Journal of African Law</i> Vol. 63 Issue 3. 2019.
	Stewart, D. "The Hague Conference Adopts a New Convention on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters", <i>American Journal of International Law</i> , 113(4). 2019.
Methodology	Better Regulation Guidelines and Toolbox + COVID in IA and evaluations
Other documents	Notice to stakeholders: Withdrawal of the United Kingdom and EU rules in the field of civil justice and private international law Directorate-General Justice, Freedom and Security, carried out by GHK, final report adopted in March 2008
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Annex E | List of interviewees

Table 41: EU level interviews

Name	Role	Organisation	Date of interview
Béatrice Deshayes	Lawyer in Germany, and Member of the CCBE	Council of Bars and Law Societies of Europe (CCBE)	08/07/2020
Jos Uitdehaag	First Secretary of the UIHJ, former enforcement agent in the Netherlands	The International Union of Judicial Officers (UIHJ)	31/07/2020
Hadewich van Alst	Legal expert on EU law at the Chamber of Commerce and Industry of the French Northern region	Enterprise Europe Network (EEN)	11/11/2020
Multinational insurance Company	/	/	21/07/2020
Multinational with a focus on the areas of electrification, automation and digitalisation	/	/	17/07/2020
Multinational with a focus on the areas of electrification, automation and digitalisation	/	/	08/10/2020

Table 42: National level interviews

Country	Name	Role	Organisation	Date of interview
Germany	Alexander Shchavelev	Senior Associate	Pinsent Masons	13/08/2020
	Courtney Lotfi	Associate	Dentons	18/08/2020
	Michael Huertas	Partner	Dentons	

Netherlands	Jorian Hamster	Associate	DLA Piper	12/08/2020
Netherlands	Lincoln Frakes	Judge	Dutch Commercial Court	08/10/2020
Portugal	Noelia Guerreiro	Bailiff	/	26/08/2020
Finland	Jari Hellsten	Legal Advisor	Finnish Trade Unions Organisation (SAK)	31/08/2020
Cyprus	Anastasia Stylianidou	Legal Advisor	European Consumer Centre Cyprus	15/09/2020
Hungary	Tamás Rumi	Head of International Motor Claims Division - EU Affairs contact	Association of Hungarian Insurance Companies	11/09/2020
Austria	Michael Komuczky	Attorney at Law, and Partner	Lansky, Ganzger, and Rechtsanwälte	04/09/2020
France	Julie Losson	Lawyer	Villard Advocat	21/09/2020
Luxembourg	/	Lawyer specialised in international law and international arbitration	Law firm in Luxembourg	21/09/2020
Luxembourg	Max MAILLIET	Lawyer	Law firm in Luxembourg	07/09/2020
Greece	Nikos Kanellias	Partner	Papadimitriou-Pimblis & Partners	23/09/2020
GREECE	Menelaos Karpathakis	Head of Legal	DoValue Hellas	09/09/2020
Cyprus	Marina Joud	Senior Associate	Law firm in Cyprus	23/09/2020
Cyprus	/	Lawyer	Law firm in Cyprus	07/09/2020

Australia	Reid Mortensen	Head of School (Law and Justice)	University of Southern Queensland	10/08/2020
	Mary Keyes	Director of the Law Futures Centre	Griffith's research centre for law	10/08/2020
Brazil	Nadia de Araujo	Partner, and Arbitrator of the Permanent Court of Arbitration, in The Hague, Netherlands, as a member of the National Group of Brazil	Nadia de Araujo Advogados	11/08/2020
	Marcelo De Nardi	Judge in Brazil, / Expert Advisory of the Brazilian delegation to the judgments' projects		10/08/2020
China	Meng Yu	Founder	China Justice Observer (CJO)	14/08/2020

Annex F | Estimates of the average cost and length of procedure

The following tables provide the detailed estimates of the average cost and the average length of the procedure of enforcement of foreign judgments.

Table 43: Foreign judgments third countries:

Country	Estimated number of cases for that a claimant procedure of enforcement of foreign judgments per year	Cost and expenses of expect in this recognition and enforcement procedure? (Court fees involving foreign judgments)	What is the average length of time for procedure of enforcement of foreign judgments? (Average duration of recognition and enforcement procedure involving foreign judgments)	
			Uncontested case	Contested case
Australia	20	Filing fees: 600 – 800 EUR for individual 1800 – 2400 EUR for corporations	Need application registration: 2-4 weeks, then several months	More than a year
Argentina	10	3% of the value of claim	N/A	N/A
Brazil	14	Equivalent of 30 EUR	Ratification: 1 year Enforcement: 1 year	Ratification: 2 or more Enforcement 2 or more
Canada	11	N/A	N/A	N/A
China	13	Approx. 20 EUR	6 months	One year to two
Japan	17	The amount of which is determined based on the amount of claim sought	N/A	N/A
South Korea	11	0,5% of the value of claim	4-6 months	A year or more
USA	60	Hundreds of EUR	2-6 months	6 months to 2 years

Source: Quantitative estimates based on interviews with national legal experts and the [Multilaw Enforcement of Foreign Judgments Project](#).

Table 44: Foreign judgments in the EU:

Country	Cost and expenses can a claimant expect in this recognition and enforcement procedure? (Court fees involving foreign judgments)	What is the average length of time for procedure of litigious civil and commercial cases involving foreign judgments? (Average duration of recognition and enforcement procedure involving foreign judgments)	
		Uncontested case	Contested case
Austria ¹²⁷	The application for the declaration of enforceability/ recognition does not trigger any court fees.	3 months	Up to 6 months
Belgium ¹²⁸	20 EUR	4 months or more	More than 1 year
Bulgaria ¹²⁹	25,56 EUR	6 months or more	More than 1 year
Croatia	General fees are applicable. No specific fees are required for the recognition and enforcement of a foreign judgment.	N/A	N/A
Cyprus	The court fees depend on the value of the claim.	Up to 3 months	Up to 6 months
Czech Republic ¹³⁰	- In case of a judicial enforcement, a court fee amounting to approx. 5% of the claim value is charged.	N/A	N/A
Estonia	N/A	N/A	N/A
Finland	N/A	N/A	N/A
France	There is no specific provision regarding the fees payable for recognition and enforcement.	6 months	Two years
Germany	The court fees depend on the value of the claim are calculated in accordance with the Court Expenses Act.	N/A	N/A
Greece	Application for recognition and enforcement: 130 EUR Appearance of the attorney before court: 126 EUR Submission of required legal arguments: 150 EUR	Enforcement order to be issued in 6 months Enforcement procedure to be concluded: Additional 2 months to a year	N/A

¹²⁷ SPARK Legal network national reports

¹²⁸ SPARK Legal network national reports

¹²⁹ SPARK Legal network national reports

¹³⁰ SPARK Legal network national reports

Country	Cost and expenses can a claimant expect in this recognition and enforcement procedure? (Court fees involving foreign judgments)	What is the average length of time for procedure of litigious civil and commercial cases involving foreign judgments? (Average duration of recognition and enforcement procedure involving foreign judgments)	
		Uncontested case	Contested case
	The above prices include the minor fees and 24% VAT charged by the state. Amount to 300 EUR ¹³¹		
Hungary	Stamp duties range of 1% to 3% of the value of the claim There is no specific fee for recognition and enforcement.	6 months	12-18 months
Ireland	NA	Weeks	Months
Italy	No specific fees are required for the recognition and enforcement of a foreign judgment.	4 months	10 months
Latvia ¹³²	30 EUR	N/A	N/A
Lithuania	There is no specific fees payable for recognition and enforcement.	N/A	N/A
Luxembourg	The fees payable in general are administrative fees	Three weeks to 6 months	Up to 1 year
Malta	These costs will vary according to what is being requested and depending on the amount which is claimed.	N/A	N/A
The Netherlands	Vary according to the value of the claim	One year and a half	Up to 3 years
Poland ¹³³	- fee for determination of recognition or non-recognition: approx. 67 EUR - fee for declaration of enforceability: approx. 67 EUR - fee for an appeal against a ruling on any of these applications approx. 22 EUR - Fee for cassation approx. 22 EUR	One year on average	1-2 years

¹³¹ SPARK Legal network, based on an interview with a Greek legal professional

¹³² SPARK Legal network national reports

¹³³ SPARK Legal network national reports

Country	Cost and expenses can a claimant expect in this recognition and enforcement procedure? (Court fees involving foreign judgments)	What is the average length of time for procedure of litigious civil and commercial cases involving foreign judgments? (Average duration of recognition and enforcement procedure involving foreign judgments)	
		Uncontested case	Contested case
Portugal	Vary according to the value of the claim	More than two months	Over a year
Romania	Yes, the applicant will have to pay the stamp duty	One year	Two years
Slovakia ¹³⁴	66 EUR	3 – 9 months	9 to 15 months
Slovenia	N/A	N/A	N/A
Spain	Pursuant to Article 18 LCJI (para 1), the costs related to the processing of requests for recognition and enforcement will be paid, where applicable, by the applicant. The rules do not mention specific fees	4 months	9 months
Sweden	30 – 60 EUR	2 months	4 or more months

Source: Quantitative estimates based on interviews with national legal experts, [Multilaw Enforcement of Foreign Judgments Project](#) and SPARK's Legal network national report.

¹³⁴ SPARK Legal network national reports

Annex G | Methodology

regarding the quantitative estimates

Calculation of the Baseline

In order to determine the relevant (corrected) baseline for the impact assessment, in a first step we calculated the uncorrected baseline forecast for the years 2020-2026. The uncorrected baseline scenario uses official data from Eurostat as the primary source, complemented by the databases from the OECD, the International Monetary Fund (IMF) and the Economist Intelligence Unit in case no Eurostat data were available. The data for the years 2020-2026 was extrapolated by using a compounded average growth rate (CAGR) which was obtained from the growth rates of the previous years. This method accounts for path-dependent trends in data and the respective economic circumstances.

For the previous years, the respective average yearly exchange rate from USD into EUR provided by OECD data was applied. For the years 2020-2026, we assumed a constant exchange rate of 0,896 EUR/USD, which is the average exchange for the year 2020 as forecasted by OECD statistics.

For the baseline scenario, three indicators were used in order to forecast the trade relations of the European Union with the eight selected countries, i.e. Australia, Austria, Brazil, Canada, China, Japan, Korea and the United States. The three indicators are

- trade in goods (export and import),
- trade in services (export and import) and
- Foreign Direct Investment (FDI) inward and outward stock.

All forecasts refer to the EU27, the current Member States of the European Union, meaning that the share of the United Kingdom of the former EU28 was subtracted when calculating the extrapolations.

Calculation of the uncorrected baseline

Trade in goods (import and export)

The first indicator, trade in goods, is a measure of the value and quantity of goods traded by the EU-Member States (EU27). 'Goods' refers to all movable property including electricity and is defined as set out in the European legislation. The data source for the extrapolation are the figures provided by Eurostat¹³⁵, which refer to the amount of goods' imports and exports of the EU with a respective partner country.

Trade in services (import and export)

The second indicator, trade in services, is defined as the value of services exchanged between residents and non-residents of an economy, including services provided through foreign affiliates established abroad. The data of the import and export of services of the EU in relation to its partner countries was obtained by the OECD.¹³⁶ As this indicator is measured in million USD, the OECD

¹³⁵ Eurostat. 2020. International Trade in goods. <https://ec.europa.eu/eurostat/web/international-trade-in-goods>

¹³⁶ OECD Data. 2020. Trade in services. <https://data.oecd.org/trade/trade-in-services.htm>

annual exchange rates were applied for the previous years. With the values of the previous years, the CAGR was determined which was then used for the extrapolation to the years 2020-2026. Again, the share for the previous years of the United Kingdom was deducted.

Inward and outward Foreign Direct Investments

The third indicator, the inward and outward Foreign Direct Investment stocks, measures the total level of direct investment at a given point in time. According to the OECD definition¹³⁷, the outward FDI stock is the value of the resident investors' equity in and net loans to enterprises in foreign economies. The inward FDI stock is the value of foreign investors' equity in and net loans to enterprises resident in the reporting economy. FDI statistics in the EU are collected in accordance with Regulation (EC) No 184/2005. The methodological framework used is that of the OECD benchmark definition of foreign direct investment (third edition) which provides a detailed operational definition that is fully consistent with the IMF standards. Although different data sets have been used due to lack of availability, the data themselves are consistent.

OECD data is expressed in millions USD. Therefore, the respective average annual exchange rate USD/EUR was applied to transpose the data. Again, the share of the UK in inward and outward FDI was deducted. The data for the OECD Member States Australia, Canada, Korea, Japan and the United States were mainly collected from the OECD International Direct Investment Statistics 2019 report.¹³⁸ FDI stock data for Brazil and China was partly available in a report published by the European Commission.¹³⁹ For EU27-Argentina, data for FDI stocks were only available for 2018. Therefore, the data was complemented with Economist Intelligence Unit data that included the total share of inward and outward FDI stocks in Argentina. Using this data, the share of inward and outward FDI stocks of the EU27 could be determined.

The baseline estimations for the EU27 trade and FDI with the eight selected third countries are presented in the table below.

¹³⁷ OECD Data. 2020. FDI stocks. <https://data.oecd.org/fdi/fdi-stocks.htm>

¹³⁸ OECD. 2020. OECD International Direct Investment Statistics.

¹³⁹ European Commission. 2016. Foreign direct investment between the European Union and BRIC. <https://ec.europa.eu/eurostat/statistics-explained/pdfscache/35347.pdf>

Table 45: Baseline estimations for trade in goods, services and FDI stocks of the EU-27 with third countries

European Union, trade with Argentina [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Argentina: Trade in goods (Imports)	7	€ 6 960.58	€ 6 884.02	€ 6 808.29	€ 6 733.40	€ 6 659.33	€ 6 586.08	€ 6 513.63
EU-Argentina: Trade in goods (exports)	7.1	€ 6 705.63	€ 6 363.65	€ 6 039.10	€ 5 731.11	€ 5 438.82	€ 5 161.44	€ 4 898.21
EU-Argentina: Trade in services (Imports)	2.2	€ 2 378.44	€ 2 390.67	€ 2 395.47	€ 2 391.28	€ 2 376.25	€ 2 348.19	€ 2 304.50
EU-Argentina: Trade in services (exports)	5.3	€ 7 060.49	€ 7 491.69	€ 7 934.47	€ 8 385.42	€ 8 840.03	€ 9 292.43	€ 9 735.01
EU-Argentina: FDI inward stock	3.1	€ 3 697.08	€ 3 927.00	€ 4 171.21	€ 4 430.60	€ 4 706.13	€ 4 998.80	€ 5 309.66
EU-Argentina: FDI outward stock	43	€ 46 445.86	€ 50 446.73	€ 55 461.59	€ 60 924.26	€ 67 625.77	€ 73 665.42	€ 80 244.46

European Union, trade with Australia [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Australia Trade in goods (Imports)	8.2	€ 8 643.90	€ 9 058.81	€ 9 493.63	€ 9 949.33	€ 10 426.90	€ 10 927.39	€ 11 451.90
EU-Australia Trade in goods (exports)	30.8	€ 40 683.55	€ 42 348.00	€ 44 081.10	€ 45 885.71	€ 47 764.79	€ 49 721.46	€ 51 758.95
EU-Australia Trade in services (imports)	4.7	€ 4 698.69	€ 4 683.43	€ 4 667.02	€ 4 649.50	€ 4 630.94	€ 4 611.37	€ 4 590.86
EU-Australia Trade in services (exports)	9.6	€ 9 517.27	€ 9 454.32	€ 9 390.30	€ 9 325.20	€ 9 259.00	€ 9 191.69	€ 9 123.25
EU-Australia FDI inward stock	30.3	€ 32 677.05	€ 35 051.75	€ 37 598.36	€ 40 329.28	€ 43 257.77	€ 46 398.06	€ 49 765.42
EU-Australia FDI outward stock	86.7	€ 94 106.12	€ 101 810.37	€ 110 075.15	€ 118 939.06	€ 128 443.29	€ 138 631.76	€ 149 551.34

European Union, trade with Brazil [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Brazil Trade in goods (Imports)	26.8	€ 24 615.52	€ 22 646.28	€ 20 834.58	€ 19 167.81	€ 17 634.39	€ 16 223.63	€ 14 925.74
EU-Brazil Trade in goods (exports)	32.3	€ 32 441.40	€ 32 603.61	€ 32 766.63	€ 32 930.46	€ 33 095.11	€ 33 260.59	€ 33 426.89
EU-Brazil Trade in services (Imports)	7.3	€ 7 547.20	€ 7 473.71	€ 7 393.38	€ 7 305.62	€ 7 209.76	€ 7 105.09	€ 6 990.84
EU-Brazil Trade in services (exports)	14.7	€ 15 524.50	€ 15 477.12	€ 15 422.28	€ 15 360.71	€ 15 293.10	€ 15 220.08	€ 15 142.21
EU-Brazil FDI inward stock	16.9	€ 171 415.78	€ 184 807.32	€ 199 235.43	€ 214 780.02	€ 231 527.11	€ 249 569.36	€ 269 006.57
EU-Brazil FDI outward stock	312	€ 303 654.19	€ 324 909.98	€ 347 653.68	€ 371 989.44	€ 398 028.70	€ 425 890.71	€ 455 703.05

European Union, trade with Canada [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Canada Trade in goods (Imports)	20.7	€ 22 100.31	€ 23 558.93	€ 25 113.82	€ 26 771.33	€ 28 538.24	€ 30 421.77	€ 32 429.60
EU-Canada Trade in goods (exports)	38.3	€ 40 782.06	€ 43 392.11	€ 46 169.20	€ 49 124.03	€ 52 267.97	€ 55 613.12	€ 59 172.36
EU-Canada Trade in services (imports)	13.5	€ 16 538.86	€ 17 771.58	€ 19 082.55	€ 20 476.85	€ 21 959.87	€ 23 537.35	€ 25 215.43
EU-Canada Trade in services (exports)	19	€ 23 276.28	€ 25 050.46	€ 26 959.86	€ 29 014.81	€ 31 226.38	€ 33 606.53	€ 36 168.10
EU-Canada FDI inward stock	307.6	€ 312 301.34	€ 317 277.92	€ 322 285.73	€ 327 325.27	€ 332 397.03	€ 337 501.53	€ 342 639.27
EU-Canada FDI outward stock	351.6	€ 348 135.02	€ 344 702.96	€ 341 304.66	€ 337 939.79	€ 334 608.02	€ 331 309.03	€ 328 042.49

European Union, trade with China [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-China Trade in goods (Imports)	362	€ 380 839.78	€ 400 643.45	€ 421 476.91	€ 443 393.71	€ 466 450.18	€ 490 705.59	€ 516 222.28
EU-China Trade in goods (exports)	198.3	€ 214 130.52	€ 231 260.96	€ 249 761.84	€ 269 742.79	€ 291 322.21	€ 314 627.99	€ 339 798.22
EU-China Trade in services (imports)	30	€ 39 315.63	€ 41 439.73	€ 43 674.92	€ 46 026.95	€ 48 501.89	€ 51 106.11	€ 53 846.32
EU-China Trade in services (exports)	46.6	€ 69 382.63	€ 77 819.86	€ 87 231.35	€ 97 728.23	€ 109 434.27	€ 122 487.31	€ 137 040.87
EU-China FDI inward stock	205.2	€ 196 503.66	€ 203 769.69	€ 211 303.93	€ 219 116.24	€ 227 216.86	€ 235 616.43	€ 244 325.93
EU-China FDI outward stock	264.4	€ 273 138.80	€ 282 133.80	€ 291 425.02	€ 301 022.22	€ 310 935.47	€ 321 175.19	€ 331 752.12

European Union, trade with Japan [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Japan Trade in goods (Imports)	62.9	€ 66 181.05	€ 69 688.65	€ 73 382.14	€ 77 271.40	€ 81 366.78	€ 85 679.22	€ 90 220.22
EU-Japan Trade in goods (exports)	61.1	€ 64 068.43	€ 67 143.72	€ 70 366.62	€ 73 744.21	€ 77 283.93	€ 80 993.56	€ 84 881.25
EU-Japan Trade in services (Imports)	14.6	€ 15 910.06	€ 15 993.22	€ 15 946.17	€ 15 740.05	€ 15 341.02	€ 14 709.42	€ 13 798.83
EU-Japan Trade in services (exports)	27.9	€ 33 865.18	€ 36 275.73	€ 38 841.74	€ 41 572.90	€ 44 479.50	€ 47 572.47	€ 50 863.40
EU-Japan FDI inward stock	192	€ 197 760.00	€ 203 692.80	€ 209 803.58	€ 216 097.69	€ 222 580.62	€ 229 258.04	€ 236 135.78
EU-Japan FDI outward stock	104.8	€ 107 944.00	€ 111 182.32	€ 114 517.79	€ 117 953.32	€ 121 491.92	€ 125 136.68	€ 128 890.78

European Union, trade with South Korea [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-South Korea Trade in goods (Imports)	47.4	€ 49 250.24	€ 52 894.76	€ 56 808.97	€ 61 012.83	€ 65 527.78	€ 70 376.84	€ 75 584.73
EU-South Korea Trade in goods (exports)	43.3	€ 43 864.13	€ 44 390.50	€ 44 923.18	€ 45 462.26	€ 46 007.81	€ 46 559.90	€ 47 118.62
EU-South Korea Trade in services (imports)	7.6	€ 9 957.71	€ 10 489.59	€ 11 046.59	€ 11 629.53	€ 12 239.20	€ 12 876.36	€ 13 541.75
EU-South Korea Trade in services (exports)	11.4	€ 12 808.55	€ 13 209.61	€ 13 623.08	€ 14 049.34	€ 14 488.78	€ 14 941.80	€ 15 408.83
EU-South Korea FDI inward stock	37.4	€ 42 180.44	€ 47 360.92	€ 53 173.04	€ 59 693.38	€ 67 007.72	€ 75 212.25	€ 84 414.71
EU-South Korea FDI outward stock	54	€ 57 035.41	€ 59 566.31	€ 62 208.93	€ 64 968.18	€ 67 849.15	€ 70 857.20	€ 73 997.88

European Union, trade with USA [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-USA Trade in goods (Imports)	232	€ 241 497.43	€ 251 398.82	€ 261 706.17	€ 272 436.13	€ 283 606.01	€ 295 233.85	€ 307 338.44
EU-USA Trade in goods (exports)	384.4	€ 405 582.09	€ 427 889.10	€ 451 423.01	€ 476 251.27	€ 502 445.09	€ 530 079.57	€ 559 233.95
EU-USA Trade in services (imports)	196.2	€ 217 502.78	€ 222 652.83	€ 227 884.97	€ 233 197.75	€ 238 589.46	€ 244 058.12	€ 249 601.46
EU-USA Trade in services (exports)	179.4	€ 205 835.24	€ 214 406.21	€ 223 331.42	€ 232 625.41	€ 242 303.33	€ 252 380.95	€ 262 874.66
EU-USA FDI inward stock	2368	€ 2 505 278.79	€ 2 643 608.08	€ 2 789 539.61	€ 2 943 489.53	€ 3 105 896.72	€ 3 277 223.99	€ 3 457 959.42
EU-USA FDI outward stock	1806	€ 1 946 857.73	€ 2 192 984.05	€ 2 466 592.09	€ 2 770 641.25	€ 3 108 405.91	€ 3 483 508.82	€ 3 899 958.03

Source: Deloitte

Calculation of the corrected baseline

As a next step in the analysis of the policy options, we introduced corrections into the baseline in order to only capture trade flows and investments which are relevant for the macro-economic analysis. Here, we accounted for three corrections:

- the share of intra-firm trade in goods and services,
- the impact of the Covid-19 pandemic on trade and
- the share of phantom investments in foreign direct investment.

Corrections for intra-firm trade in goods and services

Regarding foreign judgments in trade disputes, intra-firm trade in goods and services has to be considered. This is because for intra-firm trade (trade between affiliated firms, subsidies or other firms which are legally affiliated and based in two different countries), trade disputes are highly unlikely. Rather, such firms are expected to resolve their trade issues with their own internal conflict-resolution mechanisms and will not use the mechanisms provided by the Convention. Furthermore, through intra-firm trade, firms are, to different degrees, vertically integrated. This vertical integration reduces uncertainty and supports a faster mitigation of adverse effects such as negative demand shocks or rising trade costs.¹⁴⁰

In order to determine the degree of intra-firm trade, a qualitative analysis of relevant literature such as in-depth studies and meta-studies of the WTO and OECD was conducted. In addition, quantitative indicators which account for direct investments between fellow enterprises, provided by the IMF, were used.

To the extent data was available, the literature suggests that on average 30% of exports and 25% of imports are intra-firm trade between OECD countries.¹⁴¹ This observation is consistent with the finding that closer trade relations induce a higher share of intra-firm trade. The goods that account for the largest share of intra-firm trade are chemicals, pharmaceuticals, medical devices and electronics – all intermediate products with a rather intensive margin.¹⁴² Another observation is that trade costs reduce the propensity of firms to engage in intra-firm trade and trade costs are generally higher for more distant economies.¹⁴³ Also, the variation of the share of intra-firm trade is high across countries: due to the fact that the main shares of intra-firm trade is allocated between related parties (linked through ownership) which operate mainly in the EU and the US.¹⁴⁴ Japan and South Korea have less intra-firm trade shares with the EU as these economies focus more on regional markets and also have linguistic and cultural barriers. Intra-firm transactions are also more common among OECD countries than among emerging economies.¹⁴⁵ The share intra-firm trade in services is lower than the share of intra-firm trade of goods: In the US, 22% of imports and 26% of exports in 2008 were related to intra-firm trade in services, but there is evidence that this share has slightly increased until 2020.¹⁴⁶

Given these findings and observations, we assumed that the shares of the EU trade in goods and services with third countries were as follows:

¹⁴⁰ OECD (2011). Intra-firm trade: Patterns, determinants and Policy implications. Authors: R. Lanz and S. Miroudot.

¹⁴¹ I. Siedschlag and Z. Studnicka (2017). Determinants of Intra-firm Trade: Evidence from a Small Open European Economy. Published Online.

¹⁴² Ibid.

¹⁴³ OECD (2011). Intra-firm trade. Patterns, determinants and policy implications. From R. Lanz and S. Miroudot.

¹⁴⁴ Ibid.

¹⁴⁵ Ibid.

¹⁴⁶ Ibid. And Siedschlag, Studnicka (2017).

Table 46: Shares of intra-firm trade in goods and services between the EU and third countries

OECD / non-OECD	Country	EU goods		EU services	
		Import (%)	Export (%)	Import (%)	Export (%)
OECD	Australia	25	30	20	22
	Canada	25	30	22	25
	Japan	15	20	10	15
	South Korea	15	20	10	15
	USA	30	40	25	25
Non-OECD	Argentina	15	20	15	20
	Brazil	15	20	15	20
	China	20	25	15	20

Source: Deloitte

These shares were subtracted from the trade in goods and services in both exports and imports with the respective third countries.

Covid-19 Corrections

For the years 2020 and 2021, a Covid-19 correction was added into our baseline model, accounting for the current economic impacts of the Covid-19 pandemic. It shall be noted, that – as the situation is still ongoing – we refer to the most recent estimations and forecasts from academic literature as well as from the OECD, Eurostat, the WTO, IMF and Worldbank as of November 2020.¹⁴⁷

Via several transmission channels, we expect a decline in trade with goods and services for the year 2020, a partial recovery with positive growth rates in 2021, and from 2022 until 2026, trade in goods and services is expected to return to their normal growth rates.

The assumptions behind these transmission channels are as follows: Firstly, due to the closures of factories and the persisting uncertainty a negative demand shock takes place. Secondly, this negative demand shock increases international trade costs of imports and exports. The cost increase depends on additional expectations, the share of reduced working hours, border closures and the level of increase in transport costs, among others.¹⁴⁸ Thirdly, a sharp drop in international tourism takes place, implying a consumption shock and a sharp drop in exports of tourism services of around

¹⁴⁷ See Data from the Economist Intelligence Unit: trade in goods, trade in services, both imports and exports.

¹⁴⁸ A recent Worldbank Working Paper estimated the rise in average trade costs in both imports and exports to 25%. See: The Potential Impact of COVID-19 on GDP and Trade – A Preliminary Assessment. Policy Research Working Paper 9211. Worldbank. 2020.

20-32% at a global level.¹⁴⁹ Fourthly, at the household level, fewer services that require close human interaction such as mass transport, domestic tourism or restaurants are requested. This, in consequence, implies a drop and reallocation of demand across sectors.

The scenarios currently range from an optimistic quick recovery scenario over a realistic and less optimistic scenario including working from home measures, social restrictions and sharper drops in affected industries to a pessimistic recovery where social distancing and uncertainty largely remain in 2021 accompanied by large drops in expenditures.¹⁵⁰

In our model, we assumed a rather realistic scenario: The drops in demand, the rise in trade costs, the reallocation of demand across sectors and the loss of competitiveness result in a decline of total exports and imports in 2020. The duration of the decline is assumed to persist in 2020 and in the first quarter of 2021 and will then convert into positive growth rates for 2021. It was also assumed that a trade reduction would be less severe if stable and intense trade relations existed. The growth rates for 2020 and 2021 follow largely the recent forecasts (as of November 2020) by the Economist Intelligence Unit.

The respective average world export growth rates for the third countries under consideration were assumed to be the same as for the EU-27. This subtraction was made due to a lack of export growth data with the EU 27, and generally accounts for the general situation in trade and the percentage reductions of each third country. From 2022-2026, the growth rates between EU and the respective third country again refer to their bilateral forecasted growth rates in trade according to Eurostat and OECD.

Corrections for phantom investments in Foreign Direct Investment (FDI)

Foreign direct investment plays an important role in international economic integration. It is not only used as an index of globalization but its attraction is in most cases an explicit policy objective due to its potential to boost productivity.¹⁵¹ However, macro-economic statistics on FDI are often blurred by offshore centers which have significant inward and outward investment positions. This so called 'phantom FDI' is not about real economic integration, as it hardly reflects productive assets in the respective economy. More likely, the main share of the investment passes through countries such as Luxembourg and The Netherlands without being invested in these countries. According to a new study conducted by researchers aligned to the IMF, 10 small economies account for 37.5% of global FDI although their combined share of global GDP is only around 3%.¹⁵² These 10 economies are The Netherlands, Luxembourg, Hong Kong SAR, Switzerland, Singapore, Ireland, Bermuda, the British Virgin Island and the Cayman Islands.

Based on a methodology which estimates the decomposition of Total FDI into Real FDI and Phantom FDI, thereby attributing the Real FDI to the ultimate owner and the sources of the Total FDI to the ultimate investor economy, the IMF researchers were able to disentangle the share of the Phantom FDI from the Total FDI per country. Data sources were official IMF CDIS statistics, OECD FDI Statistics and the global firm database Orbis to account for ownership information. Further, countries' self-declarations regarding inward and outward stocks of FDI were considered.¹⁵³

Out of \$40 trillion total FDI in 2017, \$15 trillion (37.5%) were phantom investments. This share of phantom FDI has been growing from 30% in 2009 to almost 40% in 2017. Further, most phantom

¹⁴⁹ Ibid. (2020)

¹⁵⁰ World Trade Organisation (2020). Methodology for the WTO Trade Forecast of April 8 2020. Economic Research and Statistics Division. [methodpr855_e.pdf \(wto.org\)](#)

¹⁵¹ Damgaard, J., Elkjaer, T. and N. Johannesen (2019). What is Real and What is Not in the Global FDI Network?. IMF Working Paper.

¹⁵² Darmgaard et al. (2019). p. 4 ff.

¹⁵³ Darmgaard et al. (2019). p. 7 ff.

FDI is concentrated in economies involved in the tax planning of multinational enterprises.^{154,155} Luxembourg and The Netherlands each host more than \$3 trillion of phantom investments, whereas Hong Kong SAR, the British Virgin Islands, Bermuda, Singapore, the Cayman Islands and Ireland each account for \$0.5-1 trillion. These 10 countries account for 85% of the phantom investment worldwide.¹⁵⁶

For the baseline, we deducted the share of phantom investment out of the total FDI attributable to the EU and (if applicable) to the third countries under consideration. For the EU, this is the phantom investment in The Netherlands, Luxembourg and Ireland (\$0.7 trillion) which amounts in total to \$7.7 trillion. This sum was subtracted from the total share of the EU-27 FDI inward stock which leads to the amount of the real FDI inward stock in the EU.

For simplification and also because it is currently not possible to allocate the shares of phantom FDI to the countries of origin, we assumed that each third country has the same share of phantom FDI in the EU-27 inward stocks. This share is assumed to be equal to the share of phantom investments in the EU-27 total inward FDI stocks and amounts to 40.88%. Consequently, the share of real FDI of each of the third countries into the EU-27 is 59.02%. Therefore, the inward FDI stocks of the third countries under consideration to the EU-27 were adjusted to their baseline value multiplied with the factor 0.5902.

According to the IMF research, the eight third countries Australia, Argentina, Brazil, Canada, China, Japan, South Korea and the US are no significant destinations of phantom investment because the ratio of real FDI and total FDI inward stocks is near to 1.¹⁵⁷ Hence, it was assumed that the share of phantom investment is negligible in these eight countries and no corrections were applied.

Indirect impacts, in particular on Small and Medium Enterprises (SME)

As an additional step, sectoral and indirect impacts, such as impacts on companies and SMEs across the supply chain, which are affected indirectly by trade flows, were measured.¹⁵⁸

Input-Output (IO) tables and models are widely used in the context of classic economic impact analysis (EIA).¹⁵⁹ Using classic IO analysis or IO models, it is possible to quantify the effects of economic activities along the value chain - upstream. With the help of the input-output analysis, the intermediate goods incorporated in the production process can be allocated between different sectors of the economy, i.e. the supply links between the individual sectors can be shown.

Today, Input-Output tables are an integral part of the national accounts and usually presented in monetary terms. The basic input-output table/coefficients aggregated for the EU27 used in our analysis are provided by Eurostat for the reference year 2019. Data provided by Eurostat includes further output multipliers (the 'Inverse matrix') for domestic production. Applying these tables within

¹⁵⁴ Jones, C. and Y. Temouri (2016). The determinants of tax haven FDI. *Journal of World Business* 51(2): 237-250.

¹⁵⁵ Gumpert, A., Hines, J.R. and M. Schnitzer (2016). Multinational Firms and Tax Havens. *Review of Economics and Statistics* 98(4): 713-727.

¹⁵⁶ IMF. 2019. The rise of phantom investments.

¹⁵⁷ Darmgaard et al. (2019). p. 35-50.

¹⁵⁸ This IO model/analysis is not the central model within the analysis for the estimation of direct impacts, but only used as a complementary analysis for estimating the indirect impacts.

¹⁵⁹ The economist Wassily Leontief (1906 to 1999) developed the system of input-output analysis in the 1930s and 1940s and was awarded with the Nobel Prize in Economics in 1973. Input-output tables in general describe the production structure of an economy (covering several economies/regions in the case of a multi-regional-input-output table). The input-output table (matrix) represents the economic activities (output) of the economy with production sectors (primary, secondary and tertiary sectors) and categories of final demand (consumption, investment) in columns. The corresponding intermediate inputs of these activities/sectors and their primary inputs (values added composed of wages and salaries, operating surplus) are reported in the rows of the matrix. Consequently, the columns of the input-output table represent the cost structure of a sector ('input') and the corresponding rows the composition of its revenues ('output').

a simple static IO model for comparative-static impact (scenario) analysis we calculate the indirect impacts with regard to exports of goods and services, which constitute part of the final demand. This model allows to measure the economic activities related to the exports of goods and services, in terms of the demand created in supplier (upstream) industries. Inter-industry linkages reflected in the IO tables allow the basic calculation of how many resources and e.g. workers are required in upstream industries to generate a specified value of a company's' production. With the help of this input-output model, statements can be made about direct and indirect effects based on exogenous changes in demand. As main indicators, production value and gross value added have been considered. The following methodological steps have been conducted to calculate the impact on the indicators.

- In a first step, detailed sectoral statistical data provided by Eurostat on the trade of goods and services (exports) between the EU27 and the countries under consideration has been collected. Trade data is provided on a detailed sectoral product level¹⁶⁰. This data has been mapped with the nomenclature of the input-output tables¹⁶¹.
- A primary application of the model is assigning production factors to the final demand of goods. In the context of our impact analysis, the change in final demand due to the exports is under consideration. Therefore, in the next step, the vector of final demand (exports) of each of the countries under consideration has been multiplied with the Input-Output Leontief inverse to calculate the entire production necessary for the production process of these exports. The allocation of production factors to the final demand is calculated with the Leontief inverse, and gives the total production output involved in producing the output associated with the exports. As a result, output multipliers have been obtained.
- Then, linking the coefficients for gross value added to these output values enables the calculation of the impact of the exports in focus.

The output multipliers and GVA-ratios calculated are presented in the table below.

Table 47: Output and gross value added multipliers

Multipliers										
Indicator	Export	\ country	AR	AU	BR	CA	CN	JP	KR	US
Output multiplier	Goods		2.115	2.148	2.125	2.126	2.137	2.136	2.150	2.096
	Services		1.769	1.768	1.815	1.773	1.750	1.759	1.779	1.787
GVA direct	Goods		33.1%	33.1%	32.6%	32.2%	33.1%	33.3%	32.9%	33.7%
	Services		50.0%	49.9%	47.0%	50.3%	51.4%	50.8%	50.2%	49.9%
GVA multiplier	Goods		2.393	2.443	2.427	2.450	2.422	2.425	2.447	2.358
	Services		1.705	1.720	1.793	1.717	1.676	1.710	1.720	1.746

Source: Deloitte

It can be noticed, that the output multipliers – as well as the ratios of GVA per production value – differ only slightly between the countries in focus, but show differences between the export of goods and the exports of services. Based on the multipliers and GVA-ratios, the indirect and total impact has been calculated for all scenarios (the baseline and the different policy options).

Since the static IO model, used here to determine the indirect effects, is applied and constant technological structure over time is assumed, the differences over time and between different scenarios follow a linear relationship. However, the simple static model to assess the indirect effects was chosen in order to estimate and compare the magnitude of the impact, rather than to make a scientific forecast of future developments. The aim is to estimate a magnitude of indirect impacts (SMEs and production affected), but without presenting a sectoral breakdown. The IO model and

¹⁶⁰ CPA 2.1.

¹⁶¹ CPA 2008.

analysis is only used to determine the indirect impacts. In a final step, structural business statistics provided by Eurostat were analysed with regard to the share of SMEs in the production along the supply chain. Unfortunately, this data is not fully available on a corresponding disaggregated (sectoral) level. However, the share of SMEs with regard to the overall number of enterprises in the EU27, as well as the share in the corresponding production value and gross value added has been calculated. The ratios obtained have been used to estimate the share of SMEs included in the indirect impact of the exports in focus. The results with regard to the share of SMEs are presented below.

Calculation of the impacts of the policy options

General assumptions about the policy options as compared to the corrected baseline

Regarding all policy options, we assume that the EU will accede to the Convention in 2021 and that the Convention will become effective in 2022. We also assume that the third countries under consideration (Australia, Argentina, Brazil, Canada, China, Japan, South Korea and the United States) will also all accede to the Convention in 2021 which then will be effective in 2022 in these countries. Furthermore, the Convention will enter into force in 2022. This should – from the current standpoint – be a realistic scenario as the Convention will enter into force one year after two States have deposited their ratification certification.

As the Convention contributes to enhancing legal certainty and compliance with due process, it is assumed to attract more trade and FDI. This additional investment generates new trade flows thereby creating new products and new potential markets. Furthermore, general assumptions of international trade literature on bilateral trade patterns were applied, namely: the effects of agreements on trade, i.e. the Convention, are weaker for more distant economies and for trade partners where a high level of ex ante trade frictions exist.¹⁶² Economies with already high trade volumes and intense and stable relations where substantial levels of legal certainty exist are also likely to be less impacted by the Convention.¹⁶³

The estimations are derived from estimates on trade volume and FDI related to free trade agreements. Free trade agreements also include provisions on regulatory standards, health, safety rules, investment, banking and finance, intellectual property and many other subjects. They therefore have a substantially greater scope and macro-economic impact in comparison to the Convention. Hence, only a fraction of these positive macro-economic impacts can be expected with the access to the Judgment Convention. In order to determine these impacts, several estimates and projections from different free trade agreements were compared to determine a range of possible impacts under different scenarios. Then, the share on the macro-economic impact related to the improvement of regulations and enforcement and legal certainty was estimated and compared in terms of scope and characteristics to the Judgments Convention. With this procedure, we were able to project the potential macro-economic impact of the different policy options as compared to the corrected baseline scenario.

It is important to note that these estimations and ranges are not empirically tested and should therefore be interpreted with caution.

¹⁶² See Baier, S.L., Yotov, Y.V. and T. Zylkin (2019). On the widely differing effects of free trade agreements: lessons from twenty years of trade integration. *Journal of International Economics* 116: pp. 206-226. Ludema, R.D. and A.M. Mayda (2011). Do terms-of-trade effects matter for trade agreements? Theory and evidence from WTO Countries. [LudemaandMayda_TOT_EffectsandTradeAgreements.pdf \(usitc.gov\)](#)

¹⁶³ See ibd. and Mattoo, A., Mulabdic, A. and M. Ruta (2017). Trade Creation and Trade Diversion in Deep Agreements. Policy Research Working Paper: No. 8206. World Bank

Policy Option 2a: Accession to the Foreign Judgment Convention with No Declaration

Policy Option 2a foresees the accession of the EU to the Foreign Judgment Convention without any declaration. The macro-economic effect with all third countries is expected to be positive under this policy option. As the scope of the Convention would be fully applicable in this scenario, the highest macro-economic impact out of all policy options as compared to the baseline is expected to be achieved. The reasoning is that with the access of the EU to the Convention, legal certainty and predictability will be increased and the full scope of the Convention can be applied.

The macro-economic impact is expected to be largest in EU exports to China, Brazil and Argentina as in these countries, the difference with the EU with regard to legal certainty was highest. It is expected that these economies would compensate for weaker legal certainty by signing the Convention in order to attract foreign investment.¹⁶⁴ The trade volume is also expected to increase with Australia. Here, due to clearer regulations regarding foreign judgments, a significant improvement in reducing the complexity of the access to Australian courts can be achieved. Due to their distance to the EU, the exports to Japan and Korea will be impacted to a slightly lesser extent. As the US has the closest trade relations with the EU, has already certain judgment provisions and legal certainty exists to a high degree, only a slightly positive macro-economic impact as compared to the baseline is expected.

In a general tendency, the macro-economic impact is expected to be larger in the trade with goods as compared to the trade in services as most of the court cases are related to trade in goods.¹⁶⁵ However, this difference is expected to be negligibly small (see Table 39: total increases (%) as compared to the baseline). Further factors such as the particular industry of trade, the general economic situation and other economic circumstances obviously also contribute to overall variation. FDI will percentage-wise be least impacted under policy option 2a. This is based on the observation that FDI stocks are generally less impacted by agreements with regard to trade relations.¹⁶⁶

¹⁶⁴ Rodrik, D. (2018). What Do Trade Agreements Really Do?. *Journal of Economic Perspectives* 32 (2): pp. 73-90.

¹⁶⁵ See sections about annual foreign judgment cases of the EU with third countries.

¹⁶⁶ Petri, P. and M.G. Plummer (2016). *The Economic Effects of the Trans-Pacific Partnership: New Estimates*. Peterson Institute for International Economics. Working Paper Series 16-2.

Table 48: Estimations for policy option 2a for the years 2022-2026

European Union, trade with Argentina		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Argentina: Trade in goods (Imports)	€ 5 652.80	€ 4 541.44	€ 5 061.26	€ 4 817.55	€ 4 585.53	€ 4 364.64	€ 4 154.36	€ 3 954.18	
EU-Argentina: Trade in goods (exports)	€ 5 982.30	€ 5 307.24	€ 5 603.41	€ 5 558.40	€ 5 513.70	€ 5 469.31	€ 5 425.23	€ 5 381.46	
EU-Argentina: Trade in services (imports)	€ 2 000.91	€ 1 455.86	€ 1 528.34	€ 1 535.39	€ 1 536.68	€ 1 530.97	€ 1 516.79	€ 1 492.40	
EU-Argentina: Trade in services (exports)	€ 4 747.85	€ 2 811.27	€ 3 218.11	€ 3 417.16	€ 3 620.74	€ 3 826.91	€ 4 033.13	€ 4 236.10	
EU-Argentina: FDI inward stock	€ 2 048.99	€ 2 182.05	€ 2 317.74	€ 2 463.85	€ 2 619.16	€ 2 784.26	€ 2 959.77	€ 3 146.34	
EU-Argentina: FDI outward stock	€ 44 014.71	€ 46 445.86	€ 50 446.73	€ 55 505.96	€ 61 021.74	€ 67 788.07	€ 73 901.15	€ 80 565.44	

European Union, trade with Australia		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Australia Trade in goods (Imports)	€ 6 186.00	€ 5 774.85	€ 6 191.90	€ 6 504.69	€ 6 833.23	€ 7 178.33	€ 7 540.82	€ 7 921.57	
EU-Australia Trade in goods (exports)	€ 21 585.90	€ 19 988.91	€ 21 969.45	€ 22 881.04	€ 23 830.32	€ 24 818.84	€ 25 848.22	€ 26 920.14	
EU-Australia Trade in services (imports)	€ 3 760.45	€ 2 985.88	€ 3 251.25	€ 3 247.63	€ 3 243.19	€ 3 237.96	€ 3 231.96	€ 3 225.23	
EU-Australia Trade in services (exports)	€ 7 452.44	€ 5 248.87	€ 5 850.40	€ 5 824.73	€ 5 798.20	€ 5 770.79	€ 5 742.49	€ 5 713.28	
EU-Australia FDI inward stock	€ 17 932.84	€ 19 286.24	€ 20 687.81	€ 22 208.59	€ 23 821.69	€ 25 571.91	€ 27 450.21	€ 29 465.92	
EU-Australia FDI outward stock	€ 86 701.54	€ 94 106.12	€ 101 810.37	€ 110 163.21	€ 119 129.37	€ 128 751.55	€ 139 075.38	€ 150 149.54	

European Union, trade with Brazil		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Brazil Trade in goods (Imports)	€ 21 404.80	€ 20 401.52	€ 21 153.98	€ 19 520.04	€ 18 012.15	€ 16 620.60	€ 15 336.41	€ 14 151.33	
EU-Brazil Trade in goods (exports)	€ 24 210.00	€ 20 934.61	€ 22 920.67	€ 23 104.38	€ 23 289.35	€ 23 475.60	€ 23 663.12	€ 23 851.94	
EU-Brazil Trade in services (imports)	€ 6 455.52	€ 4 797.66	€ 5 361.44	€ 5 319.79	€ 5 273.41	€ 5 220.76	€ 5 161.28	€ 5 094.33	
EU-Brazil Trade in services (exports)	€ 12 418.69	€ 9 504.82	€ 9 815.76	€ 9 812.28	€ 9 804.28	€ 9 792.17	€ 9 776.30	€ 9 757.01	
EU-Brazil FDI inward stock	€ 167 494.85	€ 179 219.00	€ 191 764.33	€ 205 393.02	€ 219 990.08	€ 235 624.30	€ 252 369.37	€ 270 304.18	
EU-Brazil FDI outward stock	€ 159 000.73	€ 171 415.78	€ 184 807.32	€ 199 434.67	€ 215 209.58	€ 232 221.69	€ 250 567.64	€ 270 351.60	

European Union, trade with Canada		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Canada Trade in goods (Imports)	€ 15 549.00	€ 12 508.91	€ 13 680.43	€ 14 627.09	€ 15 639.11	€ 16 721.01	€ 17 877.59	€ 19 114.01	
EU-Canada Trade in goods (exports)	€ 26 830.30	€ 22 067.08	€ 23 940.81	€ 25 549.44	€ 27 265.92	€ 29 097.45	€ 31 051.74	€ 33 136.99	
EU-Canada Trade in services (imports)	€ 11 965.11	€ 10 313.44	€ 10 905.52	€ 11 735.76	€ 12 620.90	€ 13 564.60	€ 14 570.79	€ 15 643.65	
EU-Canada Trade in services (exports)	€ 16 178.90	€ 13 478.70	€ 14 322.17	€ 15 447.75	€ 16 661.71	€ 17 970.98	€ 19 383.04	€ 20 905.95	
EU-Canada FDI inward stock	€ 181 546.34	€ 184 322.61	€ 187 259.83	€ 190 291.56	€ 193 344.40	€ 196 418.66	€ 199 514.67	€ 202 632.75	
EU-Canada FDI outward stock	€ 351 695.46	€ 348 135.02	€ 344 702.96	€ 341 441.18	€ 338 210.14	€ 335 009.55	€ 331 839.13	€ 328 698.58	

European Union, trade with China		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-China Trade in goods (Imports)	€ 289 612.00	€ 283 402.34	€ 302 563.99	€ 337 855.89	€ 356 133.83	€ 375 399.10	€ 395 704.99	€ 417 107.60	
EU-China Trade in goods (exports)	€ 148 701.75	€ 144 953.74	€ 147 992.20	€ 160 151.24	€ 173 308.57	€ 187 546.11	€ 202 952.49	€ 219 623.58	
EU-China Trade in services (imports)	€ 28 321.42	€ 26 905.90	€ 30 062.11	€ 31 785.00	€ 33 603.57	€ 35 523.07	€ 37 549.06	€ 39 687.37	
EU-China Trade in services (exports)	€ 44 181.35	€ 32 641.14	€ 39 981.33	€ 44 960.06	€ 50 530.95	€ 56 763.54	€ 63 735.52	€ 71 533.68	
EU-China FDI inward stock	€ 121 130.68	€ 115 977.95	€ 120 266.41	€ 124 837.89	€ 129 453.38	€ 134 373.32	€ 139 479.78	€ 144 779.82	
EU-China FDI outward stock	€ 264 430.58	€ 273 138.80	€ 282 133.80	€ 291 716.45	€ 301 624.26	€ 311 868.28	€ 322 459.89	€ 333 410.88	

European Union, trade with Japan		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Japan Trade in goods (Imports)	€ 53 422.50	€ 46 574.25	€ 50 381.39	€ 53 157.70	€ 56 086.79	€ 59 177.03	€ 62 437.30	€ 65 876.93	
EU-Japan Trade in goods (exports)	€ 48 907.20	€ 44 664.82	€ 46 074.25	€ 48 382.38	€ 50 805.94	€ 53 350.69	€ 56 022.68	€ 58 828.26	
EU-Japan Trade in services (imports)	€ 14 112.51	€ 11 859.14	€ 12 819.04	€ 12 806.88	€ 12 666.57	€ 12 370.05	€ 11 884.35	€ 11 170.77	
EU-Japan Trade in services (exports)	€ 26 791.40	€ 24 947.30	€ 26 064.15	€ 27 963.64	€ 29 989.65	€ 32 150.32	€ 34 454.32	€ 36 910.86	
EU-Japan FDI inward stock	€ 113 319.85	€ 116 719.45	€ 120 221.03	€ 124 075.32	€ 128 052.66	€ 132 156.98	€ 136 392.31	€ 140 762.81	
EU-Japan FDI outward stock	€ 104 800.00	€ 107 944.00	€ 111 182.32	€ 114 746.83	€ 118 425.14	€ 122 220.87	€ 126 137.77	€ 130 179.69	

European Union, trade with South Korea		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-South Korea Trade in goods (Imports)	€ 40 252.60	€ 37 896.43	€ 40 455.61	€ 42 157.98	€ 43 931.81	€ 45 780.10	€ 47 705.96	€ 49 712.64	
EU-South Korea Trade in goods (exports)	€ 34 675.20	€ 32 378.30	€ 34 344.85	€ 34 826.50	€ 35 314.77	€ 35 809.74	€ 36 311.50	€ 36 820.15	
EU-South Korea Trade in services (imports)	€ 7 598.03	€ 5 909.50	€ 6 580.00	€ 6 943.26	€ 7 324.25	€ 7 723.57	€ 8 141.81	€ 8 579.53	
EU-South Korea Trade in services (exports)	€ 10 529.32	€ 8 356.12	€ 9 161.70	€ 9 467.37	€ 9 783.08	€ 10 109.18	€ 10 445.99	€ 10 793.87	
EU-South Korea FDI inward stock	€ 22 112.82	€ 24 895.21	€ 27 952.77	€ 31 395.69	€ 35 259.67	€ 39 595.92	€ 44 461.86	€ 49 921.84	
EU-South Korea FDI outward stock	€ 54 470.38	€ 57 035.41	€ 59 566.31	€ 62 233.82	€ 65 020.15	€ 67 930.57	€ 70 970.57	€ 74 145.88	

European Union, trade with USA		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-USA Trade in goods (Imports)	€ 162 390.20	€ 132 914.44	€ 146 613.72	€ 152 930.13	€ 159 518.04	€ 166 389.07	€ 173 555.38	€ 181 029.62	
EU-USA Trade in goods (exports)	€ 230 662.80	€ 192 738.35	€ 210 426.65	€ 222 444.11	€ 235 146.96	€ 248 574.23	€ 262 767.17	€ 277 769.41	
EU-USA Trade in services (imports)	€ 158 915.21	€ 131 275.66	€ 141 364.01	€ 144 946.37	€ 148 592.08	€ 152 300.31	€ 156 070.07	€ 159 900.17	
EU-USA Trade in services (exports)	€ 147 820.33	€ 124 917.17	€ 137 177.75	€ 143 145.32	€ 149 370.25	€ 155 863.55	€ 162 636.71	€ 169 701.70	
EU-USA FDI inward stock	€ 1 397 623.73	€ 1 478 634.47	€ 1 560 277.47	€ 1 647 395.20	€ 1 739 354.49	€ 1 836 423.34	€ 1 938 884.55	€ 2 047 036.52	
EU-USA FDI outward stock	€ 1 721 078.61	€ 1 946 857.73	€ 2 192 984.05	€ 2 468 072.04	€ 2 773 966.02	€ 3 114 001.04	€ 3 491 869.24	€ 3 911 657.90	

Source: Deloitte

Policy Option 2b (i-iv): Accession to the Foreign Judgment Convention with Declaration under Article 18

Under policy option 2b (i-iv), in general positive impacts on imports and exports of goods are expected. For the matters excluded by the declaration, no macro-economic effect is expected as the status quo of legal uncertainty remains for these sectors. The general reasoning is that the greater the share of the matters under an Article 18 declaration, the smaller the macro-economic increase will be.

According to statements from experts during validation workshops, the matters under Article 18 are rarely subject of foreign judgment cases and, if so, mainly in disputes about trade of goods. Furthermore, in terms of macro-economic changes, differentiation across the matters under Article 18 is challenging because the changes will be negligibly small. Instead, it was assumed that trade in goods will still be expected to be positively impacted as compared to the baseline, but slightly lesser (-0.1%) as compared to policy option 2a.

For trade in services and FDI stocks, the macro-economic impact is expected to be positive as compared to the baseline and the same as in policy option 2a for trade in services and FDI stocks as they will generally not be affected by declarations under Article 18.

Table 49: Estimations for policy option 2b for the years 2022-2026

European Union, trade with Argentina		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Argentina: Trade in goods (Imports)	€ 5 652.80	€ 4 541.44	€ 5 061.26	€ 4 816.59	€ 4 583.71	€ 4 362.05	€ 4 151.08	€ 3 950.28	
EU-Argentina: Trade in goods (exports)	€ 5 982.30	€ 5 307.24	€ 5 603.41	€ 5 557.29	€ 5 511.51	€ 5 466.06	€ 5 420.94	€ 5 376.16	
EU-Argentina: Trade in services (imports)	€ 2 000.91	€ 1 455.86	€ 1 528.34	€ 1 535.39	€ 1 536.68	€ 1 530.97	€ 1 516.79	€ 1 492.40	
EU-Argentina: Trade in services (exports)	€ 4 747.85	€ 2 811.27	€ 3 218.11	€ 3 417.16	€ 3 620.74	€ 3 826.91	€ 4 033.13	€ 4 236.10	
EU-Argentina: FDI inward stock	€ 2 048.99	€ 2 182.05	€ 2 317.74	€ 2 463.35	€ 2 618.11	€ 2 782.59	€ 2 957.41	€ 3 143.20	
EU-Argentina: FDI outward stock	€ 44 014.71	€ 46 445.86	€ 50 446.73	€ 55 505.96	€ 61 021.74	€ 67 788.07	€ 73 901.15	€ 80 565.44	

European Union, trade with Australia		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Australia Trade in goods (Imports)	€ 6 186.00	€ 5 774.85	€ 6 191.90	€ 6 503.39	€ 6 830.51	€ 7 174.06	€ 7 534.84	€ 7 913.74	
EU-Australia Trade in goods (exports)	€ 21 585.90	€ 19 988.91	€ 21 969.45	€ 22 876.47	€ 23 820.83	€ 24 804.06	€ 25 827.74	€ 26 893.54	
EU-Australia Trade in services (imports)	€ 3 760.45	€ 2 985.88	€ 3 251.25	€ 3 247.63	€ 3 243.19	€ 3 237.96	€ 3 231.96	€ 3 225.23	
EU-Australia Trade in services (exports)	€ 7 452.44	€ 5 248.87	€ 5 850.40	€ 5 824.73	€ 5 798.20	€ 5 770.79	€ 5 742.49	€ 5 713.28	
EU-Australia FDI inward stock	€ 17 932.84	€ 19 286.24	€ 20 687.81	€ 22 204.15	€ 23 831.21	€ 25 577.02	€ 27 450.21	€ 29 460.04	
EU-Australia FDI outward stock	€ 86 701.54	€ 94 106.12	€ 101 810.37	€ 110 141.20	€ 119 081.79	€ 128 674.48	€ 138 964.47	€ 149 999.99	

European Union, trade with Brazil		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Brazil Trade in goods (Imports)	€ 21 404.80	€ 20 401.52	€ 21 153.98	€ 19 516.15	€ 18 004.99	€ 16 610.71	€ 15 324.29	€ 14 137.38	
EU-Brazil Trade in goods (exports)	€ 24 210.00	€ 20 934.61	€ 22 920.67	€ 23 099.77	€ 23 280.09	€ 23 461.64	€ 23 644.42	€ 23 828.44	
EU-Brazil Trade in services (imports)	€ 6 455.52	€ 4 797.66	€ 5 360.44	€ 5 319.79	€ 5 273.41	€ 5 220.76	€ 5 161.28	€ 5 094.33	
EU-Brazil Trade in services (exports)	€ 12 418.69	€ 9 504.82	€ 9 815.76	€ 9 812.28	€ 9 804.28	€ 9 792.17	€ 9 776.30	€ 9 757.01	
EU-Brazil FDI inward stock	€ 167 494.85	€ 179 219.00	€ 191 764.33	€ 205 351.98	€ 219 902.26	€ 235 483.35	€ 252 168.28	€ 270 035.22	
EU-Brazil FDI outward stock	€ 159 000.73	€ 171 415.78	€ 184 807.32	€ 199 394.82	€ 215 123.67	€ 232 082.77	€ 250 367.99	€ 270 082.59	

European Union, trade with Canada		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Canada Trade in goods (Imports)	€ 15 549.00	€ 12 508.91	€ 13 680.43	€ 14 624.17	€ 15 632.89	€ 16 711.06	€ 17 863.46	€ 19 095.18	
EU-Canada Trade in goods (exports)	€ 26 830.30	€ 22 067.08	€ 23 940.81	€ 25 544.35	€ 27 255.08	€ 29 080.15	€ 31 027.19	€ 33 104.34	
EU-Canada Trade in services (imports)	€ 11 965.11	€ 10 313.44	€ 10 905.52	€ 11 735.76	€ 12 620.90	€ 13 564.60	€ 14 570.79	€ 15 643.65	
EU-Canada Trade in services (exports)	€ 16 178.90	€ 13 478.70	€ 14 322.17	€ 15 447.75	€ 16 661.71	€ 17 970.98	€ 19 383.04	€ 20 905.95	
EU-Canada FDI inward stock	€ 181 546.34	€ 184 322.61	€ 187 259.83	€ 190 272.54	€ 193 305.76	€ 196 359.81	€ 199 434.99	€ 202 531.63	
EU-Canada FDI outward stock	€ 351 695.46	€ 348 135.02	€ 344 702.96	€ 341 407.05	€ 338 142.56	€ 334 909.17	€ 331 706.60	€ 328 534.56	

European Union, trade with China		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-China Trade in goods (Imports)	€ 289 612.00	€ 283 402.34	€ 302 563.99	€ 318 870.25	€ 336 054.23	€ 354 163.12	€ 373 246.64	€ 393 357.20	
EU-China Trade in goods (exports)	€ 148 701.75	€ 144 953.74	€ 147 992.20	€ 160 119.27	€ 173 239.53	€ 187 434.26	€ 202 791.41	€ 219 406.14	
EU-China Trade in services (imports)	€ 28 321.42	€ 26 905.90	€ 30 062.11	€ 31 785.00	€ 33 603.57	€ 35 523.07	€ 37 549.06	€ 39 687.37	
EU-China Trade in services (exports)	€ 44 181.35	€ 32 641.14	€ 39 981.33	€ 44 960.06	€ 50 530.95	€ 56 763.54	€ 63 735.52	€ 71 533.68	
EU-China FDI inward stock	€ 121 130.68	€ 115 977.95	€ 120 266.41	€ 124 812.94	€ 129 530.98	€ 134 426.96	€ 139 507.60	€ 144 779.82	
EU-China FDI outward stock	€ 264 430.58	€ 273 138.80	€ 282 133.80	€ 291 658.16	€ 301 503.85	€ 311 681.72	€ 322 202.95	€ 333 079.13	

European Union, trade with Japan		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Japan Trade in goods (Imports)	€ 53 422.50	€ 46 574.25	€ 50 381.39	€ 53 147.09	€ 56 064.44	€ 59 141.74	€ 62 387.75	€ 65 811.70	
EU-Japan Trade in goods (exports)	€ 48 907.20	€ 44 664.82	€ 46 074.25	€ 48 372.73	€ 50 785.70	€ 53 318.87	€ 55 978.22	€ 58 770.02	
EU-Japan Trade in services (imports)	€ 14 112.51	€ 11 859.14	€ 12 819.04	€ 12 806.88	€ 12 666.57	€ 12 370.05	€ 11 884.35	€ 11 170.77	
EU-Japan Trade in services (exports)	€ 26 791.40	€ 24 947.30	€ 26 064.15	€ 27 963.64	€ 29 989.65	€ 32 150.32	€ 34 454.32	€ 36 910.86	
EU-Japan FDI inward stock	€ 113 319.85	€ 116 719.45	€ 120 221.03	€ 124 050.55	€ 128 001.64	€ 132 078.16	€ 136 284.06	€ 140 623.45	
EU-Japan FDI outward stock	€ 104 800.00	€ 107 944.00	€ 111 182.32	€ 114 723.92	€ 118 377.96	€ 122 147.98	€ 126 037.66	€ 130 050.80	

European Union, trade with South Korea		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-South Korea Trade in goods (Imports)	€ 40 252.60	€ 37 896.43	€ 40 455.61	€ 42 149.57	€ 43 914.31	€ 45 752.80	€ 47 668.10	€ 49 663.42	
EU-South Korea Trade in goods (exports)	€ 34 675.20	€ 32 378.30	€ 34 344.85	€ 34 819.55	€ 35 300.70	€ 35 788.38	€ 36 282.68	€ 36 783.70	
EU-South Korea Trade in services (imports)	€ 7 598.03	€ 5 909.50	€ 6 580.00	€ 6 943.26	€ 7 324.25	€ 7 723.57	€ 8 141.81	€ 8 579.53	
EU-South Korea Trade in services (exports)	€ 10 529.32	€ 8 356.12	€ 9 161.70	€ 9 467.37	€ 9 783.08	€ 10 109.18	€ 10 445.99	€ 10 793.87	
EU-South Korea FDI inward stock	€ 22 112.82	€ 24 895.21	€ 27 952.77	€ 31 392.55	€ 35 252.62	€ 39 584.06	€ 44 444.11	€ 49 896.93	
EU-South Korea FDI outward stock	€ 54 470.38	€ 57 035.41	€ 59 566.31	€ 62 227.60	€ 65 007.16	€ 67 910.22	€ 70 942.23	€ 74 108.88	

European Union, trade with USA		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-USA Trade in goods (Imports)	€ 162 390.20	€ 132 914.44	€ 146 613.72	€ 152 899.61	€ 159 454.48	€ 166 289.83	€ 173 417.63	€ 180 850.38	
EU-USA Trade in goods (exports)	€ 230 662.80	€ 192 738.35	€ 210 426.65	€ 222 399.71	€ 235 053.28	€ 248 425.97	€ 262 558.63	€ 277 494.39	
EU-USA Trade in services (imports)	€ 158 915.21	€ 131 275.66	€ 141 364.01	€ 144 946.37	€ 148 592.08	€ 152 300.31	€ 156 070.07	€ 159 900.17	
EU-USA Trade in services (exports)	€ 147 820.33	€ 124 917.17	€ 137 177.75	€ 143 145.32	€ 149 370.25	€ 155 863.55	€ 162 636.71	€ 169 701.70	
EU-USA FDI inward stock	€ 1 397 623.73	€ 1 478 634.47	€ 1 560 277.47	€ 1 647 065.92	€ 1 738 659.58	€ 1 835 323.46	€ 1 937 337.16	€ 2 044 995.61	
EU-USA FDI outward stock	€ 1 721 078.61	€ 1 946 857.73	€ 2 192 984.05	€ 2 467 578.72	€ 2 772 857.76	€ 3 112 136.00	€ 3 489 082.44	€ 3 907 757.94	

Source: Deloitte

Policy Option 2c: Accession to the Foreign Judgment Convention with Declaration under Article 19

Under policy option 2c, the macro-economic impacts for the EU-27 depend on the respective third country. EU trade and investment with third countries which have higher degrees of involvement of state entities into economic activities will be more affected. This applies also for third countries with strict regulations regarding trade and/or little liberalization. Under this policy option, EU trade and investment with China and to a lower extent with Brazil and Argentina will be affected. These countries have more involvement of state entities whose disputes are however excluded from the scope of the Convention under this policy option. Consequently, the legal uncertainty persists in the areas under Article 19 and therefore, the status quo persists.

In macro-economic terms, this was still expressed in a positive impact as compared to the baseline but lower impact as compared to policy option 2a, in particular -0.3% for Argentina, Brazil and China for trade in goods and services and -0.2% for FDI stocks. As policy option 2c is not relevant for the remaining five third countries, the macro-economic impact under this option will be the same as for policy option 2a.

Table 50: Estimations for policy option 2c for the years 2022-2026

European Union, trade with Argentina		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Argentina: Trade in goods (Imports)	€ 5 652.80	€ 4 541.44	€ 5 061.26	€ 4 814.67	€ 4 580.06	€ 4 356.86	€ 4 144.51	€ 3 942.49	
EU-Argentina: Trade in goods (exports)	€ 5 982.30	€ 5 307.24	€ 5 603.41	€ 5 555.08	€ 5 507.12	€ 5 459.55	€ 5 412.37	€ 5 365.55	
EU-Argentina: Trade in services (imports)	€ 2 000.91	€ 1 455.86	€ 1 528.34	€ 1 534.78	€ 1 535.45	€ 1 529.14	€ 1 514.39	€ 1 489.45	
EU-Argentina: Trade in services (exports)	€ 4 747.85	€ 2 811.27	€ 3 218.11	€ 3 415.80	€ 3 617.86	€ 3 822.36	€ 4 026.75	€ 4 227.74	
EU-Argentina: FDI inward stock	€ 2 048.99	€ 2 182.05	€ 2 317.74	€ 2 462.86	€ 2 617.07	€ 2 780.93	€ 2 955.05	€ 3 140.07	
EU-Argentina: FDI outward stock	€ 44 014.71	€ 46 445.86	€ 50 446.73	€ 55 483.77	€ 60 973.00	€ 67 706.92	€ 73 783.28	€ 80 404.95	

European Union, trade with Australia		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Australia Trade in goods (Imports)	€ 6 186.00	€ 5 774.85	€ 6 191.90	€ 6 504.69	€ 6 833.23	€ 7 178.33	€ 7 540.82	€ 7 921.57	
EU-Australia Trade in goods (exports)	€ 21 585.90	€ 19 988.91	€ 21 969.45	€ 22 881.04	€ 23 830.32	€ 24 818.84	€ 25 848.22	€ 26 920.14	
EU-Australia Trade in services (imports)	€ 3 760.45	€ 2 985.88	€ 3 251.25	€ 3 247.63	€ 3 243.19	€ 3 237.96	€ 3 231.96	€ 3 225.23	
EU-Australia Trade in services (exports)	€ 7 452.44	€ 5 248.87	€ 5 850.40	€ 5 824.73	€ 5 798.20	€ 5 770.79	€ 5 742.49	€ 5 713.28	
EU-Australia FDI inward stock	€ 17 932.84	€ 19 286.24	€ 20 687.81	€ 22 208.59	€ 23 840.73	€ 25 592.33	€ 27 472.12	€ 29 489.42	
EU-Australia FDI outward stock	€ 86 701.54	€ 94 106.12	€ 101 810.37	€ 110 163.21	€ 119 129.37	€ 128 751.55	€ 139 075.38	€ 150 149.54	

European Union, trade with Brazil		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Brazil Trade in goods (Imports)	€ 21 404.80	€ 20 401.52	€ 21 153.98	€ 19 508.37	€ 17 990.67	€ 16 590.95	€ 15 300.04	€ 14 109.50	
EU-Brazil Trade in goods (exports)	€ 24 210.00	€ 20 934.61	€ 22 920.67	€ 23 090.56	€ 23 261.57	€ 23 433.72	€ 23 607.01	€ 23 781.44	
EU-Brazil Trade in services (imports)	€ 6 455.52	€ 4 797.66	€ 5 360.44	€ 5 316.61	€ 5 267.12	€ 5 211.45	€ 5 149.05	€ 5 079.29	
EU-Brazil Trade in services (exports)	€ 12 418.69	€ 9 504.82	€ 9 815.76	€ 9 806.41	€ 9 792.59	€ 9 774.71	€ 9 753.13	€ 9 728.20	
EU-Brazil FDI inward stock	€ 167 494.85	€ 179 219.00	€ 191 764.33	€ 205 310.94	€ 219 814.44	€ 235 342.40	€ 251 967.19	€ 269 766.27	
EU-Brazil FDI outward stock	€ 159 000.73	€ 171 415.78	€ 184 807.32	€ 199 354.98	€ 215 037.75	€ 231 943.86	€ 250 168.33	€ 269 813.59	

European Union, trade with Canada		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Canada Trade in goods (Imports)	€ 15 549.00	€ 12 508.91	€ 13 680.43	€ 14 627.09	€ 15 639.11	€ 16 721.01	€ 17 877.59	€ 19 114.01	
EU-Canada Trade in goods (exports)	€ 26 830.30	€ 22 067.08	€ 23 940.81	€ 25 549.44	€ 27 265.92	€ 29 097.45	€ 31 051.74	€ 33 136.99	
EU-Canada Trade in services (imports)	€ 11 965.11	€ 10 313.44	€ 10 905.52	€ 11 735.76	€ 12 620.90	€ 13 564.60	€ 14 570.79	€ 15 643.65	
EU-Canada Trade in services (exports)	€ 16 178.90	€ 13 478.70	€ 14 322.17	€ 15 447.75	€ 16 661.71	€ 17 970.98	€ 19 383.04	€ 20 905.95	
EU-Canada FDI inward stock	€ 181 546.34	€ 184 322.61	€ 187 259.83	€ 190 291.56	€ 193 344.40	€ 196 418.66	€ 199 514.67	€ 202 632.75	
EU-Canada FDI outward stock	€ 351 695.46	€ 348 135.02	€ 344 702.96	€ 341 441.18	€ 338 210.14	€ 335 009.55	€ 331 839.13	€ 328 698.58	

European Union, trade with China		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-China Trade in goods (Imports)	€ 289 612.00	€ 283 402.34	€ 302 563.99	€ 318 742.93	€ 335 786.35	€ 353 740.41	€ 372 653.72	€ 392 577.50	
EU-China Trade in goods (exports)	€ 148 701.75	€ 144 953.74	€ 147 992.20	€ 160 055.34	€ 173 101.43	€ 187 210.55	€ 202 469.27	€ 218 971.24	
EU-China Trade in services (imports)	€ 28 321.42	€ 26 905.90	€ 30 062.11	€ 31 765.99	€ 33 563.50	€ 35 459.74	€ 37 460.08	€ 39 570.18	
EU-China Trade in services (exports)	€ 44 181.35	€ 32 641.14	€ 39 981.33	€ 44 933.17	€ 50 470.70	€ 56 662.34	€ 63 584.49	€ 71 322.46	
EU-China FDI inward stock	€ 121 130.68	€ 115 977.95	€ 120 266.41	€ 124 788.00	€ 129 479.25	€ 134 346.50	€ 139 396.35	€ 144 635.62	
EU-China FDI outward stock	€ 264 430.58	€ 273 138.80	€ 282 133.80	€ 291 599.88	€ 301 383.45	€ 311 495.16	€ 321 946.01	€ 332 747.38	

European Union, trade with Japan		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-Japan Trade in goods (Imports)	€ 53 422.50	€ 46 574.25	€ 50 381.39	€ 53 157.70	€ 56 086.79	€ 59 177.03	€ 62 437.30	€ 65 876.93	
EU-Japan Trade in goods (exports)	€ 48 907.20	€ 44 664.82	€ 46 074.25	€ 48 382.38	€ 50 805.94	€ 53 350.69	€ 56 022.68	€ 58 828.26	
EU-Japan Trade in services (imports)	€ 14 112.51	€ 11 859.14	€ 12 819.04	€ 12 806.88	€ 12 666.57	€ 12 370.05	€ 11 884.35	€ 11 170.77	
EU-Japan Trade in services (exports)	€ 26 791.40	€ 24 947.30	€ 26 064.15	€ 27 963.64	€ 29 989.65	€ 32 150.32	€ 34 454.32	€ 36 910.86	
EU-Japan FDI inward stock	€ 113 319.85	€ 116 719.45	€ 120 221.03	€ 124 075.32	€ 128 052.66	€ 132 156.98	€ 136 392.31	€ 140 762.81	
EU-Japan FDI outward stock	€ 104 800.00	€ 107 944.00	€ 111 182.32	€ 114 746.83	€ 118 425.14	€ 122 220.87	€ 126 137.77	€ 130 179.69	

European Union, trade with South Korea		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-South Korea Trade in goods (Imports)	€ 40 252.60	€ 37 896.43	€ 40 455.61	€ 42 157.98	€ 43 931.81	€ 45 780.10	€ 47 705.96	€ 49 712.64	
EU-South Korea Trade in goods (exports)	€ 34 675.20	€ 32 378.30	€ 34 344.85	€ 34 826.50	€ 35 314.77	€ 35 809.74	€ 36 311.50	€ 36 820.15	
EU-South Korea Trade in services (imports)	€ 7 598.03	€ 5 909.50	€ 6 580.00	€ 6 943.26	€ 7 324.25	€ 7 723.57	€ 8 141.81	€ 8 579.53	
EU-South Korea Trade in services (exports)	€ 10 529.32	€ 8 356.12	€ 9 161.70	€ 9 467.37	€ 9 783.08	€ 10 109.18	€ 10 445.99	€ 10 793.87	
EU-South Korea FDI inward stock	€ 22 112.82	€ 24 895.21	€ 27 952.77	€ 31 395.69	€ 35 259.67	€ 39 595.92	€ 44 461.86	€ 49 921.84	
EU-South Korea FDI outward stock	€ 54 470.38	€ 57 035.41	€ 59 566.31	€ 62 233.82	€ 65 020.15	€ 67 930.57	€ 70 970.57	€ 74 145.88	

European Union, trade with USA		[mio. EUR, EU-27]							
Indicator	2019	2020	2021	2022	2023	2024	2025	2026	
EU-USA Trade in goods (Imports)	€ 162 390.20	€ 132 914.44	€ 146 613.72	€ 153 082.76	€ 159 835.80	€ 166 885.26	€ 174 244.09	€ 181 925.81	
EU-USA Trade in goods (exports)	€ 230 662.80	€ 192 738.35	€ 210 426.65	€ 222 666.11	€ 235 615.38	€ 249 315.50	€ 263 809.90	€ 279 144.50	
EU-USA Trade in services (imports)	€ 158 915.21	€ 131 275.66	€ 141 364.01	€ 144 946.37	€ 148 592.08	€ 152 300.31	€ 156 070.07	€ 159 900.17	
EU-USA Trade in services (exports)	€ 147 820.33	€ 124 917.17	€ 137 177.75	€ 143 145.32	€ 149 370.25	€ 155 863.55	€ 162 636.71	€ 169 701.70	
EU-USA FDI inward stock	€ 1 397 623.73	€ 1 478 634.47	€ 1 560 277.47	€ 1 647 395.20	€ 1 739 354.49	€ 1 836 423.34	€ 1 938 884.55	€ 2 047 036.52	
EU-USA FDI outward stock	€ 1 721 078.61	€ 1 946 857.73	€ 2 192 984.05	€ 2 468 072.04	€ 2 773 966.02	€ 3 114 001.04	€ 3 491 869.24	€ 3 911 657.90	

Source: Deloitte

Policy Option 3: Accession to the Foreign Judgment Convention with Declarations under Article 19 and Article 18

Policy Option 3 is a combination of the access to the Foreign Judgment Convention with declarations under both Article 19 and Article 18. The effects of policy options 2b and 2c will therefore add up for EU trade and investment with the eight third countries.

Table 51: Estimations for policy option 3 for the years 2022-2026

European Union, trade with Argentina [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Argentina Trade in goods (Imports)	€ 5 652.80	€ 4 541.44	€ 5 061.26	€ 4 814.67	€ 4 580.06	€ 4 356.86	€ 4 144.51	€ 3 942.49
EU-Argentina Trade in goods (exports)	€ 5 982.30	€ 5 307.24	€ 5 603.41	€ 5 555.08	€ 5 507.12	€ 5 459.55	€ 5 412.37	€ 5 365.55
EU-Argentina Trade in services (imports)	€ 2 000.91	€ 1 455.86	€ 1 528.34	€ 1 534.47	€ 1 531.78	€ 1 525.19	€ 1 510.18	€ 1 485.03
EU-Argentina Trade in services (exports)	€ 4 747.85	€ 2 811.27	€ 3 218.11	€ 3 415.12	€ 3 616.42	€ 3 820.08	€ 4 023.55	€ 4 223.56
EU-Argentina FDI inward stock	€ 2 048.99	€ 2 182.05	€ 2 317.74	€ 2 462.86	€ 2 617.07	€ 2 780.93	€ 2 955.05	€ 3 140.07
EU-Argentina FDI outward stock	€ 44 014.71	€ 46 445.86	€ 50 446.73	€ 55 483.77	€ 60 973.00	€ 67 706.92	€ 73 783.28	€ 80 404.95

European Union, trade with Australia [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Australia Trade in goods (Imports)	€ 6 186.00	€ 5 774.85	€ 6 191.90	€ 6 503.39	€ 6 830.51	€ 7 174.06	€ 7 534.84	€ 7 913.74
EU-Australia Trade in goods (exports)	€ 21 585.90	€ 19 988.91	€ 21 969.45	€ 22 876.47	€ 23 820.83	€ 24 804.06	€ 25 827.74	€ 26 893.54
EU-Australia Trade in services (imports)	€ 3 760.45	€ 2 985.88	€ 3 251.25	€ 3 247.63	€ 3 243.19	€ 3 237.96	€ 3 231.96	€ 3 225.23
EU-Australia Trade in services (exports)	€ 7 452.44	€ 5 248.87	€ 5 850.40	€ 5 824.73	€ 5 798.20	€ 5 770.79	€ 5 742.49	€ 5 713.28
EU-Australia FDI inward stock	€ 17 932.84	€ 19 286.24	€ 20 687.81	€ 22 204.15	€ 23 831.21	€ 25 577.02	€ 27 450.21	€ 29 460.04
EU-Australia FDI outward stock	€ 86 701.54	€ 94 106.12	€ 101 810.37	€ 110 141.20	€ 119 081.79	€ 128 674.48	€ 138 964.47	€ 149 999.99

European Union, trade with Brazil [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Brazil Trade in goods (Imports)	€ 21 404.80	€ 20 401.52	€ 21 153.98	€ 19 508.37	€ 17 990.67	€ 16 590.95	€ 15 300.04	€ 14 109.50
EU-Brazil Trade in goods (exports)	€ 24 210.00	€ 20 934.61	€ 22 920.67	€ 23 090.56	€ 23 261.57	€ 23 433.72	€ 23 607.01	€ 23 781.44
EU-Brazil Trade in services (imports)	€ 6 455.52	€ 4 797.66	€ 5 360.44	€ 5 316.61	€ 5 267.12	€ 5 211.45	€ 5 149.05	€ 5 079.29
EU-Brazil Trade in services (exports)	€ 12 418.69	€ 9 504.82	€ 9 815.76	€ 9 806.41	€ 9 792.59	€ 9 774.71	€ 9 753.13	€ 9 728.20
EU-Brazil FDI inward stock	€ 167 494.85	€ 179 219.00	€ 191 764.33	€ 205 310.94	€ 219 814.44	€ 235 342.40	€ 251 967.19	€ 269 766.27
EU-Brazil FDI outward stock	€ 159 000.73	€ 171 415.78	€ 184 807.32	€ 199 354.98	€ 215 037.75	€ 231 943.86	€ 250 168.33	€ 269 813.59

European Union, trade with Canada [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Canada Trade in goods (Imports)	€ 15 549.00	€ 12 508.91	€ 13 680.43	€ 14 624.17	€ 15 632.89	€ 16 711.06	€ 17 863.46	€ 19 095.18
EU-Canada Trade in goods (exports)	€ 26 830.30	€ 22 067.08	€ 23 940.81	€ 25 544.35	€ 27 255.08	€ 29 080.15	€ 31 027.19	€ 33 104.34
EU-Canada Trade in services (imports)	€ 11 965.11	€ 10 313.44	€ 10 905.52	€ 11 735.76	€ 12 620.90	€ 13 564.60	€ 14 570.79	€ 15 643.65
EU-Canada Trade in services (exports)	€ 16 178.90	€ 13 478.70	€ 14 322.17	€ 15 447.75	€ 16 661.71	€ 17 970.98	€ 19 383.04	€ 20 905.95
EU-Canada FDI inward stock	€ 181 546.34	€ 184 322.61	€ 187 259.83	€ 190 272.54	€ 193 305.76	€ 196 359.81	€ 199 434.99	€ 202 531.63
EU-Canada FDI outward stock	€ 351 695.46	€ 348 135.02	€ 344 702.96	€ 341 407.05	€ 338 142.56	€ 334 909.17	€ 331 706.60	€ 328 534.56

European Union, trade with China [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-China Trade in goods (Imports)	€ 289 612.00	€ 283 402.34	€ 302 563.99	€ 318 742.93	€ 335 786.35	€ 353 740.41	€ 372 653.72	€ 392 577.50
EU-China Trade in goods (exports)	€ 148 701.75	€ 144 953.74	€ 147 992.20	€ 160 055.34	€ 173 101.43	€ 187 210.55	€ 202 469.27	€ 218 971.24
EU-China Trade in services (imports)	€ 28 321.42	€ 26 905.90	€ 30 062.11	€ 31 702.62	€ 33 429.94	€ 35 248.63	€ 37 163.48	€ 39 179.56
EU-China Trade in services (exports)	€ 44 181.35	€ 32 641.14	€ 39 981.33	€ 44 933.17	€ 50 470.70	€ 56 662.34	€ 63 584.49	€ 71 322.46
EU-China FDI inward stock	€ 121 130.68	€ 115 977.95	€ 120 266.41	€ 124 788.00	€ 129 479.25	€ 134 346.50	€ 139 396.35	€ 144 635.62
EU-China FDI outward stock	€ 264 430.58	€ 273 138.80	€ 282 133.80	€ 291 599.88	€ 301 383.45	€ 311 495.16	€ 321 946.01	€ 332 747.38

European Union, trade with Japan [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-Japan Trade in goods (Imports)	€ 53 422.50	€ 46 574.25	€ 50 381.39	€ 53 147.09	€ 56 064.44	€ 59 141.74	€ 62 387.75	€ 65 811.70
EU-Japan Trade in goods (exports)	€ 48 907.20	€ 44 664.82	€ 46 074.25	€ 48 372.73	€ 50 785.70	€ 53 318.87	€ 55 978.22	€ 58 770.02
EU-Japan Trade in services (imports)	€ 14 112.51	€ 11 859.14	€ 12 819.04	€ 12 806.88	€ 12 666.57	€ 12 370.05	€ 11 884.35	€ 11 170.77
EU-Japan Trade in services (exports)	€ 26 791.40	€ 24 947.30	€ 26 064.15	€ 27 963.64	€ 29 989.65	€ 32 150.32	€ 34 454.32	€ 36 910.86
EU-Japan FDI inward stock	€ 113 319.85	€ 116 719.45	€ 120 221.03	€ 124 050.55	€ 128 001.64	€ 132 078.16	€ 136 284.06	€ 140 623.45
EU-Japan FDI outward stock	€ 104 800.00	€ 107 944.00	€ 111 182.32	€ 114 723.92	€ 118 377.96	€ 122 147.98	€ 126 037.66	€ 130 050.80

European Union, trade with South Korea [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-South Korea Trade in goods (Imports)	€ 40 252.60	€ 37 896.43	€ 40 455.61	€ 42 149.57	€ 43 914.31	€ 45 752.80	€ 47 668.10	€ 49 663.42
EU-South Korea Trade in goods (exports)	€ 34 675.20	€ 32 378.30	€ 34 344.85	€ 34 819.55	€ 35 300.70	€ 35 788.38	€ 36 282.68	€ 36 783.70
EU-South Korea Trade in services (import)	€ 7 598.03	€ 5 909.50	€ 6 580.00	€ 6 943.26	€ 7 324.25	€ 7 723.57	€ 8 141.81	€ 8 579.53
EU-South Korea Trade in services (export)	€ 10 529.32	€ 8 356.12	€ 9 161.70	€ 9 467.37	€ 9 783.08	€ 10 109.18	€ 10 445.99	€ 10 793.87
EU-South Korea FDI inward stock	€ 22 112.82	€ 24 895.21	€ 27 952.77	€ 31 392.55	€ 35 252.62	€ 39 584.06	€ 44 444.11	€ 49 896.93
EU-South Korea FDI outward stock	€ 54 470.38	€ 57 035.41	€ 59 566.31	€ 62 227.60	€ 65 007.16	€ 67 910.22	€ 70 942.23	€ 74 108.88

European Union, trade with USA [mio. EUR, EU-27]								
Indicator	2019	2020	2021	2022	2023	2024	2025	2026
EU-USA Trade in goods (Imports)	€ 162 390.20	€ 132 914.44	€ 146 613.72	€ 152 899.61	€ 159 454.48	€ 166 289.83	€ 173 417.63	€ 180 850.38
EU-USA Trade in goods (exports)	€ 230 662.80	€ 192 738.35	€ 210 426.65	€ 222 399.71	€ 235 053.28	€ 248 425.97	€ 262 558.63	€ 277 494.39
EU-USA Trade in services (imports)	€ 158 915.21	€ 131 275.66	€ 141 364.01	€ 144 946.37	€ 148 592.08	€ 152 300.31	€ 156 070.07	€ 159 900.17
EU-USA Trade in services (exports)	€ 147 820.33	€ 124 917.17	€ 137 177.75	€ 143 145.32	€ 149 370.25	€ 155 863.55	€ 162 636.71	€ 169 701.70
EU-USA FDI inward stock	€ 1 397 623.73	€ 1 478 634.47	€ 1 560 277.47	€ 1 647 065.92	€ 1 738 659.58	€ 1 835 323.46	€ 1 937 337.16	€ 2 044 995.61
EU-USA FDI outward stock	€ 1 721 078.61	€ 1 946 857.73	€ 2 192 984.05	€ 2 467 578.72	€ 2 772 857.76	€ 3 112 136.00	€ 3 489 082.44	€ 3 907 757.94

Source: Deloitte

Overview of the impacts of all policy options

For the different scenarios in the policy options, we assumed that the effect of the Foreign Judgment Convention will evolve over the years. Therefore, we assumed a linear percentage increase in the effect of the different policy options. In the first year after the accession to the Convention, 2022, a 20% increase with regard to the overall increase is reached, in 2023 40%, in 2024 60%, in 2025 80% and in 2026 100% of the overall increase is reached. The increases as compared to the corrected baseline are as follows:

Table 52: Total increases (in %) in 2026 as compared to the corrected baseline

Policy Options, total % increase (2022-2026)								
Policy Option 2a (No declaration)	AR	AU	BR	CA	CN	JP	KR	US
Goods	15	12	15	15	1	1	1	1
Services	13	12	16	11	16	1	1	0.9
FDI	0.4	0.4	0.5	0.2	0.5	1	0.2	0.3
Policy Option 2b (Article 18)	AR	AU	BR	CA	CN	JP	KR	US
Goods	14	1.1	14	14	0.9	0.9	0.9	0.9
Services	13	12	16	11	16	1	1	0.9
FDI	0.3	0.3	0.4	0.15	0.4	0.9	0.15	0.2
Policy Option 2c (Article 19)	AR	AU	BR	CA	CN	JP	KR	US
Goods	12	12	12	15	0.7	1	1	1
Services	11	12	13	11	13	1	1	0.9
FDI	0.2	0.4	0.3	0.2	0.3	1	0.2	0.3
Policy Option 3 (Art. 19 + Art. 18)	AR	AU	BR	CA	CN	JP	KR	US
Goods	12	1.1	12	14	0.7	0.9	0.9	0.9
Services	1	12	13	11	13	1	1	0.9
FDI	0.2	0.3	0.3	0.15	0.3	0.9	0.15	0.2

Source: Deloitte

Annex H | Detailed quantitative estimations of baseline and policy options

Policy Option 1: Corrected baseline

Table 53: Direct and indirect impacts of policy option 1 (corrected baseline)

Direct and indirect impacts (EURm)							2019	2020	2021	2022	2023	2024	2025	2026
Scenario	Indicator	Subindicator	Impact	Country	Multiplier	Enterprise								
Baseline	Exports	Goods	Direct	Argentina		Total	7 100	6 706	6 364	6 039	5 731	5 439	5 161	4 898
Baseline	Exports	Goods	Direct	Australia		Total	30 800	40 684	42 348	44 081	45 886	47 765	49 721	51 759
Baseline	Exports	Goods	Direct	Brazil		Total	32 300	32 441	32 604	32 767	32 930	33 095	33 261	33 427
Baseline	Exports	Goods	Direct	Canada		Total	38 300	40 782	43 392	46 169	49 124	52 268	55 613	59 172
Baseline	Exports	Goods	Direct	China		Total	198 300	214 131	231 261	249 762	269 743	291 322	314 628	339 798
Baseline	Exports	Goods	Direct	Japan		Total	61 100	64 068	67 144	70 367	73 744	77 284	80 994	84 881
Baseline	Exports	Goods	Direct	South Korea		Total	43 300	43 864	44 390	44 923	45 462	46 008	46 560	47 119
Baseline	Exports	Goods	Direct	USA		Total	384 400	405 582	427 889	451 423	476 251	502 445	530 080	559 234
Baseline	Exports	Goods	Indirect	Argentina		Total	7 917	7 478	7 096	6 734	6 391	6 065	5 756	5 462
Baseline	Exports	Goods	Indirect	Australia		Total	35 364	46 712	48 623	50 613	52 685	54 843	57 089	59 429
Baseline	Exports	Goods	Indirect	Brazil		Total	36 349	36 508	36 691	36 874	37 059	37 244	37 430	37 618
Baseline	Exports	Goods	Indirect	Canada		Total	43 144	45 940	48 880	52 009	55 337	58 879	62 647	66 657
Baseline	Exports	Goods	Indirect	China		Total	225 562	243 569	263 054	284 098	306 826	331 372	357 882	386 513
Baseline	Exports	Goods	Indirect	Japan		Total	69 395	72 767	76 260	79 920	83 756	87 777	91 990	96 405
Baseline	Exports	Goods	Indirect	South Korea		Total	49 778	50 426	51 032	51 644	52 264	52 891	53 526	54 168
Baseline	Exports	Goods	Indirect	USA		Total	421 230	444 442	468 886	494 675	521 882	550 585	580 868	612 815
Baseline	Exports	Goods	Total	Argentina	2.12	Total	15 017	14 183	13 460	12 773	12 122	11 504	10 917	10 360
Baseline	Exports	Goods	Total	Australia	2.15	Total	66 164	87 396	90 971	94 694	98 571	102 608	106 811	111 188
Baseline	Exports	Goods	Total	Brazil	2.13	Total	68 649	68 950	69 295	69 641	69 989	70 339	70 691	71 044
Baseline	Exports	Goods	Total	Canada	2.13	Total	81 444	86 722	92 273	98 178	104 461	111 147	118 260	125 829
Baseline	Exports	Goods	Total	China	2.14	Total	423 862	457 699	494 315	533 860	576 569	622 695	672 510	726 311
Baseline	Exports	Goods	Total	Japan	2.14	Total	130 495	136 835	143 403	150 287	157 500	165 060	172 983	181 287
Baseline	Exports	Goods	Total	South Korea	2.15	Total	93 078	94 291	95 422	96 567	97 726	98 899	100 085	101 286
Baseline	Exports	Goods	Total	USA	2.10	Total	805 630	850 024	896 775	946 098	998 133	1 053 030	1 110 947	1 172 049
Baseline	Exports	Goods	Direct	Argentina	33.1%	Total	2 351	2 220	2 107	2 000	1 898	1 801	1 709	1 622
Baseline	Exports	Goods	Direct	Australia	33.1%	Total	10 189	13 458	14 009	14 582	15 179	15 801	16 448	17 122
Baseline	Exports	Goods	Direct	Brazil	32.6%	Total	10 520	10 566	10 619	10 672	10 725	10 779	10 833	10 887
Baseline	Exports	Goods	Direct	Canada	32.2%	Total	12 336	13 135	13 976	14 870	15 822	16 835	17 912	19 059
Baseline	Exports	Goods	Direct	China	33.1%	Total	65 683	70 927	76 601	82 729	89 347	96 495	104 214	112 551
Baseline	Exports	Goods	Direct	Japan	33.3%	Total	20 350	21 339	22 363	23 437	24 562	25 741	26 976	28 271
Baseline	Exports	Goods	Direct	South Korea	32.9%	Total	14 229	14 414	14 587	14 762	14 939	15 118	15 300	15 483
Baseline	Exports	Goods	Direct	USA	33.7%	Total	129 735	136 884	144 413	152 355	160 735	169 575	178 902	188 741
Baseline	Exports	Goods	Indirect	Argentina		Total	3 275	3 093	2 935	2 785	2 643	2 509	2 381	2 259
Baseline	Exports	Goods	Indirect	Australia		Total	14 702	19 420	20 214	21 041	21 903	22 800	23 734	24 706
Baseline	Exports	Goods	Indirect	Brazil		Total	15 015	15 080	15 156	15 231	15 308	15 384	15 461	15 538
Baseline	Exports	Goods	Indirect	Canada		Total	17 893	19 052	20 271	21 569	22 949	24 418	25 981	27 643
Baseline	Exports	Goods	Indirect	China		Total	93 378	100 833	108 900	117 612	127 021	137 182	148 157	160 009
Baseline	Exports	Goods	Indirect	Japan		Total	29 002	30 411	31 871	33 401	35 004	36 684	38 445	40 290
Baseline	Exports	Goods	Indirect	South Korea		Total	20 592	20 860	21 110	21 363	21 620	21 879	22 142	22 408
Baseline	Exports	Goods	Indirect	USA		Total	176 155	185 862	196 084	206 869	218 247	230 250	242 914	256 274

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Impact	Country	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
Baseline	Exports	Goods	Total	Argentina	2.39	Total	5 626	5 313	5 042	4 785	4 541	4 309	4 090	3 881
Baseline	Exports	Goods	Total	Australia	2.44	Total	24 891	32 878	34 223	35 624	37 082	38 601	40 182	41 828
Baseline	Exports	Goods	Total	Brazil	2.43	Total	25 534	25 646	25 774	25 903	26 033	26 163	26 294	26 425
Baseline	Exports	Goods	Total	Canada	2.45	Total	30 228	32 187	34 247	36 439	38 771	41 253	43 893	46 702
Baseline	Exports	Goods	Total	China	2.42	Total	159 061	171 759	185 500	200 340	216 367	233 677	252 371	272 561
Baseline	Exports	Goods	Total	Japan	2.43	Total	49 353	51 750	54 234	56 838	59 566	62 425	65 421	68 562
Baseline	Exports	Goods	Total	South Korea	2.45	Total	34 820	35 274	35 697	36 125	36 559	36 998	37 442	37 891
Baseline	Exports	Goods	Total	USA	2.36	Total	305 890	322 746	340 497	359 224	378 981	399 825	421 816	445 016
Baseline	Exports	Services	Direct	Argentina		Total	5 300	7 060	7 492	7 934	8 385	8 840	9 292	9 735
Baseline	Exports	Services	Direct	Australia		Total	9 600	9 517	9 454	9 390	9 325	9 259	9 192	9 123
Baseline	Exports	Services	Direct	Brazil		Total	14 700	15 525	15 477	15 422	15 361	15 293	15 220	15 142
Baseline	Exports	Services	Direct	Canada		Total	19 000	23 276	25 050	26 960	29 015	31 226	33 607	36 168
Baseline	Exports	Services	Direct	China		Total	46 600	69 383	77 820	87 231	97 728	109 434	122 487	137 041
Baseline	Exports	Services	Direct	Japan		Total	27 900	33 865	36 276	38 842	41 573	44 480	47 572	50 863
Baseline	Exports	Services	Direct	South Korea		Total	11 400	12 809	13 210	13 623	14 049	14 489	14 942	15 409
Baseline	Exports	Services	Direct	USA		Total	179 400	205 835	214 406	223 331	232 625	242 303	252 381	262 875
Baseline	Exports	Services	Indirect	Argentina		Total	4 075	5 429	5 760	6 101	6 447	6 797	7 145	7 485
Baseline	Exports	Services	Indirect	Australia		Total	7 370	7 306	7 258	7 209	7 159	7 108	7 056	7 004
Baseline	Exports	Services	Indirect	Brazil		Total	11 980	12 652	12 614	12 569	12 519	12 464	12 404	12 341
Baseline	Exports	Services	Indirect	Canada		Total	14 679	17 982	19 353	20 828	22 416	24 124	25 963	27 942
Baseline	Exports	Services	Indirect	China		Total	34 942	52 026	58 352	65 409	73 280	82 058	91 846	102 758
Baseline	Exports	Services	Indirect	Japan		Total	21 164	25 689	27 518	29 465	31 536	33 741	36 088	38 584
Baseline	Exports	Services	Indirect	South Korea		Total	8 878	9 975	10 288	10 610	10 942	11 284	11 637	12 000
Baseline	Exports	Services	Indirect	USA		Total	141 175	161 978	168 723	175 746	183 060	190 676	198 606	206 864
Baseline	Exports	Services	Total	Argentina	1.77	Total	9 375	12 489	13 252	14 035	14 833	15 637	16 437	17 220
Baseline	Exports	Services	Total	Australia	1.77	Total	16 970	16 824	16 712	16 599	16 484	16 367	16 248	16 127
Baseline	Exports	Services	Total	Brazil	1.81	Total	26 680	28 177	28 091	27 991	27 879	27 757	27 624	27 483
Baseline	Exports	Services	Total	Canada	1.77	Total	33 679	41 259	44 403	47 788	51 430	55 351	59 570	64 110
Baseline	Exports	Services	Total	China	1.75	Total	81 542	121 408	136 172	152 641	171 009	191 492	214 333	239 799
Baseline	Exports	Services	Total	Japan	1.76	Total	49 064	59 555	63 794	68 306	73 109	78 221	83 660	89 447
Baseline	Exports	Services	Total	South Korea	1.78	Total	20 278	22 784	23 497	24 233	24 991	25 773	26 579	27 409
Baseline	Exports	Services	Total	USA	1.79	Total	320 575	367 813	383 129	399 077	415 685	432 979	450 987	469 738
Baseline	Exports	Services	Direct	Argentina	50.0%	Total	2 653	3 534	3 749	3 971	4 197	4 424	4 651	4 872
Baseline	Exports	Services	Direct	Australia	49.9%	Total	4 792	4 750	4 719	4 687	4 654	4 621	4 588	4 554
Baseline	Exports	Services	Direct	Brazil	47.0%	Total	6 907	7 295	7 272	7 247	7 218	7 186	7 152	7 115
Baseline	Exports	Services	Direct	Canada	50.3%	Total	9 556	11 707	12 599	13 560	14 593	15 705	16 903	18 191
Baseline	Exports	Services	Direct	China	51.4%	Total	23 972	35 692	40 032	44 873	50 273	56 295	63 010	70 496
Baseline	Exports	Services	Direct	Japan	50.8%	Total	14 165	17 194	18 417	19 720	21 107	22 582	24 153	25 824
Baseline	Exports	Services	Direct	South Korea	50.2%	Total	5 728	6 436	6 637	6 845	7 059	7 280	7 507	7 742
Baseline	Exports	Services	Direct	USA	49.9%	Total	89 492	102 679	106 955	111 407	116 043	120 871	125 898	131 133
Baseline	Exports	Services	Indirect	Argentina		Total	1 870	2 491	2 643	2 800	2 959	3 119	3 279	3 435
Baseline	Exports	Services	Indirect	Australia		Total	3 451	3 422	3 399	3 376	3 352	3 329	3 304	3 280
Baseline	Exports	Services	Indirect	Brazil		Total	5 476	5 783	5 765	5 745	5 722	5 697	5 670	5 641
Baseline	Exports	Services	Indirect	Canada		Total	6 852	8 394	9 034	9 722	10 463	11 261	12 119	13 043
Baseline	Exports	Services	Indirect	China		Total	16 216	24 143	27 079	30 354	34 007	38 080	42 622	47 687
Baseline	Exports	Services	Indirect	Japan		Total	10 056	12 206	13 075	13 999	14 984	16 031	17 146	18 332
Baseline	Exports	Services	Indirect	South Korea		Total	4 127	4 637	4 782	4 932	5 086	5 245	5 409	5 578
Baseline	Exports	Services	Indirect	USA		Total	66 753	76 589	79 778	83 099	86 558	90 159	93 908	97 813

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Impact	Country	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
Baseline	Exports	Services	Total	Argentina	1.70	Total	4 522	6 025	6 393	6 770	7 155	7 543	7 929	8 307
Baseline	Exports	Services	Total	Australia	1.72	Total	8 243	8 172	8 118	8 063	8 007	7 950	7 892	7 833
Baseline	Exports	Services	Total	Brazil	1.79	Total	12 383	13 078	13 038	12 992	12 940	12 883	12 821	12 756
Baseline	Exports	Services	Total	Canada	1.72	Total	16 408	20 101	21 633	23 282	25 056	26 966	29 022	31 234
Baseline	Exports	Services	Total	China	1.68	Total	40 187	59 835	67 111	75 228	84 280	94 375	105 632	118 183
Baseline	Exports	Services	Total	Japan	1.71	Total	24 221	29 399	31 492	33 720	36 091	38 614	41 299	44 156
Baseline	Exports	Services	Total	South Korea	1.72	Total	9 855	11 072	11 419	11 777	12 145	12 525	12 917	13 320
Baseline	Exports	Services	Total	USA	1.75	Total	156 245	179 268	186 733	194 506	202 601	211 029	219 806	228 946
Baseline	Exports	Goods	Indirect	Total	54.9%	SME	488 194	520 659	549 597	580 383	613 140	647 997	685 092	724 576
Baseline	Exports	Goods	Indirect	Total	55.9%	SME	206 828	220 579	232 838	245 879	259 754	274 518	290 229	306 951
Baseline	Exports	Services	Indirect	Total	54.9%	SME	134 177	160 968	170 212	180 138	190 808	202 284	214 640	227 951
Baseline	Exports	Services	Indirect	Total	55.9%	SME	64 171	76 951	81 362	86 098	91 186	96 659	102 549	108 893
Baseline	Exports	Goods	Indirect	Total	1.6396	SME	800 458	853 689	901 137	951 615	1 005 324	1 062 476	1 123 300	1 188 039
Baseline	Exports	Services	Indirect	Total	1.6396	SME	220 000	263 929	279 085	295 361	312 854	331 672	351 930	373 757

Source: Deloitte

Policy Option 2a: Accession without Declaration

Table 54: Direct and indirect impacts of policy option 2a

Direct and indirect impacts (EURm)															
Scenario	Indicator	Subindicator	Economic imp Impact	Country	Cour Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026	
PO2a	Exports	Goods	Production value Direct	Argentina	AR	Total	5 982	5 307	5 603	5 558	5 514	5 469	5 425	5 381	
PO2a	Exports	Goods	Production value Direct	Australia	AU	Total	21 586	19 989	21 969	22 881	23 830	24 819	25 848	26 920	
PO2a	Exports	Goods	Production value Direct	Brazil	BR	Total	24 210	20 935	22 921	23 104	23 289	23 476	23 663	23 852	
PO2a	Exports	Goods	Production value Direct	Canada	CA	Total	26 830	22 067	23 941	25 549	27 266	29 097	31 052	33 137	
PO2a	Exports	Goods	Production value Direct	China	CN	Total	148 702	144 954	147 992	160 151	173 309	187 546	202 952	219 624	
PO2a	Exports	Goods	Production value Direct	Japan	JP	Total	48 907	44 665	46 074	48 382	50 806	53 351	56 023	58 828	
PO2a	Exports	Goods	Production value Direct	South Korea	KR	Total	34 675	32 378	34 345	34 827	35 315	35 810	36 312	36 820	
PO2a	Exports	Goods	Production value Direct	USA	US	Total	230 663	192 738	210 427	222 444	235 147	248 574	262 767	277 769	
PO2a	Exports	Goods	Production value Indirect	Argentina	AR	Total	6 671	5 918	6 248	6 198	6 148	6 099	6 050	6 001	
PO2a	Exports	Goods	Production value Indirect	Australia	AU	Total	24 785	22 951	25 225	26 272	27 362	28 497	29 679	30 909	
PO2a	Exports	Goods	Production value Indirect	Brazil	BR	Total	27 245	23 559	25 794	26 001	26 209	26 419	26 630	26 842	
PO2a	Exports	Goods	Production value Indirect	Canada	CA	Total	30 224	24 858	26 969	28 781	30 715	32 778	34 979	37 328	
PO2a	Exports	Goods	Production value Indirect	China	CN	Total	169 145	164 882	168 338	182 168	197 135	213 329	230 854	249 817	
PO2a	Exports	Goods	Production value Indirect	Japan	JP	Total	55 547	50 729	52 330	54 951	57 704	60 594	63 629	66 815	
PO2a	Exports	Goods	Production value Indirect	South Korea	KR	Total	39 863	37 222	39 483	40 037	40 598	41 167	41 744	42 329	
PO2a	Exports	Goods	Production value Indirect	USA	US	Total	252 763	211 205	230 588	243 757	257 677	272 391	287 943	304 383	
PO2a	Exports	Goods	Production value Total	Argentina	AR	2.12	Total	12 653	11 225	11 852	11 757	11 662	11 568	11 475	11 382
PO2a	Exports	Goods	Production value Total	Australia	AU	2.15	Total	46 371	42 940	47 194	49 153	51 192	53 315	55 527	57 829
PO2a	Exports	Goods	Production value Total	Brazil	BR	2.13	Total	51 455	44 494	48 715	49 105	49 498	49 894	50 293	50 694
PO2a	Exports	Goods	Production value Total	Canada	CA	2.13	Total	57 054	46 925	50 910	54 330	57 981	61 875	66 031	70 465
PO2a	Exports	Goods	Production value Total	China	CN	2.14	Total	317 847	309 835	316 330	342 320	370 443	400 876	433 806	469 440
PO2a	Exports	Goods	Production value Total	Japan	JP	2.14	Total	104 454	95 394	98 404	103 334	108 510	113 945	119 651	125 643
PO2a	Exports	Goods	Production value Total	South Korea	KR	2.15	Total	74 538	69 601	73 828	74 863	75 913	76 977	78 055	79 149
PO2a	Exports	Goods	Production value Total	USA	US	2.10	Total	483 426	403 943	441 015	466 201	492 824	520 965	550 711	582 152
PO2a	Exports	Goods	Gross value added Direct	Argentina	AR	33.1%	Total	1 981	1 757	1 855	1 840	1 826	1 811	1 796	1 782
PO2a	Exports	Goods	Gross value added Direct	Australia	AU	33.1%	Total	7 141	6 612	7 268	7 569	7 883	8 210	8 551	8 905
PO2a	Exports	Goods	Gross value added Direct	Brazil	BR	32.6%	Total	7 885	6 818	7 465	7 525	7 585	7 646	7 707	7 768
PO2a	Exports	Goods	Gross value added Direct	Canada	CA	32.2%	Total	8 642	7 108	7 711	8 229	8 782	9 372	10 001	10 673
PO2a	Exports	Goods	Gross value added Direct	China	CN	33.1%	Total	49 255	48 013	49 019	53 047	57 405	62 121	67 224	72 746
PO2a	Exports	Goods	Gross value added Direct	Japan	JP	33.3%	Total	16 289	14 876	15 346	16 115	16 922	17 769	18 659	19 594
PO2a	Exports	Goods	Gross value added Direct	South Korea	KR	32.9%	Total	11 394	10 640	11 286	11 444	11 605	11 767	11 932	12 099
PO2a	Exports	Goods	Gross value added Direct	USA	US	33.7%	Total	77 849	65 049	71 019	75 075	79 362	83 894	88 684	93 747
PO2a	Exports	Goods	Gross value added Indirect	Argentina	AR		Total	2 759	2 448	2 584	2 564	2 543	2 523	2 502	2 482
PO2a	Exports	Goods	Gross value added Indirect	Australia	AU		Total	10 304	9 541	10 487	10 922	11 375	11 847	12 338	12 850
PO2a	Exports	Goods	Gross value added Indirect	Brazil	BR		Total	11 254	9 731	10 655	10 740	10 826	10 913	11 000	11 087
PO2a	Exports	Goods	Gross value added Indirect	Canada	CA		Total	12 534	10 309	11 184	11 936	12 738	13 593	14 506	15 481
PO2a	Exports	Goods	Gross value added Indirect	China	CN		Total	70 023	68 258	69 689	75 414	81 610	88 315	95 569	103 420
PO2a	Exports	Goods	Gross value added Indirect	Japan	JP		Total	23 215	21 201	21 870	22 966	24 116	25 324	26 592	27 924
PO2a	Exports	Goods	Gross value added Indirect	South Korea	KR		Total	16 490	15 398	16 333	16 562	16 794	17 030	17 268	17 510
PO2a	Exports	Goods	Gross value added Indirect	USA	US		Total	105 703	88 324	96 430	101 937	107 758	113 912	120 416	127 290

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp Impact	Country	Cour Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026	
PO2a	Exports	Goods	Gross value added Total	Argentina	AR	2.39	Total	4 740	4 205	4 440	4 404	4 369	4 334	4 299	4 264
PO2a	Exports	Goods	Gross value added Total	Australia	AU	2.44	Total	17 444	16 154	17 754	18 491	19 258	20 057	20 889	21 755
PO2a	Exports	Goods	Gross value added Total	Brazil	BR	2.43	Total	19 139	16 550	18 120	18 265	18 411	18 558	18 707	18 856
PO2a	Exports	Goods	Gross value added Total	Canada	CA	2.45	Total	21 176	17 417	18 895	20 165	21 520	22 965	24 508	26 154
PO2a	Exports	Goods	Gross value added Total	China	CN	2.42	Total	119 277	116 271	118 708	128 461	139 015	150 435	162 793	176 166
PO2a	Exports	Goods	Gross value added Total	Japan	JP	2.43	Total	39 504	36 077	37 216	39 080	41 038	43 093	45 251	47 518
PO2a	Exports	Goods	Gross value added Total	South Korea	KR	2.45	Total	27 884	26 037	27 619	28 006	28 399	28 797	29 200	29 609
PO2a	Exports	Goods	Gross value added Total	USA	US	2.36	Total	183 552	153 373	167 449	177 012	187 120	197 805	209 099	221 038
PO2a	Exports	Services	Production value Direct	Argentina	AR		Total	4 748	2 811	3 218	3 417	3 621	3 827	4 033	4 236
PO2a	Exports	Services	Production value Direct	Australia	AU		Total	7 452	5 249	5 850	5 825	5 798	5 771	5 742	5 713
PO2a	Exports	Services	Production value Direct	Brazil	BR		Total	12 419	9 505	9 816	9 812	9 804	9 792	9 776	9 757
PO2a	Exports	Services	Production value Direct	Canada	CA		Total	16 179	13 479	14 322	15 448	16 662	17 971	19 383	20 906
PO2a	Exports	Services	Production value Direct	China	CN		Total	44 181	32 641	39 981	44 960	50 531	56 764	63 736	71 534
PO2a	Exports	Services	Production value Direct	Japan	JP		Total	26 791	24 947	26 064	27 964	29 990	32 150	34 454	36 911
PO2a	Exports	Services	Production value Direct	South Korea	KR		Total	10 529	8 356	9 162	9 467	9 783	10 109	10 446	10 794
PO2a	Exports	Services	Production value Direct	USA	US		Total	147 820	124 917	137 178	143 145	149 370	155 864	162 637	169 702
PO2a	Exports	Services	Production value Indirect	Argentina	AR		Total	3 650	2 161	2 474	2 627	2 784	2 942	3 101	3 257
PO2a	Exports	Services	Production value Indirect	Australia	AU		Total	5 721	4 030	4 491	4 472	4 451	4 430	4 409	4 386
PO2a	Exports	Services	Production value Indirect	Brazil	BR		Total	10 121	7 746	8 000	7 997	7 990	7 980	7 967	7 952
PO2a	Exports	Services	Production value Indirect	Canada	CA		Total	12 499	10 413	11 065	11 934	12 872	13 884	14 975	16 151
PO2a	Exports	Services	Production value Indirect	China	CN		Total	33 129	24 476	29 980	33 713	37 890	42 563	47 791	53 639
PO2a	Exports	Services	Production value Indirect	Japan	JP		Total	20 323	18 925	19 772	21 213	22 750	24 389	26 136	28 000
PO2a	Exports	Services	Production value Indirect	South Korea	KR		Total	8 200	6 508	7 135	7 373	7 619	7 873	8 135	8 406
PO2a	Exports	Services	Production value Indirect	USA	US		Total	116 324	98 301	107 949	112 645	117 544	122 654	127 984	133 543
PO2a	Exports	Services	Production value Total	Argentina	AR	1.77	Total	8 398	4 973	5 692	6 044	6 405	6 769	7 134	7 493
PO2a	Exports	Services	Production value Total	Australia	AU	1.77	Total	13 174	9 278	10 342	10 296	10 249	10 201	10 151	10 099
PO2a	Exports	Services	Production value Total	Brazil	BR	1.81	Total	22 540	17 251	17 815	17 809	17 795	17 773	17 744	17 709
PO2a	Exports	Services	Production value Total	Canada	CA	1.77	Total	28 678	23 892	25 387	27 382	29 534	31 855	34 358	37 057
PO2a	Exports	Services	Production value Total	China	CN	1.75	Total	77 310	57 117	69 961	78 673	88 421	99 327	111 527	125 172
PO2a	Exports	Services	Production value Total	Japan	JP	1.76	Total	47 115	43 872	45 836	49 176	52 739	56 539	60 591	64 911
PO2a	Exports	Services	Production value Total	South Korea	KR	1.78	Total	18 730	14 864	16 297	16 841	17 402	17 982	18 581	19 200
PO2a	Exports	Services	Production value Total	USA	US	1.79	Total	264 144	223 218	245 127	255 791	266 914	278 517	290 620	303 245
PO2a	Exports	Services	Gross value added Direct	Argentina	AR	50.0%	Total	2 376	1 407	1 611	1 710	1 812	1 915	2 018	2 120
PO2a	Exports	Services	Gross value added Direct	Australia	AU	49.9%	Total	3 720	2 620	2 920	2 907	2 894	2 880	2 866	2 852
PO2a	Exports	Services	Gross value added Direct	Brazil	BR	47.0%	Total	5 835	4 466	4 612	4 611	4 607	4 601	4 594	4 585
PO2a	Exports	Services	Gross value added Direct	Canada	CA	50.3%	Total	8 137	6 779	7 203	7 770	8 380	9 039	9 749	10 515
PO2a	Exports	Services	Gross value added Direct	China	CN	51.4%	Total	22 728	16 791	20 567	23 128	25 994	29 200	32 787	36 798
PO2a	Exports	Services	Gross value added Direct	Japan	JP	50.8%	Total	13 602	12 666	13 233	14 197	15 226	16 323	17 493	18 740
PO2a	Exports	Services	Gross value added Direct	South Korea	KR	50.2%	Total	5 290	4 199	4 603	4 757	4 916	5 079	5 249	5 423
PO2a	Exports	Services	Gross value added Direct	USA	US	49.9%	Total	73 739	62 314	68 430	71 407	74 512	77 751	81 130	84 654

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PO2a	Exports	Services	Gross value added	Indirect	Argentina	AR		Total	1 675	992	1 135	1 206	1 278	1 350	1 423	1 495
PO2a	Exports	Services	Gross value added	Indirect	Australia	AU		Total	2 679	1 887	2 103	2 094	2 084	2 075	2 064	2 054
PO2a	Exports	Services	Gross value added	Indirect	Brazil	BR		Total	4 626	3 541	3 656	3 655	3 652	3 648	3 642	3 635
PO2a	Exports	Services	Gross value added	Indirect	Canada	CA		Total	5 834	4 861	5 165	5 571	6 009	6 481	6 990	7 539
PO2a	Exports	Services	Gross value added	Indirect	China	CN		Total	15 374	11 358	13 912	15 645	17 583	19 752	22 178	24 892
PO2a	Exports	Services	Gross value added	Indirect	Japan	JP		Total	9 656	8 992	9 394	10 079	10 809	11 588	12 418	13 304
PO2a	Exports	Services	Gross value added	Indirect	South Korea	KR		Total	3 812	3 025	3 317	3 427	3 542	3 660	3 782	3 907
PO2a	Exports	Services	Gross value added	Indirect	USA	US		Total	55 002	46 480	51 042	53 263	55 579	57 995	60 515	63 144
PO2a	Exports	Services	Gross value added	Total	Argentina	AR	1.70	Total	4 051	2 399	2 746	2 916	3 090	3 266	3 441	3 615
PO2a	Exports	Services	Gross value added	Total	Australia	AU	1.72	Total	6 399	4 507	5 023	5 001	4 978	4 955	4 931	4 906
PO2a	Exports	Services	Gross value added	Total	Brazil	BR	1.79	Total	10 461	8 007	8 269	8 266	8 259	8 249	8 236	8 219
PO2a	Exports	Services	Gross value added	Total	Canada	CA	1.72	Total	13 972	11 640	12 368	13 340	14 389	15 519	16 739	18 054
PO2a	Exports	Services	Gross value added	Total	China	CN	1.68	Total	38 102	28 149	34 480	38 773	43 577	48 952	54 965	61 690
PO2a	Exports	Services	Gross value added	Total	Japan	JP	1.71	Total	23 258	21 657	22 627	24 276	26 035	27 911	29 911	32 043
PO2a	Exports	Services	Gross value added	Total	South Korea	KR	1.72	Total	9 102	7 223	7 920	8 184	8 457	8 739	9 030	9 331
PO2a	Exports	Services	Gross value added	Total	USA	US	1.75	Total	128 741	108 794	119 472	124 670	130 091	135 746	141 645	147 798
PO2a	Exports	Goods	Production value	Indirect	Total	TOT	54.8%	SME	333 015	297 355	315 839	334 071	353 507	374 230	396 331	419 906
PO2a	Exports	Goods	Gross value added	Indirect	Total	TOT	55.9%	SME	141 020	125 888	133 725	141 444	149 672	158 445	167 801	177 780
PO2a	Exports	Services	Production value	Indirect	Total	TOT	54.8%	SME	115 338	94 788	104 844	110 946	117 497	124 537	132 108	140 257
PO2a	Exports	Services	Gross value added	Indirect	Total	TOT	55.9%	SME	55 148	45 353	50 155	53 069	56 197	59 558	63 171	67 060
PO2a	Exports	Goods	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	547 754	579 621	613 600	649 837	688 491
PO2a	Exports	Services	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	181 911	192 653	204 195	216 609	229 971
PO2a	Outward Stock	FDI	Production value	Direct	Argentina	AR		Total	44 015	46 446	50 447	55 506	61 022	67 788	73 901	80 565
PO2a	Outward Stock	FDI	Production value	Direct	Australia	AU		Total	86 702	94 106	101 810	110 163	119 129	128 752	139 075	150 150
PO2a	Outward Stock	FDI	Production value	Direct	Brazil	BR		Total	159 001	171 416	184 807	199 435	215 210	232 222	250 568	270 352
PO2a	Outward Stock	FDI	Production value	Direct	Canada	CA		Total	351 695	348 135	344 703	341 441	338 210	335 010	331 839	328 699
PO2a	Outward Stock	FDI	Production value	Direct	China	CN		Total	264 431	273 139	282 134	291 716	301 624	311 868	322 460	333 411
PO2a	Outward Stock	FDI	Production value	Direct	Japan	JP		Total	104 800	107 944	111 182	114 747	118 425	122 221	126 138	130 180
PO2a	Outward Stock	FDI	Production value	Direct	South Korea	KR		Total	54 470	57 035	59 566	62 234	65 020	67 931	70 971	74 146
PO2a	Outward Stock	FDI	Production value	Direct	USA	US		Total	1 721 079	1 946 858	2 192 984	2 468 072	2 773 966	3 114 001	3 491 869	3 911 658

Source: Deloitte

Policy Option 2b: Accession with Declaration under Article 18

Table 55: Direct and indirect impacts of policy option 2b

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PQ2b	Exports	Goods	Production value	Direct	Argentina	AR		Total	5 982	5 307	5 603	5 557	5 512	5 466	5 421	5 376
PQ2b	Exports	Goods	Production value	Direct	Australia	AU		Total	21 586	19 989	21 969	22 876	23 821	24 804	25 828	26 894
PQ2b	Exports	Goods	Production value	Direct	Brazil	BR		Total	24 210	20 935	22 921	23 100	23 280	23 462	23 644	23 828
PQ2b	Exports	Goods	Production value	Direct	Canada	CA		Total	26 830	22 067	23 941	25 544	27 255	29 080	31 027	33 104
PQ2b	Exports	Goods	Production value	Direct	China	CN		Total	148 702	144 954	147 932	160 119	173 240	187 434	202 791	219 406
PQ2b	Exports	Goods	Production value	Direct	Japan	JP		Total	48 907	44 665	46 074	48 373	50 786	53 319	55 978	58 770
PQ2b	Exports	Goods	Production value	Direct	South Korea	KR		Total	34 675	32 378	34 345	34 820	35 301	35 788	36 283	36 784
PQ2b	Exports	Goods	Production value	Direct	USA	US		Total	230 663	192 738	210 427	222 400	235 053	248 426	262 559	277 494
PQ2b	Exports	Goods	Production value	Indirect	Argentina	AR		Total	6 671	5 918	6 248	6 197	6 146	6 095	6 045	5 995
PQ2b	Exports	Goods	Production value	Indirect	Australia	AU		Total	24 785	22 951	25 225	26 266	27 351	28 480	29 655	30 879
PQ2b	Exports	Goods	Production value	Indirect	Brazil	BR		Total	27 245	23 559	25 794	25 996	26 199	26 403	26 609	26 816
PQ2b	Exports	Goods	Production value	Indirect	Canada	CA		Total	30 224	24 858	26 969	28 775	30 702	32 758	34 952	37 291
PQ2b	Exports	Goods	Production value	Indirect	China	CN		Total	169 145	164 882	168 338	182 132	197 056	213 202	230 671	249 569
PQ2b	Exports	Goods	Production value	Indirect	Japan	JP		Total	55 547	50 729	52 330	54 940	57 681	60 558	63 578	66 749
PQ2b	Exports	Goods	Production value	Indirect	South Korea	KR		Total	39 863	37 222	39 483	40 029	40 582	41 143	41 711	42 287
PQ2b	Exports	Goods	Production value	Indirect	USA	US		Total	252 763	211 205	230 588	243 708	257 574	272 228	287 715	304 082
PQ2b	Exports	Goods	Production value	Total	Argentina	AR	2.12	Total	12 653	11 225	11 852	11 754	11 657	11 561	11 466	11 371
PQ2b	Exports	Goods	Production value	Total	Australia	AU	2.15	Total	46 371	42 940	47 194	49 143	51 172	53 284	55 483	57 772
PQ2b	Exports	Goods	Production value	Total	Brazil	BR	2.13	Total	51 455	44 494	48 715	49 096	49 479	49 865	50 253	50 644
PQ2b	Exports	Goods	Production value	Total	Canada	CA	2.13	Total	57 054	46 925	50 910	54 320	57 957	61 838	65 979	70 396
PQ2b	Exports	Goods	Production value	Total	China	CN	2.14	Total	317 847	309 835	316 330	342 251	370 296	400 636	433 462	468 976
PQ2b	Exports	Goods	Production value	Total	Japan	JP	2.14	Total	104 454	95 394	98 404	103 313	108 466	113 877	119 556	125 519
PQ2b	Exports	Goods	Production value	Total	South Korea	KR	2.15	Total	74 538	69 601	73 828	74 848	75 883	76 931	77 993	79 070
PQ2b	Exports	Goods	Production value	Total	USA	US	2.10	Total	483 426	403 943	441 015	466 108	492 627	520 654	550 274	581 576
PQ2b	Exports	Goods	Gross value added	Direct	Argentina	AR	33.1%	Total	1 981	1 757	1 855	1 840	1 825	1 810	1 795	1 780
PQ2b	Exports	Goods	Gross value added	Direct	Australia	AU	33.1%	Total	7 141	6 612	7 268	7 568	7 880	8 205	8 544	8 896
PQ2b	Exports	Goods	Gross value added	Direct	Brazil	BR	32.6%	Total	7 885	6 818	7 465	7 523	7 582	7 641	7 701	7 761
PQ2b	Exports	Goods	Gross value added	Direct	Canada	CA	32.2%	Total	8 642	7 108	7 711	8 227	8 778	9 366	9 993	10 662
PQ2b	Exports	Goods	Gross value added	Direct	China	CN	33.1%	Total	49 255	48 013	49 019	53 036	57 382	62 084	67 171	72 674
PQ2b	Exports	Goods	Gross value added	Direct	Japan	JP	33.3%	Total	16 289	14 876	15 346	16 111	16 915	17 759	18 645	19 574
PQ2b	Exports	Goods	Gross value added	Direct	South Korea	KR	32.9%	Total	11 394	10 640	11 286	11 442	11 600	11 760	11 923	12 087
PQ2b	Exports	Goods	Gross value added	Direct	USA	US	33.7%	Total	77 849	65 049	71 019	75 060	79 330	83 844	88 614	93 654
PQ2b	Exports	Goods	Gross value added	Indirect	Argentina	AR		Total	2 759	2 448	2 584	2 563	2 542	2 521	2 500	2 480
PQ2b	Exports	Goods	Gross value added	Indirect	Australia	AU		Total	10 304	9 541	10 487	10 920	11 370	11 840	12 328	12 837
PQ2b	Exports	Goods	Gross value added	Indirect	Brazil	BR		Total	11 254	9 731	10 655	10 738	10 822	10 906	10 991	11 077
PQ2b	Exports	Goods	Gross value added	Indirect	Canada	CA		Total	12 534	10 309	11 184	11 934	12 733	13 585	14 495	15 465
PQ2b	Exports	Goods	Gross value added	Indirect	China	CN		Total	70 023	68 258	69 689	75 399	81 578	88 262	95 493	103 317
PQ2b	Exports	Goods	Gross value added	Indirect	Japan	JP		Total	23 215	21 201	21 870	22 961	24 106	25 309	26 571	27 896
PQ2b	Exports	Goods	Gross value added	Indirect	South Korea	KR		Total	16 490	15 398	16 333	16 559	16 787	17 019	17 254	17 493
PQ2b	Exports	Goods	Gross value added	Indirect	USA	US		Total	105 703	88 324	96 430	101 917	107 715	113 844	120 320	127 164

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PO2b	Exports	Goods	Gross value added	Total	Argentina	AR	2.39	Total	4 740	4 205	4 440	4 403	4 367	4 331	4 295	4 260
PO2b	Exports	Goods	Gross value added	Total	Australia	AU	2.44	Total	17 444	16 154	17 754	18 487	19 251	20 045	20 872	21 734
PO2b	Exports	Goods	Gross value added	Total	Brazil	BR	2.43	Total	19 139	16 550	18 120	18 261	18 404	18 547	18 692	18 837
PO2b	Exports	Goods	Gross value added	Total	Canada	CA	2.45	Total	21 176	17 417	18 895	20 161	21 511	22 952	24 488	26 128
PO2b	Exports	Goods	Gross value added	Total	China	CN	2.42	Total	119 277	116 271	118 708	128 436	138 960	150 346	162 664	175 991
PO2b	Exports	Goods	Gross value added	Total	Japan	JP	2.43	Total	39 504	36 077	37 216	39 072	41 021	43 067	45 216	47 471
PO2b	Exports	Goods	Gross value added	Total	South Korea	KR	2.45	Total	27 884	26 037	27 619	28 000	28 387	28 780	29 177	29 580
PO2b	Exports	Goods	Gross value added	Total	USA	US	2.36	Total	183 552	153 373	167 449	176 977	187 046	197 687	208 934	220 819
PO2b	Exports	Services	Production value	Direct	Argentina	AR		Total	4 748	2 811	3 218	3 417	3 621	3 827	4 033	4 236
PO2b	Exports	Services	Production value	Direct	Australia	AU		Total	7 452	5 249	5 850	5 825	5 798	5 771	5 742	5 713
PO2b	Exports	Services	Production value	Direct	Brazil	BR		Total	12 419	9 505	9 816	9 812	9 804	9 792	9 776	9 757
PO2b	Exports	Services	Production value	Direct	Canada	CA		Total	16 179	13 479	14 322	15 448	16 662	17 971	19 383	20 906
PO2b	Exports	Services	Production value	Direct	China	CN		Total	44 181	32 641	39 981	44 960	50 531	56 764	63 736	71 534
PO2b	Exports	Services	Production value	Direct	Japan	JP		Total	26 791	24 947	26 064	27 964	29 990	32 150	34 454	36 911
PO2b	Exports	Services	Production value	Direct	South Korea	KR		Total	10 529	8 356	9 162	9 467	9 783	10 109	10 446	10 794
PO2b	Exports	Services	Production value	Direct	USA	US		Total	147 820	124 917	137 178	143 145	149 370	155 864	162 637	169 702
PO2b	Exports	Services	Production value	Indirect	Argentina	AR		Total	3 650	2 161	2 474	2 627	2 784	2 942	3 101	3 257
PO2b	Exports	Services	Production value	Indirect	Australia	AU		Total	5 721	4 030	4 491	4 472	4 451	4 430	4 409	4 386
PO2b	Exports	Services	Production value	Indirect	Brazil	BR		Total	10 121	7 746	8 000	7 997	7 990	7 980	7 967	7 952
PO2b	Exports	Services	Production value	Indirect	Canada	CA		Total	12 499	10 413	11 065	11 934	12 872	13 884	14 975	16 151
PO2b	Exports	Services	Production value	Indirect	China	CN		Total	33 129	24 476	29 980	33 713	37 890	42 563	47 791	53 639
PO2b	Exports	Services	Production value	Indirect	Japan	JP		Total	20 323	18 925	19 772	21 213	22 750	24 389	26 136	28 000
PO2b	Exports	Services	Production value	Indirect	South Korea	KR		Total	8 200	6 508	7 135	7 373	7 619	7 873	8 135	8 406
PO2b	Exports	Services	Production value	Indirect	USA	US		Total	116 324	98 301	107 949	112 645	117 544	122 654	127 984	133 543
PO2b	Exports	Services	Production value	Total	Argentina	AR	1.77	Total	8 398	4 973	5 692	6 044	6 405	6 769	7 134	7 493
PO2b	Exports	Services	Production value	Total	Australia	AU	1.77	Total	13 174	9 278	10 342	10 296	10 249	10 201	10 151	10 099
PO2b	Exports	Services	Production value	Total	Brazil	BR	1.81	Total	22 540	17 251	17 815	17 809	17 795	17 773	17 744	17 709
PO2b	Exports	Services	Production value	Total	Canada	CA	1.77	Total	28 678	23 892	25 387	27 382	29 534	31 855	34 358	37 057
PO2b	Exports	Services	Production value	Total	China	CN	1.75	Total	77 310	57 117	69 961	78 673	88 421	99 327	111 527	125 172
PO2b	Exports	Services	Production value	Total	Japan	JP	1.76	Total	47 115	43 872	45 836	49 176	52 739	56 539	60 591	64 911
PO2b	Exports	Services	Production value	Total	South Korea	KR	1.78	Total	18 730	14 864	16 297	16 841	17 402	17 982	18 581	19 200
PO2b	Exports	Services	Production value	Total	USA	US	1.79	Total	264 144	223 218	245 127	255 791	266 914	278 517	290 620	303 245
PO2b	Exports	Services	Gross value added	Direct	Argentina	AR	50.0%	Total	2 376	1 407	1 611	1 710	1 812	1 915	2 018	2 120
PO2b	Exports	Services	Gross value added	Direct	Australia	AU	49.9%	Total	3 720	2 620	2 920	2 907	2 894	2 880	2 866	2 852
PO2b	Exports	Services	Gross value added	Direct	Brazil	BR	47.0%	Total	5 835	4 466	4 612	4 611	4 607	4 601	4 594	4 585
PO2b	Exports	Services	Gross value added	Direct	Canada	CA	50.3%	Total	8 137	6 779	7 203	7 770	8 380	9 039	9 749	10 515
PO2b	Exports	Services	Gross value added	Direct	China	CN	51.4%	Total	22 728	16 791	20 567	23 128	25 994	29 200	32 787	36 798
PO2b	Exports	Services	Gross value added	Direct	Japan	JP	50.8%	Total	13 602	12 666	13 233	14 197	15 226	16 323	17 493	18 740
PO2b	Exports	Services	Gross value added	Direct	South Korea	KR	50.2%	Total	5 290	4 199	4 603	4 757	4 916	5 079	5 249	5 423
PO2b	Exports	Services	Gross value added	Direct	USA	US	49.9%	Total	73 739	62 314	68 430	71 407	74 512	77 751	81 130	84 654
PO2b	Exports	Services	Gross value added	Indirect	Argentina	AR		Total	1 675	992	1 135	1 206	1 278	1 350	1 423	1 495
PO2b	Exports	Services	Gross value added	Indirect	Australia	AU		Total	2 679	1 887	2 103	2 094	2 084	2 075	2 064	2 054
PO2b	Exports	Services	Gross value added	Indirect	Brazil	BR		Total	4 626	3 541	3 656	3 655	3 652	3 648	3 642	3 635
PO2b	Exports	Services	Gross value added	Indirect	Canada	CA		Total	5 834	4 861	5 165	5 571	6 009	6 481	6 990	7 539
PO2b	Exports	Services	Gross value added	Indirect	China	CN		Total	15 374	11 358	13 912	15 645	17 583	19 752	22 178	24 892
PO2b	Exports	Services	Gross value added	Indirect	Japan	JP		Total	9 656	8 992	9 394	10 079	10 809	11 588	12 418	13 304
PO2b	Exports	Services	Gross value added	Indirect	South Korea	KR		Total	3 812	3 025	3 317	3 427	3 542	3 660	3 782	3 907
PO2b	Exports	Services	Gross value added	Indirect	USA	US		Total	55 002	46 480	51 042	53 263	55 579	57 995	60 515	63 144

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PQ2b	Exports	Services	Gross value added Total	Argentina	AR	1.70	Total	4 051	2 399	2 746	2 916	3 090	3 266	3 441	3 615
PQ2b	Exports	Services	Gross value added Total	Australia	AU	1.72	Total	6 399	4 507	5 023	5 001	4 978	4 955	4 931	4 906
PQ2b	Exports	Services	Gross value added Total	Brazil	BR	1.79	Total	10 461	8 007	8 269	8 266	8 259	8 249	8 236	8 219
PQ2b	Exports	Services	Gross value added Total	Canada	CA	1.72	Total	13 972	11 640	12 368	13 340	14 389	15 519	16 739	18 054
PQ2b	Exports	Services	Gross value added Total	China	CN	1.68	Total	38 102	28 149	34 480	38 773	43 577	48 952	54 965	61 690
PQ2b	Exports	Services	Gross value added Total	Japan	JP	1.71	Total	23 258	21 657	22 627	24 276	26 035	27 911	29 911	32 043
PQ2b	Exports	Services	Gross value added Total	South Korea	KR	1.72	Total	9 102	7 223	7 920	8 184	8 457	8 739	9 030	9 331
PQ2b	Exports	Services	Gross value added Total	USA	US	1.75	Total	128 741	108 794	119 472	124 670	130 091	135 746	141 645	147 798
PQ2b	Exports	Goods	Production value Indirect	Total	TOT		SME	333 015	297 355	315 839	334 004	353 366	374 007	396 017	419 490
PQ2b	Exports	Goods	Gross value added Indirect	Total	TOT		SME	141 020	125 888	133 725	141 416	149 613	158 351	167 668	177 604
PQ2b	Exports	Services	Production value Indirect	Total	TOT		SME	115 338	94 788	104 844	110 946	117 497	124 537	132 108	140 257
PQ2b	Exports	Services	Gross value added Indirect	Total	TOT		SME	55 148	45 353	50 155	53 069	56 197	59 558	63 171	67 060
PQ2b	Exports	Goods	Enterprises (no.) Indirect	Total	TOT		SME	546 022	487 552	517 861	547 644	579 390	613 234	649 322	687 810
PQ2b	Exports	Services	Enterprises (no.) Indirect	Total	TOT		SME	189 112	155 418	171 906	181 911	192 653	204 195	216 609	229 971
PQ2b	Outward Sto FDI		Production value Direct	Argentina	AR		Total	44 015	46 446	50 447	55 495	60 937	67 747	73 842	80 485
PQ2b	Outward Sto FDI		Production value Direct	Australia	AU		Total	86 702	94 106	101 810	110 141	119 082	128 674	138 964	150 000
PQ2b	Outward Sto FDI		Production value Direct	Brazil	BR		Total	159 001	171 416	184 807	199 395	215 124	232 083	250 368	270 083
PQ2b	Outward Sto FDI		Production value Direct	Canada	CA		Total	351 695	348 135	344 703	341 407	338 143	334 909	331 707	328 535
PQ2b	Outward Sto FDI		Production value Direct	China	CN		Total	264 431	273 139	282 134	291 658	301 504	311 682	322 203	333 079
PQ2b	Outward Sto FDI		Production value Direct	Japan	JP		Total	104 800	107 944	111 182	114 724	118 378	122 148	126 038	130 051
PQ2b	Outward Sto FDI		Production value Direct	South Korea	KR		Total	54 470	57 035	59 566	62 228	65 007	67 910	70 942	74 109
PQ2b	Outward Sto FDI		Production value Direct	USA	US		Total	1 721 079	1 946 858	2 192 984	2 467 579	2 772 858	3 112 136	3 489 082	3 907 758

Source: Deloitte

Policy Option 2c: Accession with Declaration under Article 19

Table 56: Direct and indirect impacts of policy option 2c

Direct and indirect impacts (EURm)							2019	2020	2021	2022	2023	2024	2025	2026		
Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cour Multiplier	Enterprise									
PO2c	Exports	Goods	Production value	Direct	Argentina	AR	Total	5 982	5 307	5 603	5 555	5 507	5 460	5 412	5 366	
PO2c	Exports	Goods	Production value	Direct	Australia	AU	Total	21 586	19 989	21 969	22 881	23 830	24 819	25 848	26 920	
PO2c	Exports	Goods	Production value	Direct	Brazil	BR	Total	24 210	20 935	22 921	23 091	23 262	23 434	23 607	23 781	
PO2c	Exports	Goods	Production value	Direct	Canada	CA	Total	26 830	22 067	23 941	25 549	27 266	29 097	31 052	33 137	
PO2c	Exports	Goods	Production value	Direct	China	CN	Total	148 702	144 954	147 992	160 055	173 101	187 211	202 469	218 971	
PO2c	Exports	Goods	Production value	Direct	Japan	JP	Total	48 907	44 665	46 074	48 382	50 806	53 351	56 023	58 828	
PO2c	Exports	Goods	Production value	Direct	South Korea	KR	Total	34 675	32 378	34 345	34 827	35 315	35 810	36 312	36 820	
PO2c	Exports	Goods	Production value	Direct	USA	US	Total	230 663	192 738	210 427	222 666	235 615	249 316	263 810	279 145	
PO2c	Exports	Goods	Production value	Indirect	Argentina	AR	Total	6 671	5 918	6 248	6 195	6 141	6 088	6 035	5 983	
PO2c	Exports	Goods	Production value	Indirect	Australia	AU	Total	24 785	22 951	25 225	26 272	27 362	28 497	29 679	30 909	
PO2c	Exports	Goods	Production value	Indirect	Brazil	BR	Total	27 245	23 559	25 794	25 985	26 178	26 372	26 567	26 763	
PO2c	Exports	Goods	Production value	Indirect	Canada	CA	Total	30 224	24 858	26 969	28 781	30 715	32 778	34 979	37 328	
PO2c	Exports	Goods	Production value	Indirect	China	CN	Total	169 145	164 882	168 338	182 059	196 899	212 948	230 304	249 075	
PO2c	Exports	Goods	Production value	Indirect	Japan	JP	Total	55 547	50 729	52 330	54 951	57 704	60 594	63 629	66 815	
PO2c	Exports	Goods	Production value	Indirect	South Korea	KR	Total	39 863	37 222	39 483	40 037	40 598	41 167	41 744	42 329	
PO2c	Exports	Goods	Production value	Indirect	USA	US	Total	252 763	211 205	230 588	244 000	258 190	273 203	289 086	305 890	
PO2c	Exports	Goods	Production value	Total	Argentina	AR	2.12	Total	12 653	11 225	11 852	11 750	11 648	11 548	11 448	11 349
PO2c	Exports	Goods	Production value	Total	Australia	AU	2.15	Total	46 371	42 940	47 194	49 153	51 192	53 315	55 527	57 829
PO2c	Exports	Goods	Production value	Total	Brazil	BR	2.13	Total	51 455	44 494	48 715	49 076	49 439	49 805	50 174	50 544
PO2c	Exports	Goods	Production value	Total	Canada	CA	2.13	Total	57 054	46 925	50 910	54 330	57 981	61 875	66 031	70 465
PO2c	Exports	Goods	Production value	Total	China	CN	2.14	Total	317 847	309 835	316 330	342 115	370 000	400 158	432 773	468 046
PO2c	Exports	Goods	Production value	Total	Japan	JP	2.14	Total	104 454	95 394	98 404	103 334	108 510	113 945	119 651	125 643
PO2c	Exports	Goods	Production value	Total	South Korea	KR	2.15	Total	74 538	69 601	73 828	74 863	75 913	76 977	78 055	79 149
PO2c	Exports	Goods	Production value	Total	USA	US	2.10	Total	483 426	403 943	441 015	466 666	493 806	522 518	552 896	585 034
PO2c	Exports	Goods	Gross value added	Direct	Argentina	AR	33.1%	Total	1 981	1 757	1 855	1 839	1 823	1 808	1 792	1 777
PO2c	Exports	Goods	Gross value added	Direct	Australia	AU	33.1%	Total	7 141	6 612	7 268	7 569	7 883	8 210	8 551	8 905
PO2c	Exports	Goods	Gross value added	Direct	Brazil	BR	32.6%	Total	7 885	6 818	7 465	7 520	7 576	7 632	7 689	7 745
PO2c	Exports	Goods	Gross value added	Direct	Canada	CA	32.2%	Total	8 642	7 108	7 711	8 229	8 782	9 372	10 001	10 673
PO2c	Exports	Goods	Gross value added	Direct	China	CN	33.1%	Total	49 255	48 013	49 019	53 015	57 336	62 010	67 064	72 530
PO2c	Exports	Goods	Gross value added	Direct	Japan	JP	33.3%	Total	16 289	14 876	15 346	16 115	16 922	17 769	18 659	19 594
PO2c	Exports	Goods	Gross value added	Direct	South Korea	KR	32.8%	Total	11 394	10 640	11 286	11 444	11 605	11 767	11 932	12 099
PO2c	Exports	Goods	Gross value added	Direct	USA	US	33.7%	Total	77 849	65 049	71 019	75 150	79 520	84 144	89 036	94 211
PO2c	Exports	Goods	Gross value added	Indirect	Argentina	AR		Total	2 759	2 448	2 584	2 562	2 540	2 518	2 496	2 475
PO2c	Exports	Goods	Gross value added	Indirect	Australia	AU		Total	10 304	9 541	10 487	10 922	11 375	11 847	12 338	12 850
PO2c	Exports	Goods	Gross value added	Indirect	Brazil	BR		Total	11 254	9 731	10 655	10 734	10 813	10 893	10 974	11 055
PO2c	Exports	Goods	Gross value added	Indirect	Canada	CA		Total	12 534	10 309	11 184	11 936	12 738	13 593	14 506	15 481
PO2c	Exports	Goods	Gross value added	Indirect	China	CN		Total	70 023	68 258	69 689	75 369	81 513	88 157	95 342	103 112
PO2c	Exports	Goods	Gross value added	Indirect	Japan	JP		Total	23 215	21 201	21 870	22 966	24 116	25 324	26 592	27 924
PO2c	Exports	Goods	Gross value added	Indirect	South Korea	KR		Total	16 490	15 398	16 333	16 562	16 794	17 030	17 268	17 510
PO2c	Exports	Goods	Gross value added	Indirect	USA	US		Total	105 703	88 324	96 430	102 039	107 973	114 251	120 893	127 921

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PQ2c	Exports	Goods	Gross value added Total	Argentina	AR	2.39	Total	4 740	4 205	4 440	4 402	4 364	4 326	4 288	4 251
PQ2c	Exports	Goods	Gross value added Total	Australia	AU	2.44	Total	17 444	16 154	17 754	18 491	19 258	20 057	20 889	21 755
PQ2c	Exports	Goods	Gross value added Total	Brazil	BR	2.43	Total	19 139	16 550	18 120	18 254	18 389	18 525	18 662	18 800
PQ2c	Exports	Goods	Gross value added Total	Canada	CA	2.45	Total	21 176	17 417	18 895	20 165	21 520	22 965	24 508	26 154
PQ2c	Exports	Goods	Gross value added Total	China	CN	2.42	Total	119 277	116 271	118 708	128 384	138 849	150 166	162 406	175 642
PQ2c	Exports	Goods	Gross value added Total	Japan	JP	2.43	Total	39 504	36 077	37 216	39 080	41 038	43 093	45 251	47 518
PQ2c	Exports	Goods	Gross value added Total	South Korea	KR	2.45	Total	27 884	26 037	27 619	28 006	28 399	28 797	29 200	29 609
PQ2c	Exports	Goods	Gross value added Total	USA	US	2.36	Total	183 552	153 373	167 449	177 189	187 493	198 395	209 929	222 132
PQ2c	Exports	Services	Production value Direct	Argentina	AR		Total	4 748	2 811	3 218	3 416	3 618	3 822	4 027	4 228
PQ2c	Exports	Services	Production value Direct	Australia	AU		Total	7 452	5 249	5 850	5 825	5 798	5 771	5 742	5 713
PQ2c	Exports	Services	Production value Direct	Brazil	BR		Total	12 419	9 505	9 816	9 806	9 793	9 775	9 753	9 728
PQ2c	Exports	Services	Production value Direct	Canada	CA		Total	16 179	13 479	14 322	15 448	16 662	17 971	19 383	20 906
PQ2c	Exports	Services	Production value Direct	China	CN		Total	44 181	32 641	39 981	44 933	50 471	56 662	63 584	71 322
PQ2c	Exports	Services	Production value Direct	Japan	JP		Total	26 791	24 947	26 064	27 964	29 990	32 150	34 454	36 911
PQ2c	Exports	Services	Production value Direct	South Korea	KR		Total	10 529	8 356	9 162	9 467	9 783	10 109	10 446	10 794
PQ2c	Exports	Services	Production value Direct	USA	US		Total	147 820	124 917	137 178	143 145	149 370	155 864	162 637	169 702
PQ2c	Exports	Services	Production value Indirect	Argentina	AR		Total	3 650	2 161	2 474	2 626	2 782	2 939	3 096	3 251
PQ2c	Exports	Services	Production value Indirect	Australia	AU		Total	5 721	4 030	4 491	4 472	4 451	4 430	4 409	4 386
PQ2c	Exports	Services	Production value Indirect	Brazil	BR		Total	10 121	7 746	8 000	7 992	7 981	7 966	7 949	7 928
PQ2c	Exports	Services	Production value Indirect	Canada	CA		Total	12 499	10 413	11 065	11 934	12 872	13 884	14 975	16 151
PQ2c	Exports	Services	Production value Indirect	China	CN		Total	33 129	24 476	29 980	33 693	37 845	42 488	47 678	53 480
PQ2c	Exports	Services	Production value Indirect	Japan	JP		Total	20 323	18 925	19 772	21 213	22 750	24 389	26 136	28 000
PQ2c	Exports	Services	Production value Indirect	South Korea	KR		Total	8 200	6 508	7 135	7 373	7 619	7 873	8 135	8 406
PQ2c	Exports	Services	Production value Indirect	USA	US		Total	116 324	98 301	107 949	112 645	117 544	122 654	127 984	133 543
PQ2c	Exports	Services	Production value Total	Argentina	AR	1.77	Total	8 398	4 973	5 692	6 042	6 400	6 761	7 123	7 478
PQ2c	Exports	Services	Production value Total	Australia	AU	1.77	Total	13 174	9 278	10 342	10 296	10 249	10 201	10 151	10 099
PQ2c	Exports	Services	Production value Total	Brazil	BR	1.81	Total	22 540	17 251	17 815	17 798	17 773	17 741	17 702	17 656
PQ2c	Exports	Services	Production value Total	Canada	CA	1.77	Total	28 678	23 892	25 387	27 382	29 534	31 855	34 358	37 057
PQ2c	Exports	Services	Production value Total	China	CN	1.75	Total	77 310	57 117	69 961	78 626	88 316	99 150	111 263	124 803
PQ2c	Exports	Services	Production value Total	Japan	JP	1.76	Total	47 115	43 872	45 836	49 176	52 739	56 539	60 591	64 911
PQ2c	Exports	Services	Production value Total	South Korea	KR	1.78	Total	18 730	14 864	16 297	16 841	17 402	17 982	18 581	19 200
PQ2c	Exports	Services	Production value Total	USA	US	1.79	Total	264 144	223 218	245 127	255 791	266 914	278 517	290 620	303 245
PQ2c	Exports	Services	Gross value added Direct	Argentina	AR	50.0%	Total	2 376	1 407	1 611	1 710	1 811	1 913	2 015	2 116
PQ2c	Exports	Services	Gross value added Direct	Australia	AU	49.9%	Total	3 720	2 620	2 920	2 907	2 894	2 880	2 866	2 852
PQ2c	Exports	Services	Gross value added Direct	Brazil	BR	47.0%	Total	5 835	4 466	4 612	4 608	4 601	4 593	4 583	4 571
PQ2c	Exports	Services	Gross value added Direct	Canada	CA	50.3%	Total	8 137	6 779	7 203	7 770	8 380	9 039	9 749	10 515
PQ2c	Exports	Services	Gross value added Direct	China	CN	51.4%	Total	22 728	16 791	20 567	23 114	25 963	29 148	32 709	36 690
PQ2c	Exports	Services	Gross value added Direct	Japan	JP	50.8%	Total	13 602	12 666	13 233	14 197	15 226	16 323	17 493	18 740
PQ2c	Exports	Services	Gross value added Direct	South Korea	KR	50.2%	Total	5 290	4 199	4 603	4 757	4 916	5 079	5 249	5 423
PQ2c	Exports	Services	Gross value added Direct	USA	US	49.9%	Total	73 739	62 314	68 430	71 407	74 512	77 751	81 130	84 654

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PQ2c	Exports	Services	Gross value adde	Indirect	Argentina	AR		Total	1 675	992	1 135	1 205	1 276	1 349	1 421	1 492
PQ2c	Exports	Services	Gross value adde	Indirect	Australia	AU		Total	2 679	1 887	2 103	2 094	2 084	2 075	2 064	2 054
PQ2c	Exports	Services	Gross value adde	Indirect	Brazil	BR		Total	4 626	3 541	3 656	3 653	3 648	3 641	3 633	3 624
PQ2c	Exports	Services	Gross value adde	Indirect	Canada	CA		Total	5 834	4 861	5 165	5 571	6 009	6 481	6 990	7 539
PQ2c	Exports	Services	Gross value adde	Indirect	China	CN		Total	15 374	11 358	13 912	15 636	17 562	19 717	22 126	24 818
PQ2c	Exports	Services	Gross value adde	Indirect	Japan	JP		Total	9 656	8 992	9 394	10 079	10 809	11 588	12 418	13 304
PQ2c	Exports	Services	Gross value adde	Indirect	South Korea	KR		Total	3 812	3 025	3 317	3 427	3 542	3 660	3 782	3 907
PQ2c	Exports	Services	Gross value adde	Indirect	USA	US		Total	55 002	46 480	51 042	53 263	55 579	57 995	60 515	63 144
PQ2c	Exports	Services	Gross value adde	Total	Argentina	AR	1.70	Total	4 051	2 399	2 746	2 915	3 087	3 262	3 436	3 608
PQ2c	Exports	Services	Gross value adde	Total	Australia	AU	1.72	Total	6 399	4 507	5 023	5 001	4 978	4 955	4 931	4 906
PQ2c	Exports	Services	Gross value adde	Total	Brazil	BR	1.79	Total	10 461	8 007	8 269	8 261	8 249	8 234	8 216	8 195
PQ2c	Exports	Services	Gross value adde	Total	Canada	CA	1.72	Total	13 972	11 640	12 368	13 340	14 389	15 519	16 739	18 054
PQ2c	Exports	Services	Gross value adde	Total	China	CN	1.68	Total	38 102	28 149	34 480	38 750	43 526	48 865	54 835	61 508
PQ2c	Exports	Services	Gross value adde	Total	Japan	JP	1.71	Total	23 258	21 657	22 627	24 276	26 035	27 911	29 911	32 043
PQ2c	Exports	Services	Gross value adde	Total	South Korea	KR	1.72	Total	9 102	7 223	7 920	8 184	8 457	8 739	9 030	9 331
PQ2c	Exports	Services	Gross value adde	Total	USA	US	1.75	Total	128 741	108 794	119 472	124 670	130 091	135 746	141 645	147 798
PQ2c	Exports	Goods	Production value	Indirect	Total	TOT	54.8%	SME	333 015	297 355	315 839	334 134	353 638	374 435	396 614	420 273
PQ2c	Exports	Goods	Gross value adde	Indirect	Total	TOT	55.8%	SME	141 020	125 888	133 725	141 471	149 729	158 533	167 923	177 938
PQ2c	Exports	Services	Production value	Indirect	Total	TOT	54.8%	SME	115 338	94 788	104 844	110 932	117 466	124 486	132 033	140 154
PQ2c	Exports	Services	Gross value adde	Indirect	Total	TOT	55.8%	SME	55 148	45 353	50 155	53 062	56 183	59 534	63 136	67 011
PQ2c	Exports	Goods	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	547 857	579 836	613 935	650 301	689 093
PQ2c	Exports	Services	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	181 888	192 601	204 111	216 485	229 801
PQ2c	Outward Sto	FDI	Production value	Direct	Argentina	AR		Total	44 015	46 446	50 447	55 484	60 973	67 707	73 783	80 405
PQ2c	Outward Sto	FDI	Production value	Direct	Australia	AU		Total	86 702	94 106	101 810	110 163	119 129	128 752	139 075	150 150
PQ2c	Outward Sto	FDI	Production value	Direct	Brazil	BR		Total	159 001	171 416	184 807	199 355	215 038	231 944	250 168	269 814
PQ2c	Outward Sto	FDI	Production value	Direct	Canada	CA		Total	351 695	348 135	344 703	341 441	338 210	335 010	331 839	328 699
PQ2c	Outward Sto	FDI	Production value	Direct	China	CN		Total	264 431	273 139	282 134	291 600	301 383	311 495	321 946	332 747
PQ2c	Outward Sto	FDI	Production value	Direct	Japan	JP		Total	104 800	107 944	111 182	114 747	118 425	122 221	126 138	130 180
PQ2c	Outward Sto	FDI	Production value	Direct	South Korea	KR		Total	54 470	57 035	59 566	62 234	65 020	67 931	70 971	74 146
PQ2c	Outward Sto	FDI	Production value	Direct	USA	US		Total	1 721 079	1 946 858	2 192 984	2 468 072	2 773 966	3 114 001	3 491 869	3 911 658

Source: Deloitte

Policy Option 3: Accession with Declaration under Articles 18 and 19

Table 57: Direct and indirect impacts of policy option 3

Direct and indirect impacts (EURm)																
Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PO3	Exports	Goods	Production value	Direct	Argentina	AR		Total	5 982	5 307	5 603	5 555	5 507	5 460	5 412	5 366
PO3	Exports	Goods	Production value	Direct	Australia	AU		Total	21 586	19 989	21 969	22 876	23 821	24 804	25 828	26 894
PO3	Exports	Goods	Production value	Direct	Brazil	BR		Total	24 210	20 935	22 921	23 091	23 262	23 434	23 607	23 781
PO3	Exports	Goods	Production value	Direct	Canada	CA		Total	26 830	22 067	23 941	25 544	27 255	29 080	31 027	33 104
PO3	Exports	Goods	Production value	Direct	China	CN		Total	148 702	144 954	147 992	160 055	173 101	187 211	202 469	218 971
PO3	Exports	Goods	Production value	Direct	Japan	JP		Total	48 907	44 665	46 074	48 373	50 786	53 319	55 978	58 770
PO3	Exports	Goods	Production value	Direct	South Korea	KR		Total	34 675	32 378	34 345	34 820	35 301	35 788	36 283	36 784
PO3	Exports	Goods	Production value	Direct	USA	US		Total	230 663	192 738	210 427	222 400	235 053	248 426	262 559	277 494
PO3	Exports	Goods	Production value	Indirect	Argentina	AR		Total	6 671	5 918	6 248	6 195	6 141	6 088	6 035	5 983
PO3	Exports	Goods	Production value	Indirect	Australia	AU		Total	24 785	22 951	25 225	26 266	27 351	28 480	29 655	30 879
PO3	Exports	Goods	Production value	Indirect	Brazil	BR		Total	27 245	23 559	25 794	25 985	26 178	26 372	26 567	26 763
PO3	Exports	Goods	Production value	Indirect	Canada	CA		Total	30 224	24 858	26 969	28 775	30 702	32 758	34 952	37 291
PO3	Exports	Goods	Production value	Indirect	China	CN		Total	169 145	164 882	168 338	182 059	196 899	212 948	230 304	249 075
PO3	Exports	Goods	Production value	Indirect	Japan	JP		Total	55 547	50 729	52 330	54 940	57 681	60 558	63 578	66 749
PO3	Exports	Goods	Production value	Indirect	South Korea	KR		Total	39 863	37 222	39 483	40 029	40 582	41 143	41 711	42 287
PO3	Exports	Goods	Production value	Indirect	USA	US		Total	252 763	211 205	230 588	243 708	257 574	272 228	287 715	304 082
PO3	Exports	Goods	Production value	Total	Argentina	AR	2.12	Total	12 653	11 225	11 852	11 750	11 648	11 548	11 448	11 349
PO3	Exports	Goods	Production value	Total	Australia	AU	2.15	Total	46 371	42 940	47 194	49 143	51 172	53 284	55 483	57 772
PO3	Exports	Goods	Production value	Total	Brazil	BR	2.13	Total	51 455	44 494	48 715	49 076	49 439	49 805	50 174	50 544
PO3	Exports	Goods	Production value	Total	Canada	CA	2.13	Total	57 054	46 925	50 910	54 320	57 957	61 838	65 979	70 396
PO3	Exports	Goods	Production value	Total	China	CN	2.14	Total	317 847	309 835	316 330	342 115	370 000	400 158	432 773	468 046
PO3	Exports	Goods	Production value	Total	Japan	JP	2.14	Total	104 454	95 394	98 404	103 313	108 466	113 877	119 556	125 519
PO3	Exports	Goods	Production value	Total	South Korea	KR	2.15	Total	74 538	69 601	73 828	74 848	75 883	76 931	77 993	79 070
PO3	Exports	Goods	Production value	Total	USA	US	2.10	Total	483 426	403 943	441 015	466 108	492 627	520 654	550 274	581 576
PO3	Exports	Goods	Gross value added	Direct	Argentina	AR	33.1%	Total	1 981	1 757	1 855	1 839	1 823	1 808	1 792	1 777
PO3	Exports	Goods	Gross value added	Direct	Australia	AU	33.1%	Total	7 141	6 612	7 268	7 568	7 880	8 205	8 544	8 896
PO3	Exports	Goods	Gross value added	Direct	Brazil	BR	32.6%	Total	7 885	6 818	7 465	7 520	7 576	7 632	7 689	7 745
PO3	Exports	Goods	Gross value added	Direct	Canada	CA	32.2%	Total	8 642	7 108	7 711	8 227	8 778	9 366	9 993	10 662
PO3	Exports	Goods	Gross value added	Direct	China	CN	33.1%	Total	49 255	48 013	49 019	53 015	57 336	62 010	67 064	72 530
PO3	Exports	Goods	Gross value added	Direct	Japan	JP	33.3%	Total	16 289	14 876	15 346	16 111	16 915	17 759	18 645	19 574
PO3	Exports	Goods	Gross value added	Direct	South Korea	KR	32.9%	Total	11 394	10 640	11 286	11 442	11 600	11 760	11 923	12 087
PO3	Exports	Goods	Gross value added	Direct	USA	US	33.7%	Total	77 849	65 049	71 019	75 060	79 330	83 844	88 614	93 654
PO3	Exports	Goods	Gross value added	Indirect	Argentina	AR		Total	2 759	2 448	2 584	2 562	2 540	2 518	2 496	2 475
PO3	Exports	Goods	Gross value added	Indirect	Australia	AU		Total	10 304	9 541	10 487	10 920	11 370	11 840	12 328	12 837
PO3	Exports	Goods	Gross value added	Indirect	Brazil	BR		Total	11 254	9 731	10 655	10 734	10 813	10 893	10 974	11 055
PO3	Exports	Goods	Gross value added	Indirect	Canada	CA		Total	12 534	10 309	11 184	11 934	12 733	13 585	14 495	15 465
PO3	Exports	Goods	Gross value added	Indirect	China	CN		Total	70 023	68 258	69 689	75 369	81 513	88 157	95 342	103 112
PO3	Exports	Goods	Gross value added	Indirect	Japan	JP		Total	23 215	21 201	21 870	22 961	24 106	25 309	26 571	27 896
PO3	Exports	Goods	Gross value added	Indirect	South Korea	KR		Total	16 490	15 398	16 333	16 559	16 787	17 019	17 254	17 493
PO3	Exports	Goods	Gross value added	Indirect	USA	US		Total	105 703	88 324	96 430	101 917	107 715	113 844	120 320	127 164

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cour	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
PO3	Exports	Goods	Gross value added	Total	Argentina	AR	2.39	Total	4 740	4 205	4 440	4 402	4 364	4 326	4 288	4 251
PO3	Exports	Goods	Gross value added	Total	Australia	AU	2.44	Total	17 444	16 154	17 754	18 487	19 251	20 045	20 872	21 734
PO3	Exports	Goods	Gross value added	Total	Brazil	BR	2.43	Total	19 139	16 550	18 120	18 254	18 389	18 525	18 662	18 800
PO3	Exports	Goods	Gross value added	Total	Canada	CA	2.45	Total	21 176	17 417	18 895	20 161	21 511	22 952	24 488	26 128
PO3	Exports	Goods	Gross value added	Total	China	CN	2.42	Total	119 277	116 271	118 708	128 384	138 849	150 166	162 406	175 642
PO3	Exports	Goods	Gross value added	Total	Japan	JP	2.43	Total	39 504	36 077	37 216	39 072	41 021	43 067	45 216	47 471
PO3	Exports	Goods	Gross value added	Total	South Korea	KR	2.45	Total	27 884	26 037	27 619	28 000	28 387	28 780	29 177	29 580
PO3	Exports	Goods	Gross value added	Total	USA	US	2.36	Total	183 552	153 373	167 449	176 977	187 046	197 687	208 934	220 819
PO3	Exports	Services	Production value	Direct	Argentina	AR		Total	4 748	2 811	3 218	3 415	3 616	3 820	4 024	4 224
PO3	Exports	Services	Production value	Direct	Australia	AU		Total	7 452	5 249	5 850	5 825	5 798	5 771	5 742	5 713
PO3	Exports	Services	Production value	Direct	Brazil	BR		Total	12 419	9 505	9 816	9 806	9 793	9 775	9 753	9 728
PO3	Exports	Services	Production value	Direct	Canada	CA		Total	16 179	13 479	14 322	15 448	16 662	17 971	19 383	20 906
PO3	Exports	Services	Production value	Direct	China	CN		Total	44 181	32 641	39 981	44 933	50 471	56 662	63 584	71 322
PO3	Exports	Services	Production value	Direct	Japan	JP		Total	26 791	24 947	26 064	27 964	29 990	32 150	34 454	36 911
PO3	Exports	Services	Production value	Direct	South Korea	KR		Total	10 529	8 356	9 162	9 467	9 783	10 109	10 446	10 794
PO3	Exports	Services	Production value	Direct	USA	US		Total	147 820	124 917	137 178	143 145	149 370	155 864	162 637	169 702
PO3	Exports	Services	Production value	Indirect	Argentina	AR		Total	3 650	2 161	2 474	2 626	2 781	2 937	3 094	3 247
PO3	Exports	Services	Production value	Indirect	Australia	AU		Total	5 721	4 030	4 491	4 472	4 451	4 430	4 409	4 386
PO3	Exports	Services	Production value	Indirect	Brazil	BR		Total	10 121	7 746	8 000	7 992	7 981	7 966	7 949	7 928
PO3	Exports	Services	Production value	Indirect	Canada	CA		Total	12 499	10 413	11 065	11 934	12 872	13 884	14 975	16 151
PO3	Exports	Services	Production value	Indirect	China	CN		Total	33 129	24 476	29 980	33 693	37 845	42 488	47 678	53 480
PO3	Exports	Services	Production value	Indirect	Japan	JP		Total	20 323	18 925	19 772	21 213	22 750	24 389	26 136	28 000
PO3	Exports	Services	Production value	Indirect	South Korea	KR		Total	8 200	6 508	7 135	7 373	7 619	7 873	8 135	8 406
PO3	Exports	Services	Production value	Indirect	USA	US		Total	116 324	98 301	107 949	112 645	117 544	122 654	127 984	133 543
PO3	Exports	Services	Production value	Total	Argentina	AR	1.77	Total	8 398	4 973	5 692	6 041	6 397	6 757	7 117	7 471
PO3	Exports	Services	Production value	Total	Australia	AU	1.77	Total	13 174	9 278	10 342	10 296	10 249	10 201	10 151	10 099
PO3	Exports	Services	Production value	Total	Brazil	BR	1.81	Total	22 540	17 251	17 815	17 798	17 773	17 741	17 702	17 656
PO3	Exports	Services	Production value	Total	Canada	CA	1.77	Total	28 678	23 892	25 387	27 382	29 534	31 855	34 358	37 057
PO3	Exports	Services	Production value	Total	China	CN	1.75	Total	77 310	57 117	69 961	78 626	88 316	99 150	111 263	124 803
PO3	Exports	Services	Production value	Total	Japan	JP	1.76	Total	47 115	43 872	45 836	49 176	52 739	56 539	60 591	64 911
PO3	Exports	Services	Production value	Total	South Korea	KR	1.78	Total	18 730	14 864	16 297	16 841	17 402	17 982	18 581	19 200
PO3	Exports	Services	Production value	Total	USA	US	1.79	Total	264 144	223 218	245 127	255 791	266 914	278 517	290 620	303 245
PO3	Exports	Services	Gross value added	Direct	Argentina	AR	50.0%	Total	2 376	1 407	1 611	1 709	1 810	1 912	2 014	2 114
PO3	Exports	Services	Gross value added	Direct	Australia	AU	49.9%	Total	3 720	2 620	2 920	2 907	2 894	2 880	2 866	2 852
PO3	Exports	Services	Gross value added	Direct	Brazil	BR	47.0%	Total	5 835	4 466	4 612	4 608	4 601	4 593	4 583	4 571
PO3	Exports	Services	Gross value added	Direct	Canada	CA	50.3%	Total	8 137	6 779	7 203	7 770	8 380	9 039	9 749	10 515
PO3	Exports	Services	Gross value added	Direct	China	CN	51.4%	Total	22 728	16 791	20 567	23 114	25 963	29 148	32 709	36 690
PO3	Exports	Services	Gross value added	Direct	Japan	JP	50.6%	Total	13 602	12 666	13 233	14 197	15 226	16 323	17 493	18 740
PO3	Exports	Services	Gross value added	Direct	South Korea	KR	50.2%	Total	5 290	4 199	4 603	4 757	4 916	5 079	5 249	5 423
PO3	Exports	Services	Gross value added	Direct	USA	US	49.9%	Total	73 739	62 314	68 430	71 407	74 512	77 751	81 130	84 654

Direct and indirect impacts (EURm)

Scenario	Indicator	Subindicator	Economic imp	Impact	Country	Cou	Multiplier	Enterprise	2019	2020	2021	2022	2023	2024	2025	2026
P03	Exports	Services	Gross value added	Indirect	Argentina	AR		Total	1 675	992	1 135	1 205	1 276	1 348	1 420	1 490
P03	Exports	Services	Gross value added	Indirect	Australia	AU		Total	2 679	1 887	2 103	2 094	2 084	2 075	2 064	2 054
P03	Exports	Services	Gross value added	Indirect	Brazil	BR		Total	4 626	3 541	3 656	3 653	3 648	3 641	3 633	3 624
P03	Exports	Services	Gross value added	Indirect	Canada	CA		Total	5 834	4 861	5 165	5 571	6 009	6 481	6 990	7 539
P03	Exports	Services	Gross value added	Indirect	China	CN		Total	15 374	11 358	13 912	15 636	17 562	19 717	22 126	24 818
P03	Exports	Services	Gross value added	Indirect	Japan	JP		Total	9 656	8 992	9 394	10 079	10 809	11 588	12 418	13 304
P03	Exports	Services	Gross value added	Indirect	South Korea	KR		Total	3 812	3 025	3 317	3 427	3 542	3 660	3 782	3 907
P03	Exports	Services	Gross value added	Indirect	USA	US		Total	55 002	46 480	51 042	53 263	55 579	57 995	60 515	63 144
P03	Exports	Services	Gross value added	Total	Argentina	AR	1.70	Total	4 051	2 399	2 746	2 914	3 086	3 260	3 433	3 604
P03	Exports	Services	Gross value added	Total	Australia	AU	1.72	Total	6 399	4 507	5 023	5 001	4 978	4 955	4 931	4 906
P03	Exports	Services	Gross value added	Total	Brazil	BR	1.79	Total	10 461	8 007	8 269	8 261	8 249	8 234	8 216	8 195
P03	Exports	Services	Gross value added	Total	Canada	CA	1.72	Total	13 972	11 640	12 368	13 340	14 389	15 519	16 739	18 054
P03	Exports	Services	Gross value added	Total	China	CN	1.68	Total	38 102	28 149	34 480	38 750	43 526	48 865	54 835	61 508
P03	Exports	Services	Gross value added	Total	Japan	JP	1.71	Total	23 258	21 657	22 627	24 276	26 035	27 911	29 911	32 043
P03	Exports	Services	Gross value added	Total	South Korea	KR	1.72	Total	9 102	7 223	7 920	8 184	8 457	8 739	9 030	9 331
P03	Exports	Services	Gross value added	Total	USA	US	1.75	Total	128 741	108 794	119 472	124 670	130 091	135 746	141 645	147 798
P03	Exports	Goods	Production value	Indirect	Total	TOT	54.9%	SME	333 015	297 355	315 839	333 957	353 265	373 846	395 787	419 183
P03	Exports	Goods	Gross value added	Indirect	Total	TOT	55.9%	SME	141 020	125 888	133 725	141 396	149 570	158 283	167 571	177 474
P03	Exports	Services	Production value	Indirect	Total	TOT	54.9%	SME	115 338	94 788	104 844	110 932	117 466	124 485	132 031	140 152
P03	Exports	Services	Gross value added	Indirect	Total	TOT	55.9%	SME	55 148	45 353	50 155	53 062	56 182	59 533	63 135	67 011
P03	Exports	Goods	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	546 022	487 552	517 861	547 567	579 225	612 970	648 945	687 306
P03	Exports	Services	Enterprises (no.)	Indirect	Total	TOT	1.6396	SME	189 112	155 418	171 906	181 887	192 600	204 109	216 483	229 798
P03	Outward Sto FDI		Production value	Direct	Argentina	AR		Total	44 015	46 446	50 447	55 484	60 973	67 707	73 783	80 405
P03	Outward Sto FDI		Production value	Direct	Australia	AU		Total	86 702	94 106	101 810	110 141	119 082	128 674	138 964	150 000
P03	Outward Sto FDI		Production value	Direct	Brazil	BR		Total	159 001	171 416	184 807	199 355	215 038	231 944	250 168	269 814
P03	Outward Sto FDI		Production value	Direct	Canada	CA		Total	351 695	348 135	344 703	341 407	338 143	334 909	331 707	328 535
P03	Outward Sto FDI		Production value	Direct	China	CN		Total	264 431	273 139	282 134	291 600	301 383	311 495	321 946	332 747
P03	Outward Sto FDI		Production value	Direct	Japan	JP		Total	104 800	107 944	111 182	114 724	118 378	122 148	126 038	130 051
P03	Outward Sto FDI		Production value	Direct	South Korea	KR		Total	54 470	57 035	59 566	62 228	65 007	67 910	70 942	74 109
P03	Outward Sto FDI		Production value	Direct	USA	US		Total	1 721 079	1 946 858	2 192 984	2 467 579	2 772 858	3 112 136	3 489 082	3 907 758

Source: Deloitte

Annex I | Policy options comparison tables (qualitative)

Policy option 1: Baseline scenario (Status quo)

Criterion	Sub-criterion	Rating	Assessment
Effectiveness (i.e. extent to which the options address the policy objectives)	Potential of the options to achieve the general objectives:		
	To promote international trade and investment, thereby increasing economic growth and creating jobs	0	Under this policy option, an increase in absolute terms trade in goods and services between the EU-27 and key third countries is expected until 2026 ¹⁶⁷ . Moreover, the number of businesses indirectly affected by EU exports in goods and services will increase by around 20% in the observation period (2022-2026).
	To enhance access to justice for EU business and citizens through a system that facilitates the recognition and enforcement of foreign judgments everywhere in the world where the debtor happens to have assets	0	The access to justice for EU business and citizens continues to be impaired due to the absence of a clear international convention, further exacerbated by the uncertainty and unpredictability with regard to ensuring that EU principles and/or rights are duly observed in the case of foreign proceedings, as well as disparate rules on recognition and enforcement of foreign judgments in third countries.
	Potential of the options to achieve the specific objectives:		
	To increase legal certainty for EU businesses and citizens involved in international trade	0	Legal uncertainty persists due to the unpredictability of applicable legal framework and legal protection in the recognition and enforcement of foreign judgments. In the baseline

¹⁶⁷ Estimation based on the average growth rates of the past five years and the prognostics from Economist Intelligence Unit, OECD and IMF statistics.

The FDI influx of third countries into the EU depend on a variety of factors, among them the terms of trade with the EU, GDP and general economic situation, and the area of a particular investment. Investments from China and USA will be largest in absolute numbers in 2025.

Criterion	Sub-criterion	Rating	Assessment
			scenario, this especially impacts SMEs, consumers and citizens. ¹⁶⁸
	To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution	0	High costs faced by businesses, SMEs, consumers and citizens are sustained ¹⁶⁹ . The length of proceedings will remain constant. In addition, COVID-19 is likely to cause an additional delay of 2.5 months in our reference period.
	To allow for the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected	0	The recognition and enforcement of foreign judgments in EU Member States will continue based on national law, where this is possible, infringement of EU fundamental rights in proceedings in foreign judgments in third countries is not ensured ¹⁷⁰ .
Efficiency (i.e. cost-benefit balance)	Environmental impact		
	Environmental impact	0	Due to increased trade, emissions will increase. In addition, the environmental burden of costly and lengthy proceedings (paper, travel) also presents a negative impact over time on the environment.
	Main cost factors for various (public and private) stakeholders		
	Member State Authorities (Incl. judiciaries)	0	The increase in the number in cases of 224 that is expected by 2026 will result in a slight additional burden for Member States' judiciary as a higher number of cases need to be handled. However, given the fact that these cases still only represent a small share of cases dealt with by the Member State Authorities, the additional cost for Member States' judiciary should not be overstated.
	Large businesses	0	Costs for businesses are expected to remain constant. Large companies

¹⁶⁸ According to interviews with SME representatives, legal experts relevant to the domain, and respondents to our online survey.

¹⁶⁹ According to our analysis, based on data collection from interviews and workshops, the costs for complex disputes with medium-sized companies could range from 50.000 to 150.000 EUR, including lawyer fees. For larger businesses, such as multinational conglomerate corporations, such disputes can quickly amount to millions of euros.

¹⁷⁰ See Annek K.

Criterion	Sub-criterion	Rating	Assessment
			mitigate the legal uncertainty by including arbitration clauses in international contracts and generally have more resources to spend on local legal support. ¹⁷¹
	SMEs	0	Costs for businesses are expected to remain constant. For SMEs, this represents a barrier to entering into international dealings, due to the complexity, uncertainty of applicable law and high costs of proceedings. ¹⁷²
	Citizens and consumers	0	Costs for citizens and consumers are expected to remain constant. For citizens and consumers this cost remains a barrier to entering into international dealings, due to the complexity, uncertainty of applicable law and high costs of proceedings. ¹⁷³
Coherence	Coherence of international framework concerning recognition and enforcement of foreign judgments	0	N/A
	Alignment with other legal instruments in the EU	0	The alignment with other legal instruments at EU and international level is not impacted as the current legal instruments and bilateral agreements would remain in place.
Other impacts	Impact on the national legal environment	0	There would be no impact on the national legal environment as the later would remain unchanged.
	The impact of the option on the protection of weaker parties (employment, consumer and insurance matters)	0	The absence of a clear international convention would sustain the current issues faced by stakeholders, such as the limited consumer protections in the context of international transactions, parties' procedural rights, employment law or workers' rights ¹⁷⁴

¹⁷¹ Based on two interviews with large multinational conglomerates.

¹⁷² According to interviews with legal experts in business disputes, contract value must be well above one million EUR to justify an arbitration proceeding.

¹⁷³ According to interviews with legal experts in business disputes, contract value must be well above one million EUR to justify an arbitration proceeding.

¹⁷⁴ Based on interviews with legal experts and based on the responses to our online survey.

Policy option 2a: EU accession without any declaration

Criterion	Sub-criterion	Rating	Assessment
Effectiveness (i.e. extent to which the options address the policy objectives)	Potential of the options to achieve the general objectives:		
	To promote international trade and investment, thereby increasing economic growth and creating jobs	+1	Under this policy option, the Convention would establish an international legislative framework that would enhance judicial cooperation in civil or commercial matters with third countries. The latter would enhance legal certainty and access to justice for businesses and consumers. It is assumed that it would attract more trade and FDI, resulting in an increase of trade and investment.
	To enhance access to justice for EU business and citizens through a system that facilitates the recognition and enforcement of foreign judgments everywhere in the world where the debtor happens to have assets	+2	Access to justice is positively impacted. This is because of the possibility to rely on a clear international legal framework with transparent rules with regard to the recognition and enforcement of foreign judgments.
	Potential of the options to achieve the specific objectives:		
	To increase legal certainty for EU businesses and citizens involved in international trade	+2	Legal certainty is positively impacted. This is because EU businesses and citizens alike have clarity with regard to the regulations they are subject to and how they may regulate their conduct accordingly in relation to third countries. It would offer an alternative to the different stakeholders involved in international civil or commercial proceedings, reinforcing the status and trust in domestic courts and judicial systems.

Criterion	Sub-criterion	Rating	Assessment
	To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution	+2	The cost and length of proceedings is expected to decrease. The average cost is estimated to decrease by 10% to 20%, whereas the average length is estimated to decrease by 3 to 6 months.
	To allow for the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected	+1	There is evidence that the Convention's effect on fundamental principles and the internal acquis is positively impacted in a limited way the extent of excluded matters. Moreover, infringements of EU fundamental rights in the proceedings that lead to the foreign judgment are less likely to occur. However, under some specific matters the rights of the weaker party might be less protected.
Efficiency (i.e. cost-benefit balance)	Environmental impact		
	Environmental impact	-1	The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the foreseen increased global trade in goods.
	Main cost factors for various (public and private) stakeholders		
	Member State Authorities (incl. judiciaries)	+1	Member State authorities' are expected to be slightly positively impacted, despite some low once-off additional costs related to implementation, which might offset in the long term by the decreased length of proceedings.

Criterion	Sub-criterion	Rating	Assessment
	Large businesses	+0.5	Large businesses will experience a slight positive impact related to the main cost factors ¹⁷⁵ , as there is evidence for decreased length of proceedings also impacting legal fees incurred, and the increased legal certainty. ¹⁷⁶
	SMEs	+1	Under Option 2a SMEs will experience a positive impact, due to expected decrease in costs ¹⁷⁷ and due to the decrease in length of proceedings and its impact on lowering legal fees. ¹⁷⁸
	Citizens and consumers	+0.5	Citizens and consumers will likely only experience a slight positive impact on main cost factors ¹⁷⁹ . This is because although they too may expect lower lawyer fees, the Convention focuses mostly on matters related to business-to-business relations.
Coherence	Coherence of international framework concerning recognition and enforcement of foreign judgments	+2	Due to the accession without any declarations based on Articles 18 or 19, the consistency of the Convention is upheld due to the application of a single international legal framework providing coherent rules on recognition and enforcement of foreign judgments.
	Alignment with other legal instruments in the EU	-1	There will be a slight negative impact on internal alignment with other legal instruments. The situation is also impacted by the existing bilateral agreements, possibly creating confusion about the applicable legal framework.

175 Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, an estimate was given between 10% to 20% compared to today's cost.

¹⁷⁶ Based on interviews and validated by legal experts during the workshops.

¹⁷⁷ Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, an estimate was given between 10% to 20% compared to today's cost.

¹⁷⁸ Ibid.,

¹⁷⁹ Ibid.,

Criterion	Sub-criterion	Rating	Assessment
Other impacts	Impact on the national legal environment	+2	The Judgments Convention would create additional grounds for the recognition and enforcement of foreign judgments, and grounds for refusal of such judgments as provided under national law. The impact will be different from Member States, but the impact will be positive. ¹⁸⁰
	The impact of the option on the protection of weaker parties (employment, consumer and insurance matters)	-1	The Judgments Convention will provide less protection with regard to insurance matters, in comparison to Brussels Ia, however, the accession to the Convention without any declarations would provide less protection with regard to employment matters, consumer matters and commercial tenancies of immovable property. The reason for that is that the high level of protection in the EU would not be matched by other jurisdictions. ¹⁸¹

Policy option 2b: EU accession with a declaration under Article 18

Criterion	Sub-criterion	Rating	Assessment
Effectiveness (i.e. extent to which the options address the policy objectives)	Potential of the options to achieve the general objectives:		
	To promote international trade and investment, thereby increasing economic growth and creating jobs	+0.5	In comparison to the baseline, the clear international legislative framework established by the Convention would enhance legal certainty and access to justice for businesses and consumers, resulting in a positive increase of trade and investment. Consequently, under policy option 2b, positive impacts on imports and exports of goods are expected. For the matters excluded by the declaration, no macro-economic effect is expected as the status quo remains for these sectors. This is because several matters would be excluded from the application of the Convention (i.e. consumer and/or

¹⁸⁰ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

¹⁸¹ Based on several legal experts interviewed.

Criterion	Sub-criterion	Rating	Assessment
			employment and/or insurance matters and/or commercial tenancies of immovable property).
	To enhance access to justice for EU business and citizens through a system that facilitates the recognition and enforcement of foreign judgments everywhere in the world where the debtor happens to have assets	+1.5	The general effect on access to justice would be positive even with declarations under Article 18. This is despite the fact that the declaration would not improve access to justice with regard to EU judgments in third countries for excluded matters. ¹⁸² This impact is expected to be rather marginal as the excluded matters concern only a fraction of overall cases. ¹⁸³
Potential of the options to achieve the specific objectives:			
	To increase legal certainty for EU businesses and citizens involved in international trade	+1	Legal certainty will only be partly positively impacted. Businesses and citizens will have improved clarity with regard to the regulations they are subject to and how they may regulate their conduct accordingly in the matters to which the Convention applies. There is a small negative impact on legal certainty regarding excluded matters in third countries, where a scattered legal environment persists.
	To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution	+1.5	The analysis showed that the length of proceedings is expected to decrease. ¹⁸⁴ The average cost is estimated to decrease by 10% to 20%, whereas the average length is estimated to decrease by 3 to 6 months. The decrease in the average cost is not expected for those specific matters that would be excluded, which, however, only present a very small fraction of cases.

¹⁸² Views expressed by legal experts during the workshops.

¹⁸³ Views expressed by legal experts during the workshops.

¹⁸⁴ It is estimated that this decrease in length would range from 3 to 6 months on average, both for proceedings related to the recognition and enforcement of foreign judgments in the EU and of EU judgments in third countries. This estimation was validated by the different stakeholders during the workshops.

Criterion	Sub-criterion	Rating	Assessment
	To allow for the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected	+2	There is evidence that the Convention's effect on fundamental principles and the internal acquis is limited, due to already excluded matters.. With declarations, the protection of weaker parties in the EU might be better assured.
Efficiency (i.e. cost-benefit balance)	Environmental impact		
	Environmental impact	-1	The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the increased global trade in goods.
	Main cost factors for various (public and private) stakeholders		
	Member State Authorities (Incl. judiciaries)	+1	Member State authorities' are expected to be slightly positively impacted, despite some low once-off additional costs related to implementation, which might offset in the long term by the decreased length of proceedings.
	Large businesses	+0.5	Large businesses will experience a slight positive impact related to the main cost factors ¹⁸⁵ , as there is evidence for decreased length of proceedings also impacting legal fees incurred, and the increased legal certainty. ¹⁸⁶ These benefits would not materialise for cases under the excluded matters. However, since the number of these particular cases is rather marginal, the impact for large businesses of a declaration would be marginal.
SMEs	+1	According to the analysis, there is reason to think that SMEs will experience a	

¹⁸⁵ Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, an estimate was given between 10% to 20% compared to today's cost.

¹⁸⁶ Based on interviews and validated by legal experts during the workshops.

Criterion	Sub-criterion	Rating	Assessment
			positive impact, due to expected decrease in costs ¹⁸⁷ and due to the decrease in length of proceedings and its impact on lowering legal fees. ¹⁸⁸ These benefits would not materialise for cases under the excluded matters. However, since the number of these particular cases is rather marginal, the impact for SMEs of a declaration would be marginal.
	Citizens and consumers	0	Citizens and consumers will not experience any impact on main cost factors. The potential exclusion of legal proceedings related to consumer, labour, insurance and/or immovable property under the Convention, will mean citizens and consumers do not benefit from any cost reduction.
Coherence	Coherence of international framework concerning recognition and enforcement of foreign judgments	-1	There is a slight negative impact on consistency of application of the Convention. This is because the rules of the Convention will apply to certain legal areas when dealing with recognition and enforcement of EU judgments in third countries and others will be excluded.
	Alignment with other legal instruments in the EU	+1	There will be a slight positive impact on the alignment with other legal instruments. Specifically, by excluding these specific matters (consumer, employment, insurance, and/or immovable property), the Convention will be fully in line with the existing acquis.
Other impacts	Impact on the national legal environment	+1.5	The Judgments Convention would create additional grounds for the recognition and enforcement of foreign judgments, and grounds for refusal of such judgments as provided under national law. However, the declaration under Article 18 will bring additional restrictions, and therefore greater uncertainty, which would result into benefitting less from the Convention. Whilst the impact will be different from Member States, it is still expected to remain overall positive. ¹⁸⁹

¹⁸⁷ Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, an estimate was given between 10% to 20% compared to today's cost.

¹⁸⁸ Ibid.,

¹⁸⁹ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

Criterion	Sub-criterion	Rating	Assessment
	The impact of the option on the protection of weaker parties (employment, consumer and insurance matters)	-1	The Judgments Convention will provide less protection with regard to insurance matters, in comparison to Brussels Ia. Moreover, with a declaration under Article 18, consumer protection would be upheld as specific matters would be excluded. However, a declaration on specific matters would result in the absence of recognition and enforcement of insurance matters related judgments. Regarding commercial tenancies on immovable property, a declaration would increase protection as the indirect jurisdictional grounds are broader in the Convention in comparison to Brussels Ia ¹⁹⁰

Policy Option 2c: EU accession with declaration under Article 19

Criterion	Sub-criterion	Rating	Assessment
Effectiveness (i.e. extent to which the options address the policy objectives)	Potential of the options to achieve the general objectives:		
	To promote international trade and investment, thereby increasing economic growth and creating jobs	+0.5	Positive impacts on imports and exports of goods are expected, although slightly less than in policy option 2a. This is because benefits related to international trade are expected to materialise less for third countries in which state agencies are more involved in the economy.
	To enhance access to justice for EU business and citizens through a system that facilitates the recognition and enforcement of foreign judgments	+1.5	The general effect on access to justice would be positive even with declarations under Article 19. The impact would only be slightly lower compared to policy option 2a, as it is estimated that cases involving state agencies only concern a fraction of overall foreign judgments.

¹⁹⁰ Based on several legal experts interviewed.

Criterion	Sub-criterion	Rating	Assessment
	everywhere in the world where the debtor happens to have assets		
Potential of the options to achieve the specific objectives:			
	To increase legal certainty for EU businesses and citizens involved in international trade	+1	Legal certainty will only be partly positively impacted. This is due to the dual effects of this policy option whereas, on the one hand, a declaration under Article 19 would bar non-EU parties from enforcing foreign judgments in the EU. On the other hand, it would also prevent EU parties in directly enforcing EU judgments in third countries.
	To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution	+1.5	The analysis showed that the length and costs of proceedings is expected to decrease. ¹⁹¹ The average cost is estimated to decrease by 10% to 20%, whereas the average length is estimated to decrease by 3 to 6 months. A declaration under Article 19 is not expected to particularly influence the impacts due to the limited interaction between stakeholders (mainly in the cases of SMEs, consumers and citizens) and state agencies.
	To allow for the recognition and enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected	+1	There is evidence that the Convention's effect on fundamental principles and the internal acquis is positively impacted in a limited way, due to already excluded matters. Moreover, infringements of EU fundamental rights would not be upheld. However, under some specific matters the rights of the weaker party might be less protected. Moreover, this policy option would essentially allow courts in the EU Member States to continue treating a foreign judgment involving a state agency according to national law.
Efficiency (i.e. cost-benefit balance)	Environmental impact		
	Environmental impact	-1	The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the foreseen increased global trade in goods.

¹⁹¹ It is estimated that this decrease in length would range from 3 to 6 months on average, both for proceedings related to the recognition and enforcement of foreign judgments in the EU and of EU judgments in third countries. This estimation was validated by the different stakeholders during the workshops.

Criterion	Sub-criterion	Rating	Assessment
	Main cost factors for various (public and private) stakeholders		
	Member State Authorities (Incl. judiciaries)	+1	Member State authorities' are expected to be slightly positively impacted, despite some low once-off additional costs related to implementation, which might offset in the long term by the decreased length of proceedings.
	Large businesses	+0.5	Large businesses will experience a slight positive impact related to the main cost factors, as there is evidence for decreased length of proceedings also impacting legal fees incurred, and the increased legal certainty. However, a declaration under Article 19 would negatively impact some large businesses as they contract more frequently with state agencies.
	SMEs	+1	According to the analysis, there is reason to think that SMEs will experience a positive impact, due to expected decrease in costs ¹⁹² and due to the decrease in length of proceedings and its impact on lowering legal fees. ¹⁹³ SMEs rarely interact with foreign state agencies and therefore are less affected by a declaration under Article 19 compared to larger businesses.
	Citizens and consumers	+0.5	Citizens and consumers will likely only experience a slight positive impact on main cost factors ¹⁹⁴ . This is because although they too may expect lower lawyer fees, the Convention focuses mostly on matters related to business-to-business relations. They are also less impacted by an Article 19 declaration.
Coherence	Coherence of international framework concerning recognition and enforcement of foreign judgments	-0.5	There will be a slight positive impact on the coherence of international framework concerning recognition and enforcement of foreign judgments, due to the application of a single international legal framework providing coherent rules on recognition and enforcement of foreign judgments. However, this coherence is lower than policy option 2a

¹⁹²

Quantitative estimates based on the online survey. According to respondents convinced that accession to the Convention would reduce the costs of proceedings, an estimate was given between 10% to 20% compared to today's cost.

¹⁹³

Ibid.,
¹⁹⁴ Ibid.,

Criterion	Sub-criterion	Rating	Assessment
			as some inconsistency is added with a declaration.
	Alignment with other legal instruments in the EU	+0.5	There will be a slight positive impact on the alignment with other legal instruments. However, it would be necessary to make sure that a clear distinction is made between the Judgments Convention and other existing regulations and instruments within the EU.
Other impacts	Impact on the national legal environment	+1.5	The Judgments Convention would create additional grounds for the recognition and enforcement of foreign judgments, and grounds for refusal of such judgments as provided under national law. The declaration under Article 19 will bring limited restrictions which could result into benefitting less from the Convention. Whilst the impact will be different from Member States, it is still expected to remain overall positive. ¹⁹⁵
	The impact of the option on the protection of weaker parties (employment, consumer and insurance matters)	0	No impact is expected on the protection of weaker parties as consumer and citizens have limited civil or commercial contractual interactions with foreign states and a number of matters which might lead to disputes are excluded from the Convention's application by virtue of Article 2.

Policy option 3: EU accession with a declaration under both Articles 18 and 19

Criterion	Sub-criterion	Rating	Assessment
Effectiveness (i.e. extent to which the options address the policy objectives)	Potential of the options to achieve the general objectives:		
	To promote international trade and investment, thereby increasing economic growth and creating jobs	+0.5	The accession of the EU to the Convention with a declaration under both Article 18 and Article 19 is not expected to bring significant change as compared to policy options 2b and 2c because specific matters and state agencies would concern only a fraction of overall cases.

¹⁹⁵ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

Criterion	Sub-criterion	Rating	Assessment
	To enhance access to justice for EU business and citizens through a system that facilitates the recognition and enforcement of foreign judgments everywhere in the world where the debtor happens to have assets	+1	Under this policy option, access to justice is positively impacted, offering stakeholders a possibility to rely on a clear international legal framework. There is little detrimental impact expected with regard to declarations as the latter would concern only a fraction of overall cases.
Potential of the options to achieve the specific objectives:			
	To increase legal certainty for EU businesses and citizens involved in international trade	+0.5	Legal certainty will only be partly positively impacted. This is due, firstly, because of the dual effects of the declaration under Article 19 whereas, on the one hand, it would bar non-EU parties from enforcing foreign judgments in the EU. On the other hand, it would also inhibit EU parties to enforce EU judgments in third countries. Secondly, some level of legal uncertainty would remain under the excluded matters.
	To reduce litigation costs and the length of proceedings of citizens and business involved in international dealings or in international dispute resolution	+1	The analysis showed that the length of proceedings is expected to decrease. ¹⁹⁶ The average cost is estimated to decrease by 10% to 20%, whereas the average length is estimated to decrease by 3 to 6 months. The decrease in costs and length would not materialise for those cases related to any of the matters excluded by a declaration for Article 18, nor for cases in which state agencies are involved. However, these concern only a fraction of cases.
	To allow for the recognition and	+1.5	The policy option is expected to positively impact in a limited way this criterion.

¹⁹⁶ It is estimated that this decrease in length would range from 3 to 6 months on average, both for proceedings related to the recognition and enforcement of foreign judgments in the EU and of EU judgments in third countries. This estimation was validated by the different stakeholders during the workshops.

Criterion	Sub-criterion	Rating	Assessment
	enforcement of third country judgments in the EU only where fundamental principles of EU law are respected and EU internal acquis on the same subject matter is not affected		This policy option would essentially allow EU courts to treat a foreign judgment involving a state agency according to EU law. Thus, the respect for EU principles in such judgments is higher, with a greater protection to weaker parties too.
Efficiency (i.e. cost-benefit balance)	Environmental impacts		
	Environmental impact	-1	The environmental impact of the policy option is negative, as a direct consequence of the emissions related to the foreseen increased global trade in goods.
	Main cost factors for various (public and private) stakeholders		
	Member State Authorities (Incl. judiciaries)	+1	Member State authorities' are expected to be slightly positively impacted, despite some low once-off additional costs related to implementation, which might offset in the long term by the decreased length of proceedings.
	Large businesses	+0.5	Large businesses will experience a slight positive impact related to the main cost factors, as there is evidence for decreased length of proceedings also impacting legal fees incurred, and the increased legal certainty. These benefits would not materialise for cases under the excluded matters, nor for cases in which one of the parties is a state agency. With regard to the excluded matters, these concern only a fraction of cases therefore the effect is expected to be marginal. However, a declaration under Article 19 would negatively impact some large businesses as they contract more frequently with state agencies.
SMEs	+1	According to the analysis, there is reason to think that SMEs will experience a positive impact, due to expected decrease in costs and due to the decrease in length of proceedings and its impact on lowering legal fees.	

Criterion	Sub-criterion	Rating	Assessment
			These benefits would not materialise for cases under the excluded matters. However, since the number of these particular cases is rather marginal, the impact for SMEs of a declaration would be marginal. SMEs rarely interact with foreign state agencies and therefore are less affected by a declaration under Article 19 compared to larger businesses.
	Citizens and consumers	0	Citizens and consumers will not experience any impact on main cost factors. The potential exclusion of legal proceedings related to consumer, labour, insurance and/or immovable property under the Convention, will mean citizens and consumers do not benefit from any cost reduction.
Coherence	Coherence of international framework concerning recognition and enforcement of foreign judgments	-1.5	Declarations under both Articles 18 and 19 would greatly decrease consistency of the Convention, as several matters as well as state entities would be excluded from its application.
	Alignment with other legal instruments in the EU	+1	There will be slight a positive impact on the alignment with other international legal instruments. Specifically, by excluding these specific matters (consumer, employment, insurance, and/or immovable property), the Convention will be fully in line with the existing acquis.
Other impacts	Impact on the national legal environment	+1	<p>The Judgments Convention would create additional grounds for the recognition and enforcement of foreign judgments, and grounds for refusal of such judgments as provided under national law. However, the declarations under Articles 18 and 19 will bring additional restrictions which could result into benefitting less from the Convention.</p> <p>Whilst the impact will be different from Member States, it is still expected to remain overall positive.¹⁹⁷</p>

¹⁹⁷ See Table 12: EU's Member States Grounds for recognition and enforcement of foreign judgments and Grounds for refusal provided under national law

Criterion	Sub-criterion	Rating	Assessment
	The impact of the option on the protection of weaker parties (employment, consumer and insurance matters)	0	<p>The Judgments Convention will provide less protection with regard to insurance matters, in comparison to Brussels Ia. Moreover, with a declaration under Article 18, consumer protection would be upheld as specific matters would be excluded. However, a declaration on specific matters would result in the absence of recognition and enforcement of insurance matters related judgments. Regarding commercial tenancies on immovable property, a declaration would increase protection as the indirect jurisdictional grounds are broader in the Convention in comparison to Brussels Ia¹⁹⁸</p> <p>Under Article 19, no further impact is expected on the protection of weaker parties as consumer and citizens have limited civil or commercial contractual interactions with foreign states and a number of matters which might lead to disputes are excluded from the Convention's application by virtue of Article 2.</p>

¹⁹⁸ Based on several legal experts interviewed.

Annex J | Estimated number of cases

The estimations below are based on:

- For the estimated increase by 2026 under the baseline scenario: estimated number of yearly cases in 2020 times the yearly forecasted growth in trade in goods until 2026 in the baseline scenario;
- For the estimated change by 2026 vs. baseline:
 - Policy option 2a: estimated number of yearly cases in 2020 times the yearly forecasted growth in trade in goods until 2026 in policy option 2a;
 - Policy option 2b: estimated number of yearly cases in 2020 times the yearly forecasted growth in trade in goods until 2026 in policy option 2b, with a correction of an assumed -5% applied overall to account for cases falling outside of the scope of the Convention due to Article 18 declarations;
 - Policy option 2c: estimated number of yearly cases in 2020 times the yearly forecasted growth in trade in goods until 2026 in policy option 2c, with a correction of an assumed -5% applied for Argentina and Brazil and -10% for China to account for cases falling outside of the scope of the Convention due to Article 18 declarations;
 - Policy option 3: estimated number of yearly cases in 2020 times the yearly forecasted growth in trade in goods until 2026 in policy option 3, with the combined corrections applied for policy options 2b and 2c.

Table 58: estimated number of yearly cases in 2020 and increase by 2026 under the difference policy options.

		Est. number of current yearly cases (2020)	Est. increase by 2026 under baseline ¹⁹⁹	Est. change by 2026 vs. baseline under given policy option				
				Policy option 1	Policy option 2a	Policy option 2b	Policy option 2c	Policy option 3
Foreign judgments in EU originating from third countries		770 ²⁰⁰	+179	+47	+35	+40	+30	
EU judgments in third countries	Australia	20 ²⁰¹	-3	+2	+1	+1	+1	
	Argentina	10 ²⁰²	+3	+1	-	+1	-	
	Brazil	14 ²⁰³	+2	+1	+1	+1	+1	
	Canada	11 ²⁰⁴	+4	+1	+1	+1	+1	
	China	13 ²⁰⁵	+5	+1	-	-	-	
	Japan	17 ²⁰⁶	+5	+1	+1	+1	+1	
	South Korea	11 ²⁰⁷	+1	+1	-	+1	-	
	USA	60 ²⁰⁸	+22	+3	+2	+3	+2	

¹⁹⁹ Quantitative estimates based on forecasted growth in trade in goods.

²⁰⁰ Quantitative estimates based on the answers received in the Member States' questionnaire. Original estimation was 2500 cases in the entire EU, however this number was corrected with -20% based on the validation workshop in which experts expressed that this original estimated was inflated.

²⁰¹ Qualitative estimate based on interviews with national legal experts.

²⁰² Quantitative estimates based on interviews with national legal experts, Multilaw Enforcement of Foreign Judgments Project and the Study Team's Legal network national report.

²⁰³ Ibid.

²⁰⁴ Ibid.

²⁰⁵ Qualitative estimate based on interview with national legal experts.

²⁰⁶ Ibid.

²⁰⁷ Ibid.

²⁰⁸ Ibid.

Annex K | Impact of the Convention on the legal environment of the Member States

		EU Member States - Grounds for recognition and enforcement / refusals of foreign judgments provided under national law (Yes or No)																											
		AT	BE	BG	CY	CZ	DE	EE	EL	ES	FI	FR	HR	HU	IE	IT	LT	LU	LV	MT	NL	PL	PT	RO	SE	SI	SK		
Criteria	<p>Grounds for recognition and enforcement under the Judgments Convention (Article 5): - Number of No</p> <p><i>A judgment is eligible for recognition and enforcement if one of the following requirements is met:</i></p>	15	15	4	8	15	15	5	8	15	15	6	13	3	13	5	15	15	3	7	3	15	0	15	15	15	14		
	(1.(a) the person against whom recognition or enforcement is sought was habitually resident in the State of origin at the time that person became a party to the proceedings in the court of origin;	No	No	Yes	Yes	No	No	Yes	Yes	No	No	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	No	Yes	No	No	No	No	No	
	(1.(b) the natural person against whom recognition or enforcement is sought had their principal place of business in the State of origin at the time that person became a party to the proceedings in the court of origin and the claim on which the judgment is based arose	No	No	Yes	Yes	No	No	Yes	No	No	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	No	No	No	No	

out of the activities of that business;

(1.(c) the person against whom recognition or enforcement is sought is the person that brought the claim, other than a counterclaim, on which the judgment is based;

(1.(d) the defendant maintained a branch, agency, or other establishment without separate legal personality in the State of origin at the time that person became a party to the proceedings in the court of origin, and the claim on which the judgment is based arose out of the activities of that branch, agency, or establishment;

(1.(e) the defendant expressly consented to the jurisdiction of the court of origin in the course of the proceedings in which the judgment was given.

(1.(f) the defendant argued on the merits before the court of origin without contesting jurisdiction within the timeframe provided in the law of the State of origin, unless it is evident that an objection to jurisdiction or to the exercise of jurisdiction would not have succeeded under that law;

(1.(g) the judgment ruled on a contractual obligation and it was given by a court of the State in which

No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	No	No	Yes	No	No	No	No
No	No	Yes	No	No	No	No	No	No	No	Yes	Yes	Yes	No	Yes	No	No	Yes	No	Yes	No	Yes	No	No	No	No
No	No	Yes	Yes	No	No	No	Yes	No	No	No	No	No	Yes	Yes	No	No	No	Yes	Yes	No	Yes	No	No	No	No
No	No	Yes	Yes	No	No	No	Yes	No	No	No	No	Yes	Yes	Yes	No	No	Yes	Yes	Yes	No	Yes	No	No	No	No
No	No	Yes	Yes	No	No	Yes	Yes	No	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	No	No	No
No	No	Yes	Yes	No	No	Yes	Yes	No	No	Yes	No	Yes	No	Yes	No	No	No	Yes	Yes	No	Yes	No	No	No	No

<p>(1.(k) the judgment concerns the validity, construction, effects, administration or variation of a trust created voluntarily</p> <p>(1.(l) the judgment ruled on a counterclaim –</p> <p>(1.(m) the judgment was given by a court designated in an agreement concluded or documented in writing or by any other means of communication which renders information accessible so as to be usable for subsequent reference, other than an exclusive choice of court agreement.</p> <p>3.the judgment ruled on a residential lease of immovable property (tenancy) and given by a court of the State where the property is situated.</p> <p>3.the judgment ruled on the registration of immovable property and given by a court of the State where the property is situated.</p>	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	No	Yes	No	Yes	No	No	No	No
	No	No	Yes	No	No	No	Yes	No	No	No	No	No	Yes	No	No	No	No	Yes	No	No	No	Yes	No	No	No	No
	No	No	Yes	No	No	No	Yes	No	No	No	No	No	Yes	No	No	No	No	Yes	No	Yes	No	Yes	No	No	No	Yes
	No	No	No	No	No	No	Yes	Yes	No	No	Yes	No	Yes	No	Yes	No	No	Yes	Yes	Yes	No	Yes	No	No	No	No
	No	No	Yes	Yes	No	No	Yes	Yes	No	No	Yes	No	Yes	No	No	No	No	Yes	Yes		No	Yes	No	No	No	No
Exclusive ground of recognition and enforcement under the Judgments Convention (Article 6) - Number of No	1	1	0	0	1	1	1	0	1	1	0	1	0	1	0	1	1	0	1	0	1	0	1	1	0	1
a judgment ruled on rights in rem in immovable property shall be recognised and enforced if and only if the property is situated in the State of origin. "	No	No	Yes	Yes	No	No	No	Yes	No	No	Yes	No	Yes	No	Yes	No	No	Yes	No		No	Yes	No	No	Yes	No

Grounds of refusal of the Judgments Convention (Article 7): - Number of No Recognition or enforcement may be refused if:	6	5	2	7	3	4	7	7	3	9	4	3	2	2	8	4	3	8	4	1	8	0	6	9	4	4
7.1.(a) the document which instituted the proceedings or an equivalent document, including a statement of the essential elements of the claim (i) was not notified to the defendant in sufficient time and in such a way as to enable them to arrange for their defence, unless the defendant entered an appearance and presented their case without contesting notification in the court of origin, provided that the law of the State of origin permitted notification to be contested;	Yes	No	Yes	No	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes
7.1. (a) the document which instituted the proceedings or an equivalent document, including a statement of the essential elements of the claim: (ii) was notified to the defendant in the requested State in a manner that is incompatible with fundamental principles of the requested State concerning service of documents;	Yes	No	Yes	No	Yes	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	Yes	No	Yes	No	No	Yes	Yes
7.1. (b) the judgment was obtained by fraud.	No	Yes	No	Yes	Yes	No	No	No	No	No	Yes	Yes	No	Yes	No	No	Yes	No	Yes	Yes	No	Yes	No	No	No	No
7.1. (c) recognition or enforcement would be manifestly incompatible	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes

Annex L | Estimated spending and savings on cases

The overall cost of proceedings related to the recognition and enforcement of foreign judgments in the EU and EU judgments in key third countries were calculated based on two main elements:

- The estimated cost of proceedings, based on three main cost elements:
 - Court fees;
 - Lawyer fees;
 - Other fees.
- The estimated number of cases (see Annex J |).

For the cost of proceedings, the court fees were based on data collected for the purpose of this study (see Annex F |), the lawyer fees were based on previous studies for EU countries²⁰⁹ and desk research for key third countries based on an assumed 80 hours of lawyer’s work for an average case; whereas for other fees a flat average was taken based on previous impact assessments²¹⁰. For cases related to the recognition and enforcement of foreign judgments in the EU, an EU-wide average was taken of these elements. Data on lawyer fees dates back to 2006, however these amounts were corrected on the basis of yearly and member state-level inflation rates as well as exchange rates for those Member States that are not part of the Eurozone, or that have only acceded to the Eurozone since 2007. These fee elements are shown below.

Table 59 - Estimated fees per EU Member State (in EUR)

Member State	Lawyer fee (hourly)	Court fees	Other fees
Austria	377,06	No data	850
Belgium	220,47	20	850
Bulgaria	31,45	25,56	850
Croatia	212,06	No data	850
Cyprus	199,20	No data	850
Czechia	90,57	No data	850
Estonia	252,36	No data	850
Finland	366,71	No data	850
France	354,03	No data	850
Germany	357,25	No data	850
Greece	199,35	406	850
Hungary	252,19	No data	850

²⁰⁹ European Commission. “Study on the Transparency of Costs of Civil Judicial Proceedings in the European Union”. 2006.

²¹⁰ European Commission. “Impact assessment accompanying the proposal for a regulation of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (Recast)”. 2010.

Ireland	446,68	No data	850
Italy	503,16	No data	850
Latvia	411,02	30	850
Lithuania	103,59	No data	850
Luxembourg	216,99	No data	850
Malta	30,69	No data	850
The Netherlands	354,75	No data	850
Poland	92,74	134	850
Portugal	202,17	No data	850
Romania	113,08	No data	850
Slovakia	90,98	66	850
Slovenia	212,49	No data	850
Spain	354,52	No data	850
Sweden	377,87	45	850
Average:	247,00	103,79	850

Table 60 - Estimated fees per key third country (in EUR)

Key third country	Lawyer fee (hourly)	Court fees	Other fees
Australia	312,00 ²¹¹	1.500,00	850,00
Argentina	82,00 ²¹²	No data	850,00
Brazil	48,00 ²¹³	30,00	850,00
Canada	193,00 ²¹⁴	No data	850,00
China	246,00 ²¹⁵	20,00	850,00
Japan	80,00 ²¹⁶	No data	850,00
South Korea	375,00 ²¹⁷	No data	850,00
USA	205,00	500,00	850,00

²¹¹ <https://legalvision.com.au/how-much-lawyer-cost-fixed-fees-hourly-rates/#:~:text=Lawyer%20Hourly%20Rates%20in%20Australia&text=In%20Australia%2C%20hourly%20rate%20for%20partner%3A%20%24400%20%E2%80%93%20%24600%20per%20hour>

²¹² <https://www.cronista.com/legales/Cuanto-cuesta-un-abogado-en-Argentina-y-uno-en-EE.UU-20170301-0007.html>

²¹³ Based on expert interviews.

²¹⁴ <https://www.nationalmagazine.ca/fr-ca/articles/law/access-to-justice/2019/why-legal-advice-is-so-expensive>

²¹⁵ <http://www.chinalegalexpress.com/info/understand-how-china-lawyer-charges-1785325.html>

²¹⁶ <https://sumikawa.net/fee/>

²¹⁷ <https://www.thekoreanlawblog.com/2011/08/how-to-select-attorney-in-korea-by-tom.html>

The estimated total spending is based on the average cost of proceedings times the number of cases in a given year under a given policy option. In the **minimum scenario**, a decrease in cost of proceedings of 10% is applied for those cases falling under the scope of the Convention, whereas under the **maximum scenario** a decrease in cost of proceedings of 20% is applied for those cases falling under the scope of the Convention. For 2021, no decrease is applied.

Estimated spending in the minimum scenario

Table 61 - Estimated spending (minimum scenario) by businesses and citizens on proceedings related to the recognition and enforcement of foreign judgments in the EU originating in key third countries and EU judgments in key third countries under the different policy options

		Minimum scenario						
		2021	2022	2023	2024	2025	2026	Total
Policy option 1 (baseline)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	17 641 423 EUR	18 143 735 EUR	18 646 047 EUR	19 148 360 EUR	19 650 672 EUR	110 369 349 EUR
Spending on EU judgments in	Argentina	165 163 EUR	157 605 EUR	150 047 EUR	142 489 EUR	134 931 EUR	127 372 EUR	877 608 EUR
	Australia	300 159 EUR	310 810 EUR	321 461 EUR	332 112 EUR	342 763 EUR	353 414 EUR	1 960 719 EUR
	Brazil	72 349 EUR	72 679 EUR	73 010 EUR	73 340 EUR	73 671 EUR	74 001 EUR	439 050 EUR
	Canada	194 405 EUR	205 873 EUR	217 341 EUR	228 810 EUR	240 278 EUR	251 746 EUR	1 338 453 EUR
	China	272 750 EUR	294 122 EUR	315 494 EUR	336 866 EUR	358 238 EUR	379 610 EUR	1 957 079 EUR
	Japan	127 139 EUR	133 055 EUR	138 971 EUR	144 887 EUR	150 803 EUR	156 719 EUR	851 575 EUR
	South-Korea	359 961 EUR	364 033 EUR	368 105 EUR	372 178 EUR	376 250 EUR	380 322 EUR	2 220 849 EUR
	USA	1 162 739 EUR	1 221 314 EUR	1 279 889 EUR	1 338 464 EUR	1 397 039 EUR	1 455 614 EUR	7 855 059 EUR
Policy option 2 (no declaration)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	16 051 296 EUR	16 677 392 EUR	17 303 488 EUR	17 929 584 EUR	18 555 681 EUR	103 656 554 EUR
Spending on EU judgments in	Argentina	165 163 EUR	143 845 EUR	139 044 EUR	134 242 EUR	129 440 EUR	124 639 EUR	836 374 EUR
	Australia	300 159 EUR	282 679 EUR	295 214 EUR	307 749 EUR	320 284 EUR	332 820 EUR	1 838 905 EUR
	Brazil	72 349 EUR	66 304 EUR	67 493 EUR	68 682 EUR	69 872 EUR	71 061 EUR	415 761 EUR
	Canada	194 405 EUR	187 705 EUR	200 445 EUR	213 186 EUR	225 926 EUR	238 667 EUR	1 260 334 EUR
	China	272 750 EUR	267 114 EUR	288 753 EUR	310 392 EUR	332 031 EUR	353 671 EUR	1 824 712 EUR
	Japan	127 139 EUR	120 859 EUR	127 293 EUR	133 726 EUR	140 160 EUR	146 594 EUR	795 771 EUR
	South-Korea	359 961 EUR	330 684 EUR	337 403 EUR	344 122 EUR	350 841 EUR	357 560 EUR	2 080 572 EUR
	USA	1 162 739 EUR	1 108 768 EUR	1 171 070 EUR	1 233 373 EUR	1 295 675 EUR	1 357 978 EUR	7 329 602 EUR

		Minimum scenario						
		2021	2022	2023	2024	2025	2026	Total
Policy option 2 (declaration under article 18)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	16 056 290 EUR	16 687 379 EUR	17 318 468 EUR	17 949 557 EUR	18 580 647 EUR	103 731 452 EUR
Spending on EU judgments in	Argentina	165 163 EUR	143 853 EUR	139 059 EUR	134 264 EUR	129 470 EUR	124 676 EUR	836 485 EUR
	Australia	300 159 EUR	282 774 EUR	295 405 EUR	308 036 EUR	320 667 EUR	333 298 EUR	1 840 339 EUR
	Brazil	72 349 EUR	66 316 EUR	67 519 EUR	68 721 EUR	69 923 EUR	71 126 EUR	415 954 EUR
	Canada	194 405 EUR	187 793 EUR	200 621 EUR	213 449 EUR	226 277 EUR	239 106 EUR	1 261 651 EUR
	China	272 750 EUR	267 260 EUR	289 044 EUR	310 829 EUR	332 614 EUR	354 399 EUR	1 826 896 EUR
	Japan	127 139 EUR	120 906 EUR	127 388 EUR	133 869 EUR	140 350 EUR	146 831 EUR	796 482 EUR
	South-Korea	359 961 EUR	330 754 EUR	337 542 EUR	344 331 EUR	351 120 EUR	357 908 EUR	2 081 616 EUR
	USA	1 162 739 EUR	1 109 215 EUR	1 171 965 EUR	1 234 714 EUR	1 297 464 EUR	1 360 214 EUR	7 336 311 EUR
Policy option 2 (declaration under article 19)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	16 054 087 EUR	16 682 973 EUR	17 311 859 EUR	17 940 745 EUR	18 569 632 EUR	103 698 407 EUR
Spending on EU judgments in	Argentina	165 163 EUR	143 861 EUR	139 075 EUR	134 289 EUR	129 503 EUR	124 717 EUR	836 607 EUR
	Australia	300 159 EUR	282 679 EUR	295 214 EUR	307 749 EUR	320 284 EUR	332 820 EUR	1 838 905 EUR
	Brazil	72 349 EUR	66 329 EUR	67 544 EUR	68 759 EUR	69 974 EUR	71 189 EUR	416 143 EUR
	Canada	194 405 EUR	187 705 EUR	200 445 EUR	213 186 EUR	225 926 EUR	238 667 EUR	1 260 334 EUR
	China	272 750 EUR	267 427 EUR	289 378 EUR	311 330 EUR	333 282 EUR	355 233 EUR	1 829 400 EUR
	Japan	127 139 EUR	120 859 EUR	127 293 EUR	133 726 EUR	140 160 EUR	146 594 EUR	795 771 EUR
	South-Korea	359 961 EUR	330 684 EUR	337 403 EUR	344 122 EUR	350 841 EUR	357 560 EUR	2 080 572 EUR
	USA	1 162 739 EUR	1 108 768 EUR	1 171 070 EUR	1 233 373 EUR	1 295 675 EUR	1 357 978 EUR	7 329 602 EUR
Policy option 3 (declaration under article 18 and 19)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	16 058 407 EUR	16 691 614 EUR	17 324 821 EUR	17 958 029 EUR	18 591 236 EUR	103 763 219 EUR
Spending on EU judgments in	Argentina	165 163 EUR	143 861 EUR	139 075 EUR	134 289 EUR	129 503 EUR	124 717 EUR	836 607 EUR
	Australia	300 159 EUR	282 774 EUR	295 405 EUR	308 036 EUR	320 667 EUR	333 298 EUR	1 840 339 EUR
	Brazil	72 349 EUR	66 335 EUR	67 555 EUR	68 776 EUR	69 996 EUR	71 217 EUR	416 227 EUR
	Canada	194 405 EUR	187 793 EUR	200 621 EUR	213 449 EUR	226 277 EUR	239 106 EUR	1 261 651 EUR
	China	272 750 EUR	267 543 EUR	289 611 EUR	311 679 EUR	333 747 EUR	355 815 EUR	1 831 143 EUR
	Japan	127 139 EUR	120 906 EUR	127 388 EUR	133 869 EUR	140 350 EUR	146 831 EUR	796 482 EUR
	South-Korea	359 961 EUR	330 754 EUR	337 542 EUR	344 331 EUR	351 120 EUR	357 908 EUR	2 081 616 EUR
	USA	1 162 739 EUR	1 109 215 EUR	1 171 965 EUR	1 234 714 EUR	1 297 464 EUR	1 360 214 EUR	7 336 311 EUR

Estimated spending in the maximum scenario

Table 62: Estimated spending (maximum scenario) by businesses and citizens on proceedings related to the recognition and enforcement of foreign judgments in the EU originating in key third countries and EU judgments in key third countries under the different policy options

		Maximum scenario						
		2021	2022	2023	2024	2025	2026	Total
Policy option 1 (baseline)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	17 641 423 EUR	18 143 735 EUR	18 646 047 EUR	19 148 360 EUR	19 650 672 EUR	110 369 349 EUR
Spending on EU judgments in	Argentina	165 163 EUR	157 605 EUR	150 047 EUR	142 489 EUR	134 931 EUR	127 372 EUR	877 608 EUR
	Australia	300 159 EUR	310 810 EUR	321 461 EUR	332 112 EUR	342 763 EUR	353 414 EUR	1 960 719 EUR
	Brazil	72 349 EUR	72 679 EUR	73 010 EUR	73 340 EUR	73 671 EUR	74 001 EUR	439 050 EUR
	Canada	194 405 EUR	205 873 EUR	217 341 EUR	228 810 EUR	240 278 EUR	251 746 EUR	1 338 453 EUR
	China	272 750 EUR	294 122 EUR	315 494 EUR	336 866 EUR	358 238 EUR	379 610 EUR	1 957 079 EUR
	Japan	127 139 EUR	133 055 EUR	138 971 EUR	144 887 EUR	150 803 EUR	156 719 EUR	851 575 EUR
	South-Korea	359 961 EUR	364 033 EUR	368 105 EUR	372 178 EUR	376 250 EUR	380 322 EUR	2 220 849 EUR
	USA	1 162 739 EUR	1 221 314 EUR	1 279 889 EUR	1 338 464 EUR	1 397 039 EUR	1 455 614 EUR	7 855 059 EUR
Policy option 2 (no declaration)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	14 267 819 EUR	14 824 349 EUR	15 380 879 EUR	15 937 408 EUR	16 493 938 EUR	94 043 505 EUR
Spending on EU judgments in	Argentina	165 163 EUR	127 863 EUR	123 594 EUR	119 326 EUR	115 058 EUR	110 790 EUR	761 795 EUR
	Australia	300 159 EUR	251 270 EUR	262 412 EUR	273 555 EUR	284 697 EUR	295 840 EUR	1 667 933 EUR
	Brazil	72 349 EUR	58 936 EUR	59 994 EUR	61 051 EUR	62 108 EUR	63 166 EUR	377 604 EUR
	Canada	194 405 EUR	166 849 EUR	178 174 EUR	189 499 EUR	200 823 EUR	212 148 EUR	1 141 898 EUR
	China	272 750 EUR	237 435 EUR	256 670 EUR	275 904 EUR	295 139 EUR	314 374 EUR	1 652 271 EUR
	Japan	127 139 EUR	107 430 EUR	113 149 EUR	118 868 EUR	124 587 EUR	130 305 EUR	721 478 EUR
	South-Korea	359 961 EUR	293 941 EUR	299 914 EUR	305 886 EUR	311 859 EUR	317 832 EUR	1 889 393 EUR
	USA	1 162 739 EUR	985 571 EUR	1 040 951 EUR	1 096 331 EUR	1 151 711 EUR	1 207 091 EUR	6 644 395 EUR
Policy option 2 (declaration under article 18)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	14 277 805 EUR	14 844 322 EUR	15 410 838 EUR	15 977 354 EUR	16 543 870 EUR	94 193 301 EUR
Spending on EU judgments in	Argentina	165 163 EUR	127 877 EUR	123 624 EUR	119 371 EUR	115 117 EUR	110 864 EUR	762 017 EUR
	Australia	300 159 EUR	251 461 EUR	262 795 EUR	274 128 EUR	285 462 EUR	296 796 EUR	1 670 801 EUR
	Brazil	72 349 EUR	58 962 EUR	60 045 EUR	61 128 EUR	62 211 EUR	63 294 EUR	377 991 EUR
	Canada	194 405 EUR	167 025 EUR	178 525 EUR	190 025 EUR	201 526 EUR	213 026 EUR	1 144 532 EUR
	China	272 750 EUR	237 726 EUR	257 252 EUR	276 778 EUR	296 304 EUR	315 830 EUR	1 656 639 EUR
	Japan	127 139 EUR	107 525 EUR	113 339 EUR	119 152 EUR	124 966 EUR	130 780 EUR	722 902 EUR
	South-Korea	359 961 EUR	294 080 EUR	300 192 EUR	306 304 EUR	312 416 EUR	318 527 EUR	1 891 480 EUR
	USA	1 162 739 EUR	986 466 EUR	1 042 740 EUR	1 099 015 EUR	1 155 290 EUR	1 211 564 EUR	6 657 814 EUR

		Maximum scenario						
		2021	2022	2023	2024	2025	2026	Total
Policy option 2 (declaration under article 19)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	14 273 399 EUR	14 835 510 EUR	15 397 620 EUR	15 959 730 EUR	16 521 841 EUR	94 127 211 EUR
Spending on EU judgments in	Argentina	165 163 EUR	127 894 EUR	123 657 EUR	119 420 EUR	115 183 EUR	110 946 EUR	762 262 EUR
	Australia	300 159 EUR	251 270 EUR	262 412 EUR	273 555 EUR	284 697 EUR	295 840 EUR	1 667 933 EUR
	Brazil	72 349 EUR	58 987 EUR	60 096 EUR	61 204 EUR	62 312 EUR	63 420 EUR	378 367 EUR
	Canada	194 405 EUR	166 849 EUR	178 174 EUR	189 499 EUR	200 823 EUR	212 148 EUR	1 141 898 EUR
	China	272 750 EUR	238 060 EUR	257 920 EUR	277 780 EUR	297 640 EUR	317 500 EUR	1 661 648 EUR
	Japan	127 139 EUR	107 430 EUR	113 149 EUR	118 868 EUR	124 587 EUR	130 305 EUR	721 478 EUR
	South-Korea	359 961 EUR	293 941 EUR	299 914 EUR	305 886 EUR	311 859 EUR	317 832 EUR	1 889 393 EUR
	USA	1 162 739 EUR	985 571 EUR	1 040 951 EUR	1 096 331 EUR	1 151 711 EUR	1 207 091 EUR	6 644 395 EUR
Policy option 3 (declaration under article 18 and 19)								
Spending on key third country foreign judgments in the EU		17 139 111 EUR	14 282 041 EUR	14 852 793 EUR	15 423 545 EUR	15 994 296 EUR	16 565 048 EUR	94 256 835 EUR
Spending on EU judgments in	Argentina	165 163 EUR	127 894 EUR	123 657 EUR	119 420 EUR	115 183 EUR	110 946 EUR	762 262 EUR
	Australia	300 159 EUR	251 461 EUR	262 795 EUR	274 128 EUR	285 462 EUR	296 796 EUR	1 670 801 EUR
	Brazil	72 349 EUR	58 999 EUR	60 118 EUR	61 237 EUR	62 357 EUR	63 476 EUR	378 536 EUR
	Canada	194 405 EUR	167 025 EUR	178 525 EUR	190 025 EUR	201 526 EUR	213 026 EUR	1 144 532 EUR
	China	272 750 EUR	238 292 EUR	258 385 EUR	278 477 EUR	298 569 EUR	318 662 EUR	1 665 135 EUR
	Japan	127 139 EUR	107 525 EUR	113 339 EUR	119 152 EUR	124 966 EUR	130 780 EUR	722 902 EUR
	South-Korea	359 961 EUR	294 080 EUR	300 192 EUR	306 304 EUR	312 416 EUR	318 527 EUR	1 891 480 EUR
	USA	1 162 739 EUR	986 466 EUR	1 042 740 EUR	1 099 015 EUR	1 155 290 EUR	1 211 564 EUR	6 657 814 EUR

Estimated savings

Table 63 - Estimated savings on proceedings (minimum and maximum scenario) related to the recognition and enforcement of foreign judgments in the EU originating in key third countries and EU judgments in key third countries as compared to the baseline under the policy options

	Savings on key third country foreign judgments in the EU	Savings on EU judgments in third countries										Total	
		Argentina	Australia	Brazil	Canada	China	Japan	South-Korea	USA				
Min. cost reduction scenario	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR
Max. cost reduction scenario	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR	- EUR
Min. cost reduction scenario	6 712 795 EUR	41 234 EUR	121 814 EUR	23 289 EUR	78 119 EUR	132 368 EUR	55 805 EUR	140 277 EUR	525 457 EUR				7 831 157 EUR
Max. cost reduction scenario	16 325 844 EUR	115 813 EUR	292 786 EUR	61 446 EUR	196 555 EUR	304 808 EUR	130 097 EUR	331 456 EUR	1 210 664 EUR				18 969 469 EUR
Min. cost reduction scenario	6 637 897 EUR	41 123 EUR	120 380 EUR	23 096 EUR	76 802 EUR	130 184 EUR	55 093 EUR	139 233 EUR	518 747 EUR				7 742 554 EUR
Max. cost reduction scenario	16 176 048 EUR	115 591 EUR	289 918 EUR	61 059 EUR	193 921 EUR	300 440 EUR	128 674 EUR	329 369 EUR	1 197 245 EUR				18 792 264 EUR
Min. cost reduction scenario	6 670 942 EUR	41 001 EUR	121 814 EUR	22 907 EUR	78 119 EUR	127 679 EUR	55 805 EUR	140 277 EUR	525 457 EUR				7 784 000 EUR
Max. cost reduction scenario	16 242 138 EUR	115 346 EUR	292 786 EUR	60 683 EUR	196 555 EUR	295 431 EUR	130 097 EUR	331 456 EUR	1 210 664 EUR				18 875 155 EUR
Min. cost reduction scenario	6 606 130 EUR	41 001 EUR	120 380 EUR	22 823 EUR	76 802 EUR	125 936 EUR	55 093 EUR	139 233 EUR	518 747 EUR				7 706 145 EUR
Max. cost reduction scenario	16 112 514 EUR	115 346 EUR	289 918 EUR	60 514 EUR	193 921 EUR	291 945 EUR	128 674 EUR	329 369 EUR	1 197 245 EUR				18 719 445 EUR

