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European Commission

Annual Activity Report 2024

Directorate-General for Trade and Economic Security

Contents

DIRECTORATE-GENERAL FOR TRADE AND ECONOMIC SECURITY IN BRIEF

The Directorate-General for Trade and Economic Security (DG Trade) is in charge of developing and implementing the common commercial policy of the European Union in accordance with the objectives set out in Article 207 of the Treaty on the Functioning of the EU. DG Trade supports the European Commission's Commissioner Maroš Šefčovič in shaping trade and economic security policies that benefit the EU.

In line with the EU's trade strategy of 2021 ([1]), DG Trade pursues an open, sustainable and assertive trade policy. This approach contributes to making the EU more competitive and resilient, while advancing the EU's sustainability and geopolitical objectives. DG Trade negotiates bilateral, plurilateral and multilateral trade agreements, ensures that the rules agreed are effectively applied, and works closely with the World Trade Organization (WTO) and other multilateral institutions. DG Trade also develops, implements and enforces EU legislation in the area of trade and investment, such as the Generalised Scheme of Preferences, the Foreign Direct Investment (FDI) Screening Regulation, the revised Enforcement Regulation, the International Procurement Instrument ('IPI'), updated rules on dual-use goods, the Anti-Coercion Instrument and legislation on trade defence measures. Trade negotiations cover a wide range of areas such as goods, services, intellectual

([1]) COM(2021) 66 final

property, investment, government procurement, access to energy and raw materials, customs and trade facilitation, competition (including subsidies and disciplines on State Owned Enterprises), trade and sustainable development, regulatory co-operation and dispute settlement. DG Trade upholds European interests with the aim to ensuring that businesses can operate fairly in the EU and across the world. It makes full use of its powers to tackle unfair competition, distortive dumping and subsidisation from third countries.

While DG Trade does not have direct responsibility for any specific spending programme, in 2024, it managed a budget of EUR17.86 million (EUR17.72 million in its operational budget and EUR0.14 million in its administrative budget). The budget has remained stable over the past years and allowed to support the development and implementation of trade and investment policy, through procurement activities as well as contributions to international organisations. At the same time, trade-related objectives are also embedded in the different financial programmes managed by other Commission departments, mainly under the "Neighbourhood, Development and International Cooperation Instrument (NDICI) – Global Europe".

As the EU's trade negotiator and guardian of an effectively implemented EU trade policy, DG Trade's mission depends on close working relations with its internal and external partners. DG Trade works closely with the European Parliament and the Council of the European Union and with other international organisations. Its success draws strongly on its close partnership with the European External Action Service (EEAS) and with Commission services.

Under the new Commission's mandate which started on 1 December 2024, economic security was explicitly added to the operational activities of DG Trade. DG Trade is organised into eight directorates. The Director-General is supported in managing operations by three Deputy Directors-General. Around a quarter of DG Trade staff is posted in EU Delegations and in two Commission representations in EU Member States.

EXECUTIVE SUMMARY

This annual activity report is a management report of DG Trade to the College of Commissioners. Annual activity reports are the main instrument of management accountability within the Commission and constitute the basis on which the College takes political responsibility for the decisions it takes as well as for the coordinating, executive and management functions it exercises, as laid down in the Treaties ([2]).

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

The international context in which trade policy operated in 2024 continued to be challenging. It was affected by several developments such as strategic competition between the United States and China, increased instrumentalisation of dependencies, resort to unilateral measures and economic nationalism, Russia's ongoing war of aggression against Ukraine and the crisis of the multilateral rules-based trading system. These developments have disrupted global supply chains and added more strains on international trade relations. Nevertheless, the consistent and adaptive implementation of the EU's open, sustainable and assertive trade strategy has allowed the EU to address those challenges, while also supporting EU's clean and digital transition, resilience, and competitiveness.

In such challenging context, trade policy has contributed to deliver on the Commission's priorities in 2024 ([3]):

- *Promoting an* **open, sustainable and assertive policy***, geared towards competitiveness, resilience and sustainability and which supports the clean and digital transformations;*
- *Continuing our work to enhance* **cooperation and trade relations with partners***;*
- *Driving global efforts to* **reform the World Trade Organization***;*
- *Seeking, through our* **Economic Security Strategy***, to reap the benefits of the EU's economic openness, while minimising risks arising from increased geopolitical tensions and accelerated technological shifts;*
- *Finalising the agreement with* **Mercosur***;*
- *Continuing to push forward Free Trade Agreement (FTA) negotiations with* **Mexico**, **India** *and* **Indonesia***, as well as* **digital trade agreements** *with* **Singapore** *and the* **Republic of Korea***.*

DG Trade engaged with partners across the globe to increase the competitiveness and resilience of European companies by securing their access to critical inputs. and seeking export opportunities for them. The EU has free trade agreements with 76 countries, covering over 46% of our external trade. EU trade policy also allowed the EU to build

([2]) Article 17(1) of the Treaty on European Union.
([3]) COM(2023) 638 final

partnerships, protect the EU market from unfair practices, and promote EU values and standards globally.

In 2024, DG Trade developed new forms of engagement like **Sustainable Investment Facilitation Agreements**, that will create a more transparent, efficient, and predictable business environment for EU investors, and **Digital Trade Agreements** to promote digital connectivity based on the EU regulatory approach to digital rules. DG Trade also started exploring new **Clean Trade and Investment Partnerships** and deepened EU relationships on **critical minerals and raw materials**. DG Trade also used some of the new autonomous tools, such as the **International Procurement Instrument**, and continued to assertively deploy trade defence instruments.

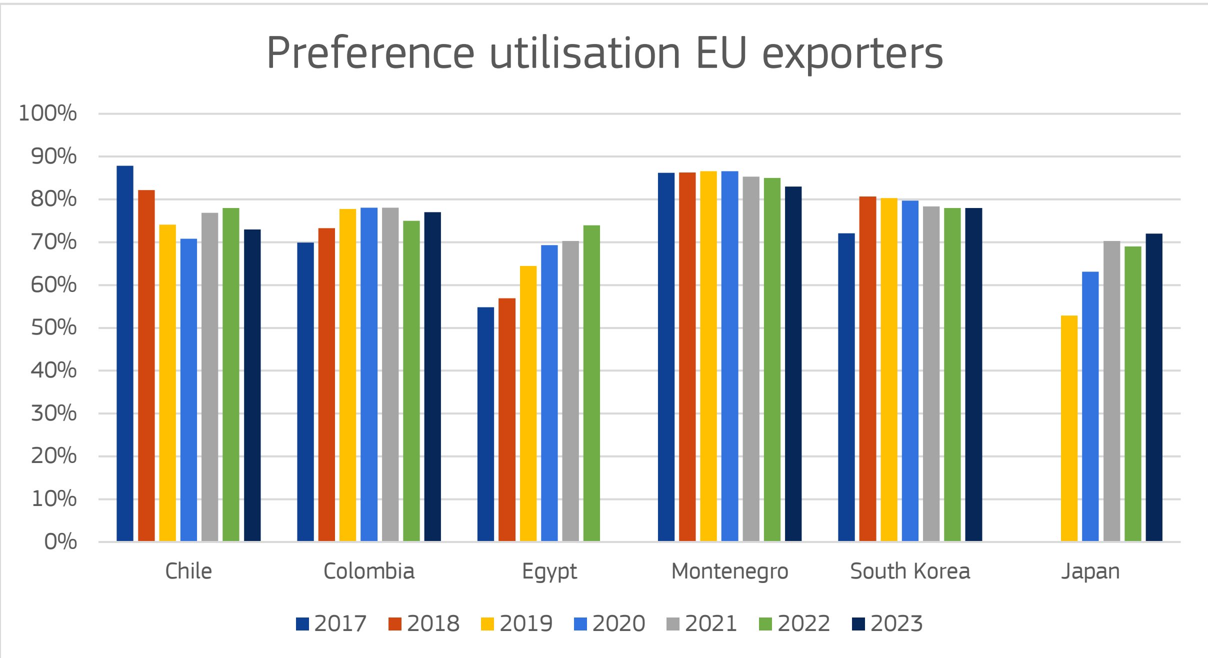
The EU continued to be the number one trading block in the world, representing more than 16% of total global trade with the rest of the world, and the world's largest provider of foreign direct investments. The EU was the number one trading partner for 54 countries that represent 48% of global GDP.

B. Key performance indicators

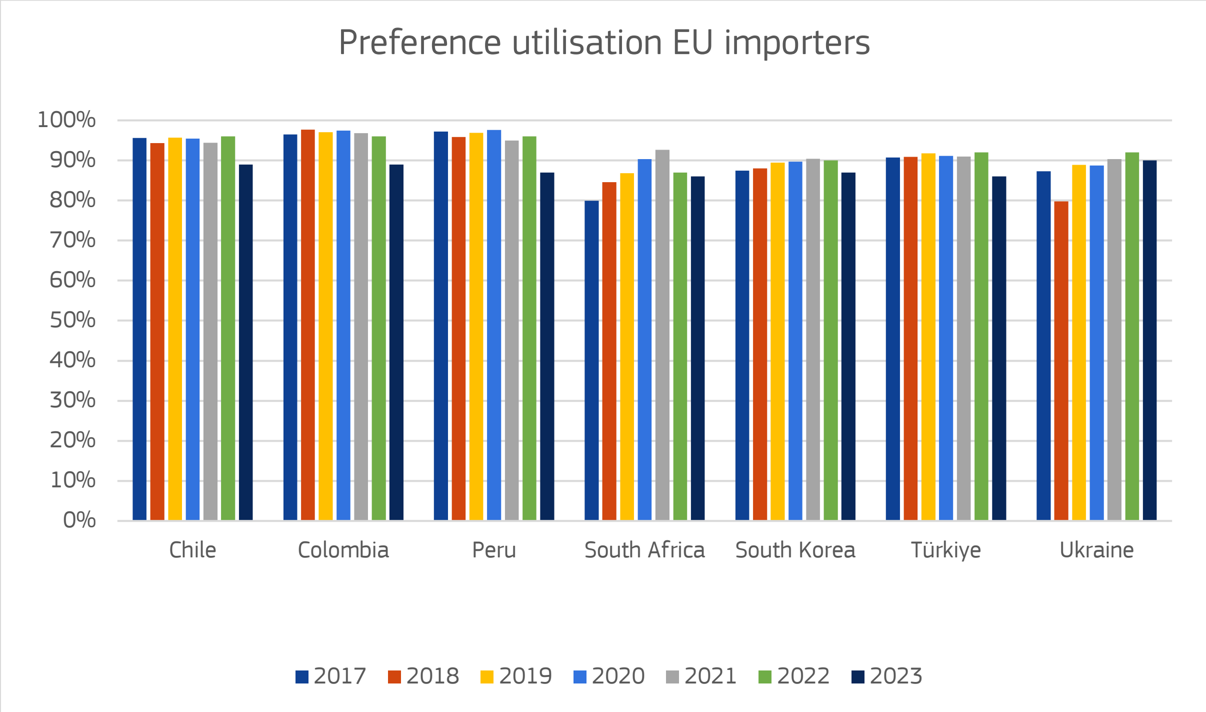
KPI 1: Preference utilisation rates of EU preferential trade arrangements ([4]) **for the EU and partners' side**

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

Source of data: Eurostat and national customs registrations



([4]) A selection of countries is shown, where agreements have been in place for a certain time.



KPI 2: Percentage of trade covered by applied bilateral and regional agreements ([5])

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

Source of data: DG Trade / Eurostat

Baseline Goods (2017-2019) and services (2016-2018) average FTA status 31/12/2019			**Interim Milestone** (2022)			**Target** (2024)			**Latest known results** Goods and services (2021-2023) average FTA status 31/12/2024		
Percentage of trade in goods and services											
Imp.	Exports	Total	Imports	Exports	Total	Imports	Exports	Total	Imports	Exports	Total
29%	32%	30%	33%	36%	34%	34%	38%	36%	42%	49%	45%

KPI 3: Preferential imports from GSP beneficiary countries

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

Source of data: Eurostat, DG Trade

Baseline	**Interim Milestone** (2022)	**Target** (2024)	**Latest known results**

([5]) This indicator does not cover multilateral WTO nor the plurilateral sectoral negotiations and agreements.

Imports (M EUR)	2017	2018	2019			2020 (6)	2021	2022	2023
All GSP	65,630	69,249	74,117			52,633	55,907	80,635	52,422
GSP EBA	22,682	24,810	26,923			21,311	22,307	35,407	27,192
GSP Standard	34,039	35,361	37,189	Increase	Increase	23,705	24,214	31,955	15,332
GSP Plus	8,908	9,076	10,005			7,617	9,386	13,274	9,897
Average / country	797	912	1,035			741	847	1,221	806
Utilisation	83.4%	83.5%	84.2%		Over 85%	81.7%	76%	74.5% (7)	81.8%

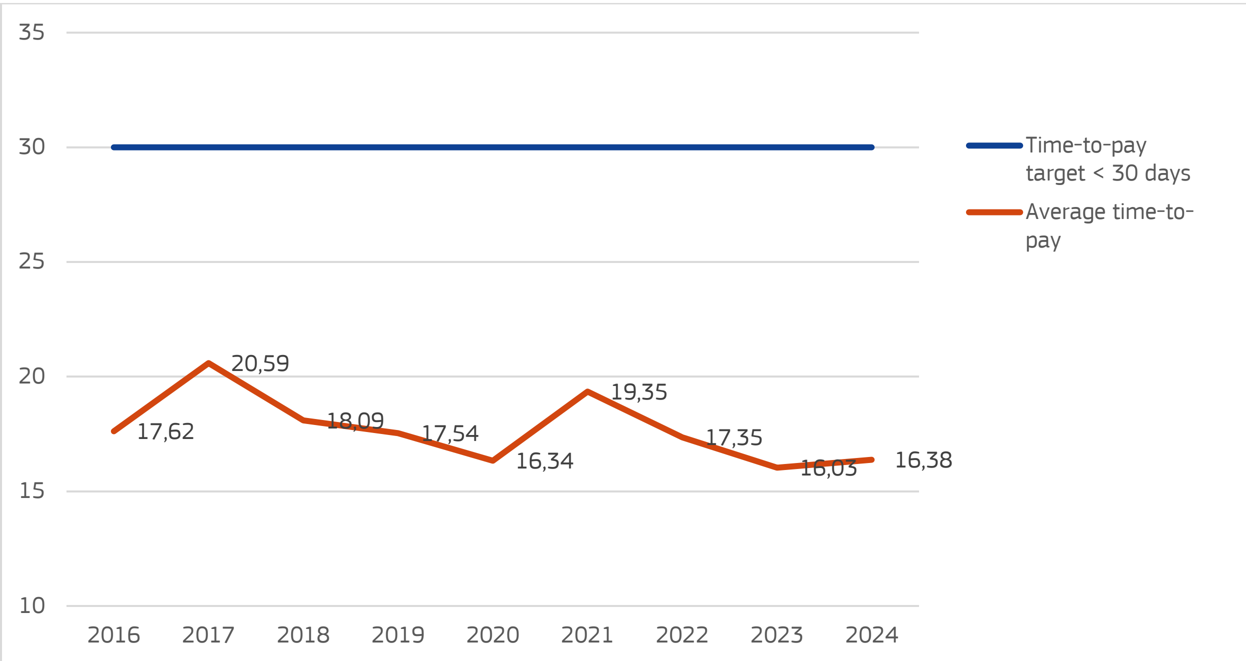
C. Key conclusions on internal control and financial management

In line with the Commission's Internal Control Framework DG Trade has assessed its internal control systems during the reporting year and has concluded that it is effective, and that the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified. Please refer to annual activity report section 2.3 for further details.

Indicator: Time to pay (number of days)

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

Source of data: DG Trade



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

(7) The decrease in GSP utilisation rate from 82 % in 2020 to 74.5 % in 2022 is mainly due to Vietnam, one of the main contributors to the total GSP imports. The growing use of preferential tariffs granted by the EU-Vietnam trade agreement led to a decrease of the use of preferences under GSP e (from 56% in 2020 to 25% in 2022). Imports from Vietnam have no longer been included in 2023 (in All GSP and in GSP Standard).

DG Trade has systematically examined the available control results and indicators, as well as the observations and recommendations issued by the internal auditor and the European Court of Auditors. These elements have been assessed to determine their impact on management's assurance about the achievement of the control objectives. Please refer to Section 2 for further details.

In conclusion, management has reasonable assurance that, overall, suitable controls are in place and working as intended; risks are being appropriately monitored and mitigated. Nevertheless, some improvements are planned concerning four internal control components: control environment, risk assessment, control activities, as well as information and communication. Please refer to Section 2 for further details and mitigating? measures. The Director-General, in her capacity as Authorising Officer by Delegation, has signed the Declaration of Assurance.

D. Provision of information to the Commissioner(s)

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

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

DG Trade contributed to two key political objectives of the Commission, namely 'A stronger Europe in the world' and 'An economy that works for people', as follows:

DG Trade also contributed to other Commission priorities in support of the green and digital transitions. Trade policy helped to ensure access to energy goods and raw materials needed for the energy transition, spread green goods and services by facilitating market access for our green tech industry, and encouraged the adoption of climate-friendly policies by other partner countries. Multilateral, bilateral and autonomous trade tools were all used for this purpose. Similarly, trade policy supported *a Europe fit for the digital age* with a particular focus on helping develop global rules for digital trade through WTO negotiations as well as bilateral engagements.

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

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

The World Trade Organization (WTO) has provided a stable and predictable trading environment since its establishment in 1995. While reform is needed, WTO remained the lynchpin of the global trading system and an indispensable guardrail against protectionism.

The accession of two new members - Timor Leste and Comoros - to the WTO at 13th Ministerial Conference (MC13), hosted by the United Arab Emirates in Abu Dhabi in February 2024, highlights the value that countries around the world still place on a shared global rules base for trade and investment.

DG TRADE led the efforts to achieve an ambitious outcome for MC13, playing a key role in all areas both during the lead-up and at the conference itself. Regrettably, despite willingness by a large majority of WTO members, it was not possible to find compromises on issues such as dispute settlement reform, agricultural reform, concluding the fisheries subsidies negotiations or launching a formal work stream on trade and industrial policy at MC13, and WTO members only reaffirmed their commitment to WTO Reform. However, some decisions were taken on the extension of the e-commerce moratorium and on development-related files.

Finally, the EU strongly supported the WTO's decision, in November 2024, to reappoint Director-General Dr. Ngozi Okonjo Iweala for a second four-year term, which will begin on 1 September 2025.

DG Trade continued to provide impetus to the work on WTO reform also in the context of discussions in other international organisations and fora, such as the Organization for Economic Co-operation and Development (OECD), the G20 and the G7.

In the absence of a fully functioning WTO dispute settlement system in place, DG Trade worked further on fostering the continued success and smooth operation of the multi-party interim appeal arbitration arrangement, known as the "MPIA" and on expanding its membership. Japan joining the MPIA was a major achievement.

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

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

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

In line with the Commission's general objective "*An economy that works for people*", the EU continued to open markets by making, implementing and enforcing trade deals with partner countries or regions. Securing the EU's supply chains, diversifying its trade relations, including as regards the sources of supply of critical raw materials, and creating new export opportunities have become crucial in today's increasingly challenging international environment and are a key to secure the EU's competitiveness. Building on the multilateral trading system and the EU's global network of trade and investment agreements, the EU created opportunities for EU businesses and workers, including for Small and Medium-sized Enterprises (SMEs), and enhanced the resilience and robustness of the EU's economy, which was particularly important in the context of the disruptions caused by Russia's war of aggression against Ukraine.

DG Trade played a key role in implementing the external aspects of the EU's critical raw materials policy bilaterally, as well as through the **Mineral Security Partnership (MSP) Forum** launched in April 2024 to cooperate in this area with partner countries. DG Trade also engaged with trading partners to remove trade barriers hampering the development of cross border supply chains ([8]).

The multilateral and plurilateral agenda

At MC13, EU negotiators secured important agreements on e-commerce, new rules to improve global services trade, environmental cooperation, and strengthening the position of developing countries in the global trading system.

- **Electronic transmissions remain duty free**. WTO Members agreed to renew the "e-commerce moratorium" until MC14, maintaining duty free trade in online services, including apps, games and software, as well as digitally transmitted content such as music, video, and other digital files.
- **Facilitation of e-commerce**. The EU played a leading role in finalising negotiations on a plurilateral Agreement on Electronic Commerce, following more than five years of discussions among 91 members of the Joint Initiative on Electronic Commerce. Once incorporated into the WTO legal framework, this Agreement will serve as the first-ever global rulebook for digital trade.
- **Boost for global trade in services**. With the entry into force of new rules to facilitate and simplify trade in services, businesses now enjoy transparent, predictable and effective authorisation procedures in more than 71 markets.
- **Environmental sustainability**. Important progress was made at MC13 on the contribution of trade to environmental sustainability, taking forward work on tackling plastics pollution, phasing out fossil fuels and promoting environmental sustainability through trade more broadly. The Coalition of Trade Ministers for

([8]) EUR-Lex - 52024DC0385 - EN - EUR-Lex

Climate met under the co-leadership of the European Union to consider how trade can help decarbonisation and adopted a menu of voluntary trade-related actions to tackle the climate crisis.

- **Supporting development**. The EU played a leading role to integrate developing countries more firmly into the global trading system. WTO Members finalised a deal to facilitate investment and support development. This new WTO Investment Facilitation for Development Agreement (IFDA) - currently supported by 126 WTO Members representing three quarters of the membership - aims to harness the economic potential of foreign direct investment to boost development in developing and least developed countries by creating a more transparent, efficient and investment-friendly business climate – thereby making it easier for investors to invest, conduct their day-to-day business and to expand their existing investments, as well as for countries to work cooperatively and in mutually beneficial ways to facilitate not only more, but also more sustainable investments. Furthermore, WTO members took a step towards improving clear and effective implementation of special and differential treatment for all developing countries in the key areas of standards for market access.

In parallel, the EU had worked for more ambitious results, including a comprehensive agreement on global fisheries subsidies and agriculture reform. Regrettably, it was not possible to find compromises on these issues during MC13.

Following the successful conclusion of negotiations on the modernisation of the Arrangement on Officially Supported **Export Credits** at the OECD in 2023, DG Trade worked in 2024 towards the implementation of a comprehensive EU strategy for export credits, including an EU export credit facility. In particular, the Commission (DG Trade jointly with DG GROW) cooperated with the European Investment Fund to launch the Ukraine Export Credit Pilot, which will support the provision of export credits to support trade with Ukraine. The Commission (DG Trade and DG INTPA) also launched a Commission Expert Group on Enhanced Coordination of EU Financial Tools in support of trade, investment and sustainable development, including in the context of the Global Gateway. On climate issues, DG Trade held a high-level conference on 'Net Zero by 2050: The Role of Export Finance' with the participation of EVP Dombrovskis to help drive work toward the sustainability of Member States' Export Credit Agencies' portfolios.

EU-US relations

The EU and the **United States** ([9]) have the largest bilateral trade and investment relationship and enjoy the most integrated economic relationship between major players in the world. The US remained the EU's largest overall trade and investment partner by far.

Throughout 2024, the EU has been committed to a positive transatlantic trade cooperative agenda and pursued this objective notably via the Trade and Technology Council (TTC). The TTC has focused on a wide range of topics at the juncture of trade, technology and security,

([9]) EU-US trade

such as technology standards, advancing supply chain security, export controls, investment screening, global trade challenges, misuse of technology or promoting SMEs' role in digital and technology trade. The TTC has provided for strong stakeholder engagement, including via "Futurium" ([10]) the centralised platform for sharing information and receiving stakeholders' inputs about the TTC. Guided by the fifth and sixth Ministerial Meetings (held in Washington in January 2024 and in Leuven, Belgium in April 2024 respectively), the TTC continued to explore ways to facilitate transatlantic trade for instance through cooperation on digital tools or on conformity assessment, on building resilient transatlantic trade relations and on enhancing the role of the transatlantic marketplace as a driver for the green transition. The EU and US also worked on advancing transatlantic cooperation on AI, 6G, and on critical and emerging technologies and on defending human rights and values in a changing geopolitical digital environment.

At the end of 2023, the US and the EU agreed to roll over the current arrangements between them on steel and aluminium trade. As a result, the US continued both the suspension of US Section 232 tariffs as well as its tariff rate quotas on EU steel and aluminium exports until 31 December 2025. The EU in return continued the suspension of its counterbalancing measures until 31 March 2025. Throughout 2024, work continued with the US on finding a path towards the permanent lifting of the US Section 232 and addressing non-market excess capacity and decarbonisation in the steel and aluminium sectors, including via the process for a Global Arrangement on Sustainable Steel and Aluminium.

In 2024 the EU continued to monitor and to mitigate possible negative effects of the US Inflation Reduction Act. To this end the EU continued engaging with the United States under the Clean Energy Incentives Dialogue to achieve transparency, avoid disruptions to trade and investment and coordinate actions, where possible.

Finalising concluded bilateral and regional negotiations

The FTA between the EU and **New Zealand** entered into force in May 2024. EU businesses, producers and farmers are now able to take advantage of a host of new export opportunities. The deal is expected to cut EUR140 million a year in duties for EU companies. Thanks to this deal, EU-New Zealand trade is expected to grow by up to 30% within a decade, with EU exports potentially growing by up to EUR4.5 billion annually. EU investment into New Zealand has the potential to grow by up to 80%. This landmark agreement also includes unprecedented sustainability commitments, including respect of the Paris Climate Agreement and core labour rights.

The EU-**Kenya** Economic Partnership Agreement (EPA) entered into force in July 2024. The EPA is the most ambitious deal negotiated with an African country in terms of sustainability, including binding provisions on labour issues, gender equality, environment and the fight against climate change. It will be open for other East African Community Member States to join in the future.

([10]) https://futurium.ec.europa.eu/en/EU-US-TTC

The EU-**Angola** Sustainable Investment Facilitation Agreement (SIFA) entered into force in September 2024. This is the first-ever EU agreement on investment facilitation. The SIFA will create a more transparent, efficient, and predictable business environment for investors in Angola and promote sustainable investment in the country. These improvements will help unlock investment in sectors with untapped potential, such as green energy, agri-food value chains, digital innovation, fisheries, logistics, and critical raw materials. The SIFA also complements and reinforces work under the Global Gateway in Angola, such as the Lobito Corridor flagship project.

The EU-**Japan** deal on data flows, under the specific review clause in the EU-Japan Economic Partnership Agreement (EPA), entered into force in July 2024. This deal is a milestone in EU efforts to further advance data flows between the EU and Japan and support the Data Free Flow with Trust concept that both EU and Japan promote at G7. Its provisions will facilitate business on both sides, sending a strong signal against digital protectionism. The agreement will deliver real benefits to companies active across most sectors, such as financial services, transport, machinery, and e-commerce. Businesses can now handle data more efficiently, without cumbersome administrative or storage requirements, in a predictable legal environment. At the same time, the rules are accompanied by exceptions to protect personal data and privacy to ensure that the Union's digital and data acquis can be implemented and enforced.

The existing EU-**Chile** Association Agreement has been modernised through two parallel legal instruments: the Advanced Framework Agreement, and an Interim Trade Agreement (ITA). Both legal instruments were signed on 13 December 2023. Following the European Parliament's consent on 29 February 2024, the Council adopted the Decision on conclusion of the ITA on 18 March, completing thereof the EU's ratification process of this legal instrument. Chile's ratification process finalised on 13 November 2024, paving the way for an entry into force of the ITA on 1 February 2025. The ITA will be repealed and replaced by the Advanced Framework Agreement once the latter enters into force. The AFA is a mixed agreement and will require ratification by all EU competent Parliaments (national and regional).

On 6 December 2024, the EU and **Mercosur States** – Argentina, Brazil, Paraguay and Uruguay – reached a political agreement on a ground-breaking partnership ([11]). This agreement is a boost for EU and Mercosur competitiveness and economic security that will:

- Create new opportunities for all kind of businesses, by removing often prohibitive tariffs on EU exports to Mercosur, notably saving businesses EUR 4 billion worth of duties per year.
- Make it easier for EU firms to sell a wide range of services to Mercosur and to access public procurements worth over EUR 8 billion annually.
- Ensure trade preferences in strategic net zero industry sectors such as renewable energy technologies, and low-carbon fuels.
- Help small and medium enterprises export more by cutting red tape.

([11]) https://ec.europa.eu/trade/policy/in-focus/eu-mercosur-association-agreement/

- Secure and diversify our supply chains, including an efficient, reliable and sustainable flow of raw materials critical for the global green transition.

In addition, this deal includes strong sustainability commitments:

- Making the Paris Agreement an essential element of the EU-Mercosur relationship.
- Binding legal commitments to take measures to halt deforestation as of 2030.
- Clear and enforceable commitments on sustainable development, including on labour rights and sustainable management and conservation of forests.
- An active role for civil society organisations to overview the implementation of the agreement, including human rights or environmental concerns.

Moreover, EUR 1.8 billion in EU support will facilitate the fair green and digital transition in Mercosur countries, as part of the Global Gateway.

President of the European Commission, Ursula von der Leyen, said: "*This is a win-win agreement, which will bring meaningful benefits to consumers and businesses, on both sides. We are focused on fairness and mutual benefit. We have listened to the concerns of our farmers and we acted on them. This agreement includes robust safeguards to protect your livelihoods. EU-Mercosur is the biggest agreement ever, when it comes to the protection of EU food and drinks products. More than 350 EU products now are protected by a geographical indication. In addition, our European health and food standards remain untouchable. Mercosur exporters will have to comply strictly with these standards to access the EU market. This is the reality of an agreement that will save EU companies EUR 4 billion worth of duties per year.*"

Trade relations with **Mexico** ([12]) are currently governed by the trade pillar of the EU-Mexico Economic Partnership, Political coordination and Cooperation Agreement of 1997 (also referred to as the "Global Agreement"). The EU and Mexico reached a political agreement in April 2018 on the update of the Global Agreement, which will bring the trade agreement with Mexico in line with the most ambitious and progressive EU agreements, including comprehensive provisions on labour and environmental protection, climate change, and civil society involvement. In 2024, DG Trade intensified the technical work, and on 17 January 2025, the EU and Mexico concluded the negotiations.

In October 2024, the EU and **Canada** finalised a **Mutual Recognition Agreement (MRA) on the professional qualifications of architects** under the EU-Canada Comprehensive Economic and Trade Agreement (CETA). The MRA will make it easier for architects from the EU and Canada to work in the other jurisdiction, by facilitating the recognition of their qualifications. The MRA will therefore remove one of the main hurdles facing EU architects who wish to work in Canada, allowing them to explore new business opportunities and export their world-class skills. It will also give European businesses access to a new pool of Canadian professionals looking to supply their services in the EU. The agreement is the first of its kind: the first MRA pursuant to CETA, but also the first MRA for professional

([12]) EU-Mexico trade

qualifications concluded by the EU. The Agreement will enter into force once the EU and Canada have completed their internal approval procedures.

Ongoing negotiations

As stated in the 2024 Commission Work Programme, the EU continued its efforts to strengthen the mutually beneficial partnership with **Africa**. In 2024, DG Trade advanced negotiations to deepen the existing EPA with five **Eastern and Southern African** countries (Comoros, Madagascar, Mauritius, Seychelles and Zimbabwe) with two negotiation rounds. EPAs continue to be the cornerstone of Africa-EU trade relations and contribute to the on-going African integration projects, including the **African Continental Free Trade Agreement (AfCFTA)**.

The EU and the **African Union** agreed in 2022 to set up a High-Level Dialogue on economic integration with a view to strengthening trade relations and sustainable investment between the two continents. The first meeting of the High-Level Dialogue took place in October 2024 in Addis Ababa. In the bilateral strand, a meeting of the Trade and Investment Dialogue with South Africa took place in December 2024.

The EU remained committed to strengthening the economic partnership with **India ([13])**. In 2022, the EU and India resumed negotiations of a balanced, ambitious and comprehensive trade agreement, and started the negotiations of a stand-alone investment protection agreement and an agreement on geographical indications. These negotiations are linked to finding solutions to long-standing market access problems. Negotiations continued in 2024 at an intense pace with negotiation rounds in all three agreements.

In 2024, the Commission continued trade negotiations with **Indonesia** ([14]) with three negotiation rounds. Negotiations with **Thailand** ([15]) restarted in September 2023 and continued in 2024 at an intense pace with three negotiation rounds. In March 2024, the EU and the **Philippines ([16])** restarted FTA negotiations with a first round in October 2024.

DG Trade also continued contributing to building international digital partnerships with the **Indo-Pacific region**, as set out in the Indo Pacific Strategy ([17]). In addition to the EU-Japan deal on data flows, in 2024, DG Trade concluded the negotiations on a Digital Trade Agreement with the **Singapore** in July 2024, aiming for the signature and formal conclusion in 2025. DG Trade also made significant progress in the negotiations with the **Republic of Korea** for a Digital Trade Agreement, bringing them to their final stage. These agreements promote digital connectivity based on EU model and regulatory approach to digital rules.

([13]) EU-India trade
([14]) EU-Indonesia trade
([15]) EU-Thailand trade
([16]) EU-Philippines trade
([17]) Joint Communication to the European Parliament and the Council, The EU strategy for cooperation in the Indo-Pacific, JOIN(2021) 24 final.

The proposal of new bilateral negotiations

In 2024, DG Trade continued to work with partners in the **Southern neighbourhood** to build on the existing network of Free Trade Areas of the Association Agreements to improve the investment climate and support sustainable development. Under the Strategic and Comprehensive Partnerships, DG Trade has supported trade-related initiatives that include offers to modernise trade and investment relations and negotiations of Sustainable Investment Facilitation Agreements (SIFAs).

DG Trade also continued exploring the possibility to negotiate more Sustainable Investment Facilitation Agreements (SIFA) with a number of **partner countries**, such as Ghana and Côte d'Ivoire.

Effective implementation

In 2024, the Commission continued its efforts to **unlock the benefits of the EU's trade agreements**, coupled with **assertive enforcement**, of both their market access and their sustainable development commitments (in line with specific objectives three and four).

This is a critical element of the EU's drive towards its open strategic autonomy, and to facilitate access to third country markets, particularly for SMEs. In 2024, DG Trade continued working in the following areas: Supporting EU stakeholders and businesses to make the best out of the opportunities EU trade agreements create; expanding the tools of Access2Markets portal; and enforcing the EU's trade agreements.

DG Trade continued to monitor the compliance of its trading partners with their commitments under the WTO and under FTAs, including those on trade and sustainable development, to quickly prevent or rectify unjustified, discriminatory or disproportionate barriers to trade. This was achieved through technical, diplomatic and political contacts, negotiations, regulatory cooperation or dispute settlement, in the WTO or through bilateral dispute settlement mechanisms.

In 2024, DG Trade reported on the above-mentioned areas in the annual **Report on EU Trade Policy implementation and enforcement** ([18]).

DG Trade continued to monitor the implementation of the Deep and Comprehensive Free Trade Agreements (DCFTAs) with **Ukraine, Georgia and Moldova** through the respective committees. The implementation of the DCFTAs with Ukraine and Moldova has intensified by means of specific Priority Action Plans to unlock the full potential of the DCFTAs. Temporary unilateral trade liberalisation measures in favour of Ukraine and Moldova were renewed in 2024

DG Trade continued its implementation of the trade-related aspects of the **EU-UK Trade and Cooperation Agreement** ([19])**,** including level playing field commitments, through

([18]) Register of Commission Documents - COM(2024)385 (europa.eu)
([19]) EU-UK trade

enhanced screening of UK legislation and policies and through the 10 Trade Specialised Committees and Trade Partnership Committee. As regards the Windsor Framework ([20]), in 2024 a joint solution to allow Northern Ireland businesses to use UK TRQs for imports from third countries of several agri-food products came into force, addressing the request of Northern Ireland businesses, while at the same time ensuring the protection of the EU Single Market.

In 2024, the Commission continued to focus on ensuring the smooth and effective implementation of the most recent bilateral trade agreements (the **Republic of Korea** ([21]), **Canada** ([22]), **Japan**, **Singapore** ([23]), **Vietnam** ([24]), **New Zealand** and **Kenya**). This included identifying and following-up on implementation issues as well as ensuring that the regular organisation and follow up of meetings of the committees set up under these agreements.

DG Trade continued monitoring and ensuring the effective implementation of the Agreements the EU has with **Mexico**, **Chile**, **Colombia/Peru/Ecuador** ([25]) and **Central America** ([26]), including through the management of the respective Committee and specialised committees set up for this purpose.

With **Southern Mediterranean countries** ([27]), work on the monitoring and effective implementation also continued in the relevant committees under the Association Agreements. At regional level, DG Trade continued contributing to advancing the trade and investment agenda of the Union for the Mediterranean (UfM), and co-chaired meetings of the UfM Regional Platform on trade and investment, together with the Jordanian co-presidency of the UfM.

The inaugural ministerial level meeting of the EU-**Türkiye** High-Level Dialogue on Trade on 8 July 2024 was very successful and led to a decrease of the number of registered trade barriers from 26 in early 2021 to 15 by the end of 2024.

Implementation work on seven Economic Partnership Agreements (EPAs) with **African, Caribbean and Pacific countries (ACPs)** continued in 2024, including EPAs with the Eastern and Southern African (ESA) sub-group, the Southern African Development Community (SADC) EPA group, Central Africa (Cameroon), Ghana, Cote d'Ivoire, Cariforum and Pacific EPA countries. This included the organisation of 4 EPA Committees and 6 Special Committees, as well as joint activities and dialogues with state and non-state actors. Several ACP Pacific States expressed their interest in acceding to the EU-Pacific EPA, with accession processes of Micronesia, Timor-Leste and Vanuatu underway and the

([20]) EUR-Lex - 02020W/TXT-20240517 - EN - EUR-Lex
([21]) EU-South Korea trade
([22]) EU-Canada trade
([23]) EU-Singapore trade
([24]) EU-Vietnam trade
([25]) EU-Andean Community trade
([26]) EU-Central America trade
([27]) EU-Southern Neighbourhood

European Parliament having given its consent to the accessions of Niue, Tonga and Tuvalu on 18 December 2024.

In 2024, DG TRADE further stepped up its efforts to address the distortive impact of Chinese non-market economy policies. DG Trade engaged with Chinese counterparts with a view to implementing a 'de-risking' approach, contributed to the assessment of existing dependencies, overcapacity and potential risks to supply chains resilience, and continued to deploy efforts to rebalance the trade and investment relationship.

DG Trade has intensified cooperation with **Japan** on economic security and supply chains. On 2 May 2024 the EU-Japan High-Level Economic Dialogue announced an initiative to develop transparent, resilient and sustainable supply chains, and mandated the bilateral ad hoc Working Group to advance efforts to address strategic dependencies and systemic vulnerabilities in global supply chains.

DG Trade continued to play part in the cooperation with India in the context of the Trade and Technology Council, which includes a Working Group on trade, investment and resilient value chains. During 2024 DG Trade developed the specific strands of work identified by the first TTC meeting in May 2023, focusing on resilient value chains, cooperation on multilateral trade issues, foreign direct investment screening, certain market access issues and a dialogue on CBAM.

DG Trade continued to develop trade and investment ties with **Taiwan** through the Trade and Investment Dialogue, which focused this year on economic security, critical raw materials, investment, notably in the semiconductor sector, and the persisting market barriers.

Implementation of the strategy also entailed plurilateral and multilateral discussions at the level of G7, G20, the OECD and the WTO, including on issues such as digital trade, and overcapacity ([28]).

In reaction to **Russia**'s war of aggression against Ukraine, the EU has imposed a wide range of **sanctions** ([29]) against Russian individuals, entities and economic sectors. In 2024, DG Trade continued to work on the design, development and monitoring of the implementation of trade restrictive measures that target goods, technologies and services as well as entities and legal persons in Russia and third countries such as China, inter alia through the use of the Export Control Regulation. DG Trade supported the Special Envoy for the Implementation of EU Sanctions in his mandate of ensuring that EU sanctions are not circumvented and continued engaging in this context in continuous, high-level discussions with third countries.

([28]) The technical negotiations in the IWG were suspended in 2020 for lack of consensus between China and OECD countries, and the effort now is to increase our global competitiveness, including against China, through modernisation of the OECD rules on export credits.
([29]) Council Decision 2014/512/CFSP and Council Regulation (EU) No 833/2014

DG Trade contributed to the three sanctions packages adopted in 2024 that further deepen EU actions to stop Russia from acquiring Western sensitive technologies for Russian military and to target high-value sectors of the Russian economy, like energy, finance and trade, and make it more difficult to circumvent EU sanctions. Moreover, because of the close integration of the Russian and Belarusian economies, in June 2024, DG Trade also contributed to the sectoral trade sanctions adopted against Belarus, mainly to prevent circumventions. Moreover, in February 2024, the EU, in cooperation with the US, UK and Japan, published an updated common list of high priority 'battlefield' items. It lists specific prohibited dual-use goods and advanced technology items critical to the development, production, or use of Russian military systems. The EU has also drawn up a list of sanctioned goods that are economically critical ([30]) and in respect of which European operators and third countries should be particularly vigilant.

As successive packages of sanctions adopted by the Council took effect throughout 2022, 2023 and 2024, over 60 % of EU imports from Russia and 62% of EU exports to Russia prior to the invasion have been placed under EU restrictive measures. Throughout the first 11 months of 2024, EU overall imports from Russia amounted to EUR 30 billion, down 77% from EUR 131 billion recorded in the first 11 months of 2021. Similarly, EU exports to Russia in the first 11 months of 2024 were EUR 30 billion, down 63% from EUR 81 billion in the first 11 months of 2021.

In addition, the Grain Tariff Regulation that entered in force on 1 July 2024 introduced prohibitive tariffs to prevent grain products from Russia (and Belarus) from entering and possibly disrupting the EU market; the Regulation covers 85% of prior EU agricultural imports from Russia or EUR1.6 billion of previous imports ([31]). The Grain Tariff Regulation is expected to halt these imports from Russia, eliminating a further 1% of pre-war imports from Russia ([32]).

DG Trade continued to work on removing trade barriers, strengthening coordination with stakeholders, and widening communication and outreach through our **Market Access Partnership** with Member States and industry, involving work both in capitals and on the ground in third countries. In 2024, DG Trade organised monthly Market Access Advisory Committees, six Market Access Days and numerous workshops across Member States in 2024.

At the same time, DG Trade continued addressing multilaterally and bilaterally a growing number of **Technical Barriers to Trade (TBT)** faced by EU exporters, by promoting, inter alia, the use of international standards, proportionate conformity assessment procedures as well as transparency and public consultation of proposed regulatory measures. In 2024, we have worked for the removal of barriers affecting over 25 billion euros worth of EU exports to third countries (e.g. China, India, Morocco, Colombia, Indonesia, Egypt, Saudia Arabia, Mozambique, etc.). Building on the positive impacts of Mutual Recognition Agreements on

([30]) Economically critical goods list
([31]) In 2023 trade terms.
([32]) So far, the statistical data is available only for the 2 months following the adoption of the Regulation.

conformity assessment (MRAs) as trade facilitation tools, DG Trade continued to implement the MRAs that the EU has concluded with Australia, Canada, Israel, Japan, New Zealand, Switzerland, and the United States.

In the area of **Sanitary and Phytosanitary measures**, important progress was made in advancing market access applications for animal and plant products in several third countries, including through meetings and technical discussions with the relevant authorities. DG Trade's activities in this area also included its work in the Sanitary and Phytosanitary Market Access Working Group which discussed the priority barriers and countries on which to focus attention; the constant improvement of the Market Access Database, and the discussion of SPS issues in the WTO SPS Committee, as well as financial support to international standard setting organisations. In the area of **Agriculture,** DG Trade provided support to the stakeholders' survey that DG AGRI run in the framework of the Strategic dialogue on agriculture. In addition, DG Trade actively participated in discussions leading to the preparation of the Vision for Agriculture, notably highlighting the positive contribution of trade to the EU agri-food sector.

Well-functioning **intellectual property** systems are a key lever to promote investment in innovation and sustainable growth. Intellectual Property Rights infringements worldwide cost European firms billions of euros in lost revenue and put thousands of jobs at risk. These infringements also endanger consumers, public health and the environment and contribute to organised crime. DG Trade engaged with key trading partners through Intellectual Property Dialogues and Working Groups, as well as through the WTO Trade-Related Aspects of Intellectual Property Rights (TRIPS) Council, the OECD and other organisations. DG Trade also continued its engagement in the Intellectual Property (IP) Key cooperation programmes for China, Southeast Asia and Latin America and the four-year cooperation programme for Africa.

In the area of **public procurement**, DG Trade continued to promote transparency, good governance and improved market access in third countries. In parallel with and in addition to the EU efforts in bilateral and plurilateral agreements, in April 2024, DG Trade initiated for the first time an investigation under the **International Procurement Instrument** ([33]) (IPI), which had entered into force in August 2022. The instrument, whose objective is to open third country procurement markets, allows the EU to restrict, as a matter of last resort, access of companies, goods and services to the EU procurement market if they originate in a country that is found (through complaints-based or ex officio investigations) to apply restrictive or discriminatory treatment against EU companies. This first investigation was launched in response to measures and practices in the Chinese procurement market for medical devices which discriminate unfairly against European companies and products and gave raise to consultations with the Chinese government on the measures and practices identified and on possible solutions to end the discrimination.

([33]) https://eur-lex.europa.eu/eli/reg/2022/1031/oj

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

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

This specific objective thus contributes to the Commission's general objective "*An economy that works for people*". The **Chief Trade Enforcement Officer** continued to increase the visibility, effectiveness and efficiency of DG Trade's work on implementation and enforcement. Its role is to lead efforts across the Commission to strengthen implementation and enforcement, drawing on a range of **available tools**, such as the institutional framework under the EU' trade agreements and the WTO, including dispute settlement procedures, high-level contacts with partner countries at political level, the updated Enforcement Regulation, the Trade Barriers Regulation, and trade defence instruments such as anti-dumping, anti-subsidy and safeguard measures to protect EU stakeholders from unfair practices or sudden surges in trade flows.

Through the centralised **Single Entry Point** on the Access2Markets portal, EU-based stakeholders and civil society were able to bring their complaints about barriers to market access in non-EU countries or about lack of compliance with commitments those countries have made on workers' rights, climate change, or the environment. In 2024, the Single Entry Point received 43 external complaints and DG Trade engaged with third countries to address the barriers identified.

In 2024, DG Trade continued to address steel excess capacity internationally, in multilateral fora, notably the OECD Steel Committee and the G20 mandated Global Forum for Steel Excess Capacity. However, no structural solution was yet available, and global overcapacity in the sector remained at very high levels. Following a review investigation, DG Trade extended the steel safeguard measure until 30 June 2026, as the EU industry was still in a fragile situation.

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

The EU continued to act to ensure global competition remains fair. In 2024, the Commission initiated 33 new trade defence investigations which was highest number of new initiations since 2006. By the end of 2024, the EU had 199 trade defence measures in place, including 169 anti-dumping measures, 29 anti-subsidy measures, and one safeguard measure. These measures protect over 620,000 direct jobs in the EU. Among the measures imposed in 2024 were the duties on unfairly subsidised battery electric vehicles (BEV)from

China following an anti-subsidy investigation., which tackled support given to Chinese BEV across the value chain.

DG Trade also intensified its efforts to deal with level-playing field issues such as subsidies and the role of State-Owned Enterprises across all sectors, by working closely with other trading partners, as well as in the WTO, the OECD and the G7/G20.

European Economic Security

DG Trade continued to implement the Joint Communication on the "**European Economic Security Strategy**" ([34]), focusing on the risk assessment process, on the development of relevant tools under the 'protect' pillar of the strategy, and on deepening cooperation with third countries under the 'partner' pillar. As of 1 December 2024, DG Trade under the **guidance of the Commissioner for Trade and Economic Security** took over the role of coordinating the strategy within the European Commission.

To make sure the EU remains one of the world's most open investment environments and thereby a source of growth and jobs while protecting its security and public order, the EU adopted the **screening of foreign direct investment (FDI) into the EU**, in force since October 2020. In January 2024, the Commission presented a legislative proposal for the revision of the EU's FDI Screening Regulation and worked with the Council and Parliament on the proposal. The proposal built on the evaluation of the practical experience gained since 2020 from reviewing more than one thousand FDI transactions and on the results of extensive public consultations. The aim is to strengthen the regulation's functioning and effectiveness so it captures all relevant investments and focuses on those that carry the most significant risks. The proposal was considered throughout 2024 by the co-legislators in the Council and the European Parliament. In October, the Commission adopted its fourth annual report on FDI Screening inside the Union.

In the area of **outbound investments**, DG Trade deepened discussions with Member States in 2024 in the framework of a dedicated Expert Group to develop a shared view of potential risks linked to leakage of sensitive technology to destinations of concern. The Commission adopted a White Paper ([35]) on outbound investments in January 2024 followed by a targeted public consultation ([36]). On 15 January 2025, the Commission adopted a Recommendation on Outbound Investment inviting Member States to review outbound investments in third countries in semiconductors, artificial intelligence and quantum technologies and to assess, together with the Commission, any potential risks and security concerns related to these investments.

In the area of **export controls**, in January 2024, the Commission published a White Paper on export controls ([37]). The White Paper analysed the current situation and made a number

([34]) https://circabc.europa.eu/rest/download/a75f3fb8-74e3-4f05-a433-fdbf406d5de6
([35]) White Paper on outbound investments
([36]) targeted consultation on outbound investment
([37]) White Paper on export controls

of proposals to address the current challenges, both to foster uniform and effective controls across the EU and to open a discussion with Member States, the European Parliament, and stakeholders, including the business community, on the functioning of the Dual-Use Regulation and the ability of the current framework to meet effectively the EU's present and future security needs. Throughout the year, DG Trade collected data to be used in the first Annual Report under the modernised 2021 Regulation which will build on the January 2024 transparency guidelines. In addition, the Commission updated the EU Dual-Use control list and continued to steer the activity of the Dual-Use Coordination Group and related new technical expert groups, especially on emerging technologies and cybersurveillance technologies. The Commission issued in October 2024 Guidelines on cybersurveillance aiming to raise awareness of the risks associated with misuse of cyber-surveillance technologies and provide exporters with practical tools to evaluate possible human rights concerns before exporting cybersurveillance products and services.

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

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

In 2024, EU trade policy continued to contribute to the Treaty objective of **sustainable development in its economic, social and environmental dimensions** both in Europe and in our partner countries, to boost inclusive and sustainable growth, and reduce poverty in developing countries. The EU and its Member States are fully committed to implementing Agenda 2030 and its Sustainable Development Goals through EU policies. This specific objective is thus contributing to the Commission's general objectives "*A stronger Europe in the world*" and "*An economy that works for people*".

In 2024, the Commission continued proposing and negotiating **trade and sustainable development chapters** for EU trade and investment agreements in a number of ongoing or upcoming negotiations, reflecting the outcome of the Communication on the power of trade partnerships ([38]). The EU-Mercosur agreement, concluded in December 2024, is one of the most ambitious agreements in terms of sustainability, reflecting the latest EU standards on Trade and Sustainable Development. It has concrete commitments on deforestation and includes the Paris Agreement as an essential element. The EU-New Zealand free trade agreement and the EU-Kenya EPA entered into force in 2024, both reflecting ambitious sustainability provisions in trade agreements, including binding provisions on labour issues, gender equality, environment, the fight against climate change, and including the Paris Climate Agreement as an essential element. These TSD

([38]) Communication on the power of trade partnerships commitments are subject to dispute settlement enforcement and monitored by civil society with the set-up of specific FTA bodies. The Commission also proposed and continued negotiating trade and sustainable development commitments in enhanced partnership and cooperation agreements, for example with Tajikistan, and in sustainable investment facilitation agreements (SIFAs). The EU-Angola SIFA that entered into force in 2024, integrates environmental, climate and labour rights commitments.

DG Trade also continued to work with FTA partners to ensure the effective implementation and enforcement of relevant **trade and sustainable development** and **Energy and Raw Materials chapters**, thereby supporting decent work, sustainable management of the environment and the promotion of sustainable raw materials supply chains and renewable energy, and through avoiding subsidising fossil fuels by prohibiting dual pricing. Since December 2024, a EUR 2 million project supports civil society involvement in the implementation and of EU trade agreements and advising the Parties. The Commission always paid close attention to core labour standards and in particular to the elimination of child labour in its third partner countries in line with the zero-tolerance approach outlined in the political guidelines of President Ursula von der Leyen and as part of an overall effort pulling together the different policy areas.

In 2024, DG Trade continued to work on the *ex-post* evaluation on key environmental provisions of EU's trade agreements that was launched at the end of 2023 and where the draft inception report was published in January 2024 ([39]).

Following the 2023 prolongation of the existing **Generalised Scheme of Preferences (GSP)** ([40]) for the period 2024-2027, trilogue negotiations continued in 2024 albeit at a slower pace due to the European elections and the subsequent institutional transition.

The current scheme includes the standard GSP arrangement, which removes or reduces duties for two-thirds of tariff lines for 10 low or lower-middle income countries ([41]); the Special Incentive Arrangement for Sustainable Development and Good Governance (**GSP+**), which offers additional preferences to vulnerable developing countries that commit themselves to the ratification and effective implementation of core international conventions on human rights, labour rights, environmental protection and good governance, which has currently 8 beneficiaries ([42]), and the **Everything But Arms (EBA)** arrangement, which provides duty and quota free access for all goods from the 47 Least Developed Countries (LDCs) according to the UN, except arms and ammunition. In 2024, DG Trade continued monitoring the implementation of the current scheme, in particular the effective implementation of the GSP+ and EBA arrangements. It also continued updating the list of

([39]) https://policy.trade.ec.europa.eu/analysis-and-assessment/ex-post-evaluations_en

([40]) Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012 applying a scheme of generalised tariff preferences and repealing Council Regulation (EC) No 732/2008 http://data.europa.eu/eli/reg/2012/978/2025-01-01

([41]) Congo, Cook Islands, India, Indonesia, Kenya, Micronesia, Nigeria, Niue, Syria, Tajikistan

([42]) Bolivia, Cabo Verde, Kyrgyzstan, Mongolia, Pakistan, the Philippines, Sri Lanka, Uzbekistan beneficiary countries and graduated partners and products as foreseen in the GSP Regulation.

The Commission continued to promote sustainable and responsible value chains. The Regulation on **forced labour products** ([43]) was adopted in November 2024 and it will effectively prohibit the placing on the EU market of products made by forced labour, whether imported or domestically produced. In addition, DG Trade also worked in 2024 on the implementation of the provisions on Corporate Social Responsibility/Responsible Business Conduct (CSR/RBC) included in EU's trade and investment agreements.

On the multi and plurilateral front, DG Trade continued its close cooperation involvement with the ILO on the ratification and the implementation of the core labour conventions, including through the management of dedicated actions, such as the Trade for Decent Work Project. In the context of the OECD Working Party on Responsible Business Conduct, DG Trade was a key contributor to the implementation of the OECD Guidelines for Multilateral Enterprises and coordinated the EU participation in the discussions on RBC policy developments, including in the annual fora on Garment and Footwear and Minerals.

In 2024, DG Trade worked on the monitoring and implementation of the Regulation laying down supply chain due diligence obligations linked to the **responsible sourcing of tin, tantalum, tungsten and gold** ([44]) to ensure that EU imports do not indirectly contribute to violent conflict and associated human rights abuses along the supply chain but instead improve the livelihood of local communities. The Commission adopted the first review ([45]) of the functioning and effectiveness of the Regulation in September 2024.

DG Trade also continued to contribute to the work related to the implementation of the **Carbon Border Adjustment Mechanism (CBAM)** and the EU Regulation on **deforestation-free** products which was granted an additional phasing-in period of twelve months to enter into application in December 2025. In 2024, DG Trade, together with other relevant DGs, continued to explore means to achieve synergies between EU trade and investment agreements and the above mentioned autonomous tools. Particular attention was paid to developing countries that may experience difficulties or have less capacity to implement them. Cooperation on autonomous tools was channelled through the existing structures under EU trade and investment agreements or other existing structures. For example, the **Sustainable Cocoa Initiative**, a multi-stakeholder dialogue on cocoa with Ghana, Cote d'Ivoire and Cameroon to improve a living income for cocoa farmers, tackle deforestation, and reduce child labour in the cocoa value chain is helping partner countries to comply with the requirements of the EU Deforestation Regulation.

([43]) Forced labour Regulation

([44]) Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017 laying down supply chain due diligence obligations for Union importers of tin, tantalum and tungsten, their ores, and gold originating from conflict-affected and high-risk areas, OJ L 130, 19.5.2017, p. 1–20, https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L:2017:130:TOC

([45]) Review of the functioning and effectiveness of Regulation (EU) 2017/821 (Conflict Minerals Regulation)

These actions for 2024 were in line with the proposals made during the **Conference on the Future of Europe** ([46]), in particular, the request to define standards within and outside the EU in trade and investment relations and in environmental policies by strengthening the ethical and environmental dimension of trade and investment relations.

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

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

Transparency, clear communication and inclusive policy-making remained corner stones of DG Trade's activities with the European Parliament, the Council, stakeholders and the public at large to maintain and further enhance legitimacy and public trust in how the EU conducts its trade policy. This specific objective is thus contributing to the Commission's general objectives "*A stronger Europe in the world*" and "*An economy that works for people*".

In addition to the dedicated institutional channels established with the European Parliament and the Council, DG Trade continued to publish clear, up-to-date and accessible information about trade, investment and economic security policy on its website in easy-to-understand language, published press releases, news items and factsheets, to inform about and explain initiatives to different target groups and the wider public. To this end, DG Trade also continued to engage actively on social media, including through increased engagement of DG Trade staff. The growing use of audio-visual material on its social media accounts (in particular LinkedIn) also makes it easier to explain sometimes complex technical issues in a way that is accessible to a broader audience. An example of this is the TRADE podcast series which continued to be produced throughout 2024.

DG Trade continued holding regular meetings of its Civil Society Dialogue on a range of trade policy issues. Meetings were also organised online to ensure wide participation by civil society representatives, notably from outside Brussels. DG Trade also reached out to civil society organisations in Member States directly, in particular through dedicated events, whenever possible jointly organised with the hosting Member State.

In 2024, DG Trade's communication work continued to show the benefits of an open trade agenda, including from a geopolitical, economic and sustainability perspective, as well as emphasise the importance of economic security which has become more important in the EU's response to increasing geopolitical challenges. Emphasis was also placed on informing stakeholders of the EU trade policy's role in green and digital transformations and in the context of the Russia's continued unprovoked and unjustified war of aggression against Ukraine and its wider economic and political implication.

([46]) The Conference on the Future of Europe was a citizen-led series of debates and discussions that ran from April 2021 to May 2022 and enabled people from across Europe to share their ideas and help shape our common future delivering a final report containing the 49 proposals to the Presidents of the European Parliament, the Council and Commission: [Conference on the Future of Europe]

Throughout 2024, more engagement and better communication remained an important asset in better explaining what DG Trade is trying to achieve and ensuring that EU trade, investment and economic security policy responds to citizens' concerns.

These measures further strengthened the EU's global leadership position in relation to a transparent and inclusive trade and investment policy in line with the Conference on the Future of Europe that proposed that "*the EU, in particular in its actions at the international level, including trade negotiations, improve its accessibility for citizens through better information, education, citizen participation, and transparency of its actions*."

All these actions have been reinforced by the third Eurobarometer on international trade ([47]), published in June 2024, where over six in ten Europeans believe they benefit from international trade – an increase compared to the last such survey in 2019. Furthermore, there is strong support for the EU's role in global trade, a keen interest in leveraging trade policy for broader societal benefits, and a critical awareness of the strategic imperatives posed by geopolitical tensions.

Regarding the efforts made to reduce the administrative burden, DG Trade assessed the reporting requirements in the relevant part of the EU acquis with a view to simplifying and rationalising the reporting requirements and reduce related burden on businesses and/or national administrations, without undermining the policy objectives. The majority of reporting requirements identified relate to complaints-based and case-handling areas such as trade defence or foreign direct investment screening or to areas in which cooperation and information exchanges with Member States are crucial such as export controls. This work includes the co-legislators to ensure that reporting requirements and the related burden on businesses and/or national administrations remain as limited as possible in the future, while allowing for the proper implementation of DG Trade's policy objectives.

([47]) Europeans' attitudes on trade and EU trade policy - June 2024 - - Eurobarometer survey

2. INTERNAL CONTROL AND FINANCIAL MANAGEMENT

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

2.1. Control results

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

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

DG Trade's assurance building and materiality criteria are outlined in annex 5. Annex 6 outlines the main risks together with the control processes to mitigate them and the indicators used to measure the performance of the relevant control systems.

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

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

DG Trade's budget was implemented in 2024 as follows:

Overview table (amounts in EUR million)

Risk-type / Activities	Procurement (e.g. minor or major values)	Delegation / Contribution agreements with EE (EIB, Int-Org, etc)	Other (co-delegation received from other DGs)	Total Expenditure
Procurement activities	14.03*		1.62	15.65
Contributions to International Organisations		2.11		2.11
Administrative expenditure (excl. external staff)	0.10			0.10
Totals (coverage)	**79%**	**12%**	**9%**	**100%**
Links to AAR Annex 3	***Overall total (m EUR); see Table 2 – payments made***		***Overall total (m EUR)***	***17.86 ([48])***

** From which EUR 0.1 has been implemented by DG MARE through the signed cross sub-delegation*

Legend for the abbreviations: EE=Entrusted Entities.

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

- Administrative expenditure

Around 98% of the administrative budget (missions expenses, meetings of committees and expert groups, training, conferences and other miscellaneous expenditure) managed by DG Trade is actually paid by PMO. Missions represent more than 91% of all administrative expenditure in DG Trade.

- Contributions to international organisations

Overall, the value of the payments linked to contributions to international organisations represented about 12% of the total budget expenditure in 2024. DG Trade awarded contribution agreements to international organisations, mainly to strengthen the capacity of developing countries to participate effectively in the multilateral trading system and regional trading arrangements, and to improve their trade and investment performance, as well as to promote labour rights, food standards and environmental protection.

- Procurement activities (contracts)

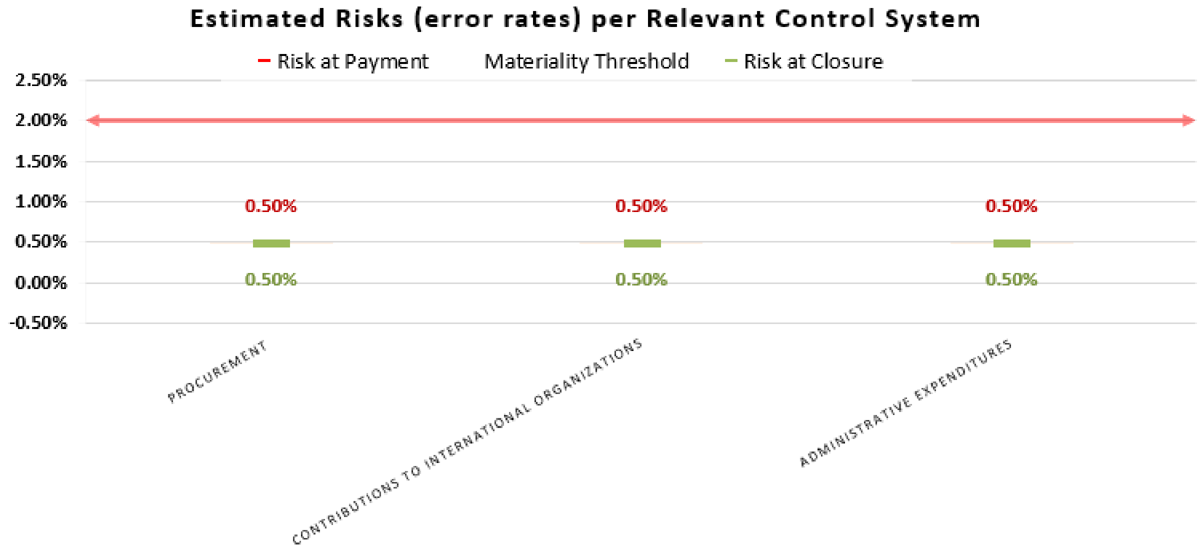
Overall, the value of payments linked to signed contracts represented about 87% (including the co-delegation received from other DGs) of the total budget expenditure in 2024. DG Trade mainly acquired services for economic, evaluation and impact assessment studies, development and maintenance of the Access2Markets portal, organisations of conferences

([48]) On top of the amount, DG Trade has co-delegated to other DGs (DIGIT, TAXUD, PMO, HR, DGT, FISMA, CNET and OP) EUR 1.63 million in commitments and EUR 5.77 million in payments.

and negotiation rounds, IT support to the implementation of several trade and investment policy areas, legal and other services. These services are generally provided by specialised consultants or service providers through public procurement.

2.1.2. Effectiveness of controls

a) Assessment of control results per RCS for expenditure



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

Meanwhile in 2024, 2 exceptions were recorded as control weaknesses. None of these events had an impact on the legality and regularity of the transactions. All concerned events were related to formal compliance issues, which do not have a negative impact on the budget.

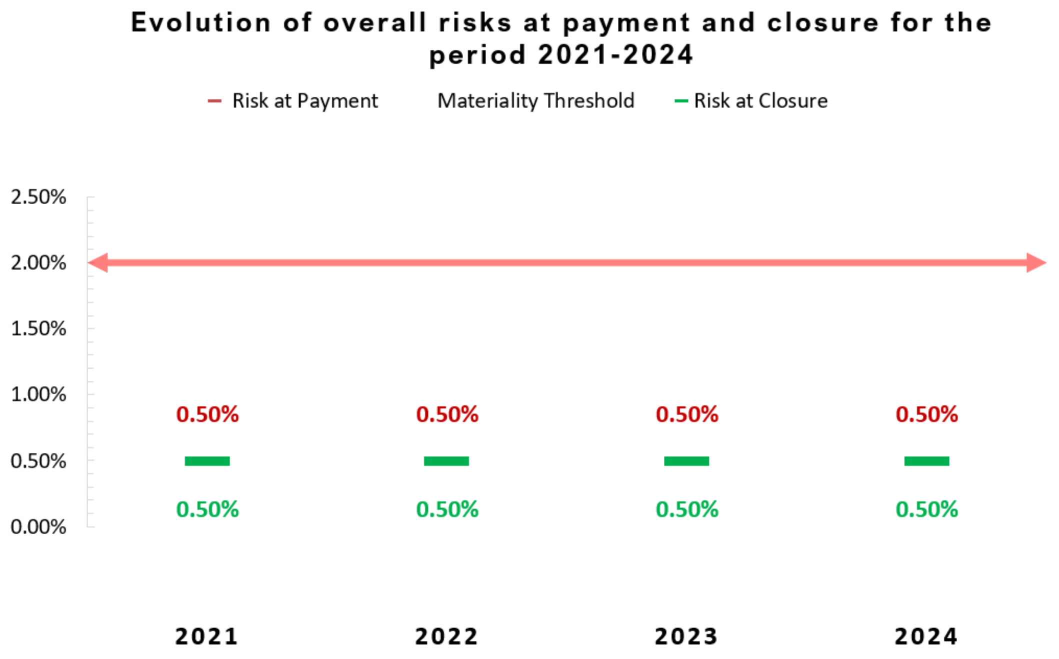
Please refer to table 8 in Annex 3 for details. All irregularities have been discovered before the actual payment. No other elements were brought to the attention of the AOD, which could give rise to a financial correction or an ex-post recovery.

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

INDICATOR	TARGET	2024	2023	2022	2021	2020	2019	2018
No of financial exceptions	Keep stable/ reduce	2	3	None	3	2	3	None
No of non-compliance events	Keep stable/ reduce	None	1	None	None	None	1	2
No of decisions overriding	None	None	None	None	None	None	None	None

controls								
No of legal cases following complaints in procurement procedures	None	None	None	None	None	None	None	None
ASSESSMENT								
Two exceptions have been registered in 2024, similar to the number of exceptions authorised during the years 2019-2023. The exceptions have been properly analysed and evaluated. As they were fully justified and did not have a significant impact on the legality and regularity of the underlying transactions, they were authorised.								
Legal cases: In 2024, there were no legal cases, nor complaints, about a procurement procedure.								

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



As DG Trade carries out only ex ante controls no further corrections to the expenditure are expected and the estimated future corrections are thus set at 0%. Consequently, for the risk at payment and risk at closure, DG Trade is using the Commissions' flat rate of 0,5% as a conservative estimate for low-risk type of expenditure. As a result, the estimated overall amount at risk at closure is considered to be the same as the estimated overall risk at payment for 2024, i.e. EUR0.09 million. There is a stable trend since 2021 since both the level of budget and estimated error rate have remained similar over the years.

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

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

c) Quantitative benefits of controls: Preventive and corrective measures

With its ex-ante controls, DG Trade has an effective mechanism in place for detecting and correcting errors. The correction of detected erroneous invoicing related to unduly invoiced amounts, resulted in 23 credit notes and 18 cases of claiming an ineligible amount,reaching in total EUR 8 thousand of corrections for 2024. Please see details in annex 3 table 8.

This significant decrease compared to 2023, is mostly explained by one specific case recorded in 2023, when the ex-ante controls discovered a relatively important amount erroneously invoiced.

d) Fraud: prevention, detection, and correction

DG Trade has developed and implemented its own anti-fraud strategy since 2013, based on the methodology provided by OLAF. It is updated every three years and was last updated on 24 January 2025 following a fraud risk assessment in 2024. The results of the monitoring of the implementation of the strategy are provided to DG Trade’s management annually. All necessary actions have been implemented.

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

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

Objective: The risk of fraud is minimised through the application of effective anti-fraud measures and the implementation of the Commission Anti-Fraud Strategy (CAFS) ([49]) aimed at the prevention, detection and correction ([50]) of fraud			
Main outputs in 2024:			
Output	**Indicator**	**Target**	**Latest known results**
Awareness raising events informing about the financial rules and potential areas of fraud	Delivery	At least once per year	In November 2024, a quick guide poster on fraud prevention was shared with all DG Trade staff with a link to the DG Trade IntraComm for further information.
In TDI context: Organise regular training courses, in particular for newcomers, exchange of experience and best practices	Delivery	At least once per year	There were regular meetings, exchanges of information and two trainings ([51]) on fraud awareness.
Internal communication and training on ethics, with and special emphasis on conflict of interest, relations with lobbyist, duty of discretion and whistleblowing	Delivery	At least once per year	Topics included in two internal DG Trade trainings for newcomers. In addition, other two Ethics trainings were organised, one for managers and the other one for all DG Trade staff. Awareness raising on four trainings on ethics principles organised at European Commission central level. In addition, a reminder note of ethics rules and obligations was sent to all staff.
Implementation of the anti-fraud strategy as planned for 2024	% of implementation of actions planned for 2024 in the anti-fraud strategy	100%	100%

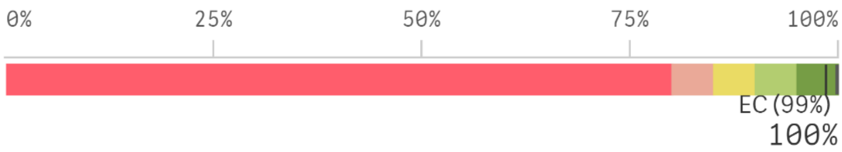
DG Trade did not receive any OLAF financial recommendations during the period 2020-2024. Cooperation with OLAF continues to work well in the area of fraud linked to trade defence investigations. In 2024, there was a follow-up of open administrative recommendations in this area and one other administrative case in relation to the review of the modalities of assistance in relation to goods transiting or transhipped through a partner country. To DG Trade's knowledge, there are no cases linked to financial procedures or staff matters currently being investigated by OLAF.

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

([49]) Communication from the Commission 'Commission Anti-Fraud Strategy: enhanced action to protect the EU budget', COM(2019) 176 of 29 April 2019 – 'the CAFS Communication' – and the accompanying action plan, SWD(2019) 170 – 'the CAFS Action Plan'.
([50]) Correction of fraud is an umbrella term, which notably refers to the recovery of amounts unduly spent and to administrative sanctions.
([51]) There were two trainings as part of the newcomers training, with the participation of OLAF, on their role in combatting fraud.

2.1.3. Efficiency of controls

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

Timely Payments	**TRADE Score**	**EC Score**
	**100%**	**99%**

During 2024, DG Trade made a total of 537 payments amounting to EUR 17.86 million. Thanks to very effective and efficient working processes, 100% of the amount was paid in time, compared to 99% of EC average. The average net payment time was 16.38 days.

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

2.1.4. Economy of controls

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

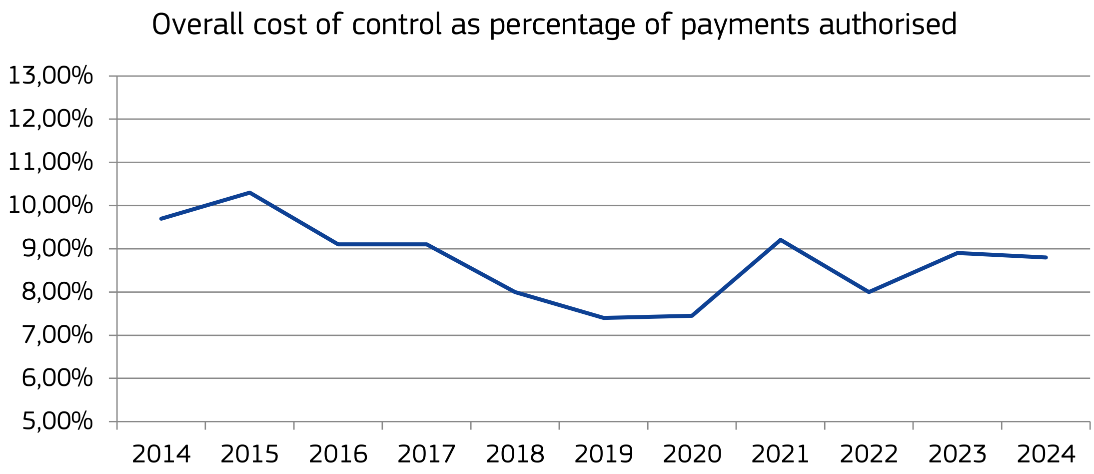
DG Trade has produced an estimation of the costs of its main control processes (as shown in Annex 7, table Y). DG Trade estimates the overall cost of control at EUR 1.570 million, or 8.8% of the total payments made.

Apart from the above-mentioned Commission’s own cost of control, there are fees paid to international organisations for their overall administration/management which are, however, broader and cover much more than control operations. In the case of DG Trade this fee represents a 7% flat-rate of the final amount of the direct eligible costs actually incurred, representing a total amount of EUR0.147 million for the year 2024.

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

DG Trade applies a 100% ex ante verification to all transactions and procedures. This verification includes mainly procurement procedures and direct awards of contribution agreements. To a large extent, both are governed by a regulatory framework which cannot be curtailed. No ex-post control function is established.

Given that DG Trade is a small-spending DG, which cannot split the cost of controls between Relevant Control Systems (or Direct and Indirect Management modes), DG Trade retained a single overall cost of control indicator, which does not have any impact on the potential risk involved:



The overall cost of control remained rather stable in 2024 compared to the previous years. DG Trade considers that these controls are strictly necessary in order to ensure compliance with regulatory requirements. As demonstrated in Annex 6, a substantial part of the appropriations could be at risk if these controls were not in place. For these reasons, the overall cost of control has to be seen in relation to DG Trade's relatively small amount of payments (EUR 17.86 million).

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

2.1.5. Conclusion on the cost-effectiveness of controls

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

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

2.2. Audit observations and recommendations

This section sets out briefly the state of play for all audit observations and recommendations reported by auditors related to internal control and financial management – including the limited conclusion of the Internal Auditor on the state of internal control. Further details for IAS and ECA audits can be found in Annex 8.

Where an audit has detected weaknesses affecting any internal control principle or the department's assurance, a detailed analysis is provided further below in section 2.3 and 2.4, accordingly.

Internal Audit Service

In its contribution to the 2024 Annual Activity Report process, the Internal Audit Service concluded that the internal control systems in place for the audited processes are effective, except for the observations giving rise to the two 'very important' recommendations described below.

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
2024	Allocation of Human Resources in EU Delegations	Very important : No 5	⌛	☑
2024	IT security risk management at the Commission	Very important : No 1	📝	☑

☑ Action plan implemented and closed by IAS or ECA / No impact on the assurance

⌛ Action plan implementation is ongoing or awaiting review from IAS or ECA

📝 Preparation of the action plan

🚩 Impact on the assurance

In November 2024, the IAS finalised the audit on the **Allocation of Human Resources in EU Delegations** with recommendations for improvements in two areas. The recommendation No 5 on the methodology of workload assessment is considered as a very important recommendation by the IAS. In March 2025, IAS accepted DG Trade's action plan of December 2024, and its implementation is ongoing.

In December 2024, the IAS finalised the audit on the **IT security risk management at the Commission** with recommendations for improvements in four areas. The recommendation No 1 on IT security risk management methodologies and tools is considered as a very important recommendation by the IAS. In February 2025, DG Trade is preparing the action plan to be sent to the IAS for review.

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

European Court of Auditors

Reported	Audit Title	Accepted Recommendation	State of play in 2024	Impact on the assurance for 2024
2020	Trade defence instruments	No 4(2)	⏳	☑
		No 1, 2, 3, 4(1), 5, 6	☑	☑
2023	Screening foreign direct investments in the EU	No 2a	⏳	☑
		No 1, 2b, 2c, 3, 4	☑	☑

☑ Action plan implemented and closed by IAS or ECA / No impact on the assurance

⏳ Action plan implementation is ongoing or awaiting review from IAS or ECA

📝 Preparation of the action plan

🚩 Impact on the assurance

The ECA published in July 2020 a performance audit report on **the enforcement of trade defence policy**. The audit concluded that the Commission was successful as an enforcer of trade defence policy. The ECA also recommended some improvements that have, for the main part, been implemented. The only open recommendation is related to the evaluation of the TDI regulation, No 4(2), that will be carried out later than planned at the time of the audit (currently planned for 2025).

The ECA published in December 2023 a performance audit report on **Screening foreign direct investments (FDI) in the EU**. The audit concluded that the Commission had taken appropriate steps to establish and implement a framework for screening foreign direct investment in the EU. However, the ECA recommended some improvements that have for the main part, been implemented. The only open recommendation is related to the national screening mechanisms that will be implemented by the end of 2025, as agreed in the action plan, but depending on progress with the adoption of the proposed review of the FDI Screening Regulation (proposal COM(2024) 23 final was tabled by the Commission in January 2024).

2.3. Assessment of the effectiveness of internal control systems

The Commission has adopted an Internal Control Framework based on the highest international standards ([52]). DG Trade has adapted the Internal Control Framework to their specific characteristics and organisational structure. The internal control systems are suited

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

to achieving its policy and internal control objectives in accordance with the internal control principles, having due regard to the risks associated with the environment in which it operates.

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

The 2024 assessment of the internal control systems was launched in December 2024 and completed in February 2025 following the methodology established in the "Implementation Guide of the Internal Control Framework of the Commission". The report was sent to the Director responsible for Risk Management and Internal Control.

The overall conclusion is that the internal control system during the reporting year was effective and the components and principles were present and functioning well overall. However, some moderate improvements are needed. Based on the assessment of internal controls the main remedial measures envisaged are to implement the audit recommendations, described in section 2.2, related to two very important findings from the IAS' audits on allocation of Human Resources in EU Delegations ([53]) and on IT security risk management at the Commission ([54]), as well as the recommendations related to the ECA audits on the enforcement of trade defence policy ([55]), and on screening foreign direct investments (FDI) in the EU ([56]). In addition, DG Trade will implement various tasks described in its Action Plan ([57]) as response to declining results of the 2023 Staff Survey, described in section 3.1. Details on the necessary mitigating measures to improve the effectiveness of DG Trade's internal control system are described in Annex 8.

Compared to previous years, in 2024 there was an increase of the number of ICPs with proposed improvements. This increase is due to efforts to further improve the efficiency and transparency of the Internal Controls and therefore does not imply a weakening of management's assurance about the achievement of the control objectives.

At the same time, improvements and remedial measures since last year were taken with the implementation of most of the recommendations from the ECA special report on

([53]) ICPs related to demonstrating commitment to competence (nr 4) in the control environment, and to specifying suitable objectives (nr 6) in the risk assessment.
([54]) ICPs related to selecting and developing general control over technology (nr 11) in control activities, and to using relevant information (nr 13) in information and communication.
([55]) ICP related to deploying control activities through policies and procedures (nr 12).
([56]) ICP related to establishing structure, authority and responsibility (nr 3) in the control environment.
([57]) ICP related to enforcing accountability (nr 5) in the control environment.

Screening foreign direct investments in the EU, and the preparation of an internal Action Plan following the results of the 2023 Corporate Staff Survey.

In 2024, DG Trade updated its Risk Register to ensure that all the foreseeable risks have been included and are being adequately mitigated. DG Trade continued to face some important risks, notably in relation to the situation of the multilateral trading system, trade relations with the US and China and last but not least, inadequate implementation of trade-related sanctions due to Russia's war of aggression against Ukraine.

Finally, in 2024 there were no non-compliance events identified and two exceptions authorised, demonstrating the robustness and well-functioning of the control system.

DG Trade has assessed its internal control system during the reporting year and has concluded that it is effective and that the components and principles are present and functioning well overall, but some improvements are needed as minor deficiencies were identified related to the principles listed above and described in Annex 8.

2.4. Conclusions on the assurance

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

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

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

2.5. Declaration of Assurance

Declaration of Assurance

I, the undersigned,

Director-General of DG Trade

In my capacity as authorising officer by delegation:

Declare that the information contained in this report gives a true and fair view ([58]).

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

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

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

Brussels, 26 March 2025

……………………………………..

(e-signed)

Sabine WEYAND

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

3. MODERNISING THE ADMINISTRATION

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

3.1. Human resource management

In the continued environment of geopolitical changes impacting trade policy DG Trade has closely monitored, planned and adapted its human resources to ensure the most efficient and effective use of its staff. Working towards the optimisation of the allocation of human resources for the implementation of DG Trade's policy objectives, DG Trade continued to assess the needs of the DG, both from a qualitative perspective, through regular discussions and close collaboration with senior and middle managers, and from a quantitative perspective, through the use of a "workload assessment warning system", providing an overview of various workload indicators.

The workload and pressure to deliver on numerous political files has continued to intensify in DG Trade in 2024, impacting heavily human resources management. The emphasis on economic security has become even stronger. Following the mission letter to Commissioner Maroš Šefčovič as responsible for trade and economic security, DG Trade has become DG Trade and economic security on 1 February 2025. In addition there was a sharp surge in trade defence cases At the same time, work has continued and intensified on the negotiations and conclusion of trade and investment agreements (for example with Mercosur, Mexico or India) to open third country markets and secure access to critical raw materials, the reform of the multilateral trading system, trade-related sanctions due to Russia's war of aggression against Ukraine, as well as handling complex bilateral relations with key partners like the US and China.

Being mindful of the increasing pressure, and of the decline in DG Trade's staff engagement index, which dropped to 73% in the results of the 2023 Staff Survey, down from 76% in 2021, DG Trade developed in 2024 a follow-up action plan, including targeted actions in specific areas identified for improvement, linked to career progression, management of change, collaboration and communication, or listening to staff. Several actions were already kicked-off or implemented in 2024, while maintaining continuous work on improving work-life balance, health and well-being. For example, with the aim of bringing the DG together and to clarify the direction for trade policy, a full DG Trade Away Day was organised in June 2024.

At the same time, DG Trade continued its substantial learning and development offer, adjusted to policy changes and staff needs, and taking into account the results of the skills mapping exercise which was run in 2024.

In line with the corporate HR strategy, as well as DG Trade's Equality Workplan, DG Trade continued to bring attention to diversity and inclusion initiatives. In this vein, DG Trade continued its commitment to promote gender equality, in pursuing its efforts to ensure a balanced pool of AD staff and in progressing towards a better gender balance at management level, with two female first middle management appointments in 2024.

Finally, to further preserve staff engagement, DG Trade organised periodic internal communication activities and debriefs on developments relating both to policy and to human resources. This came in addition to established updates on these matters on our local intranet and via e-mail distribution.

3.2. Digital transformation and information management

Digital Transformation: DG Trade recognises that information is one of its most critical assets. To optimize the management of this asset, the organization is transitioning from a traditional document registry approach to a comprehensive lifecycle management system. This strategic shift has been supported by the implementation of robust collaboration tools and the expanded use of corporate information and knowledge management tools, ensuring that all security requirements are meticulously addressed.

Aligned with the corporate framework, DG Trade has adopted a strategic approach to foster both knowledge sharing and collaborative work environments. Central to this strategy is the integration of a "share-by-default" policy alongside a "need-to-know" confidentiality framework. This dual approach is designed to identify and disseminate information assets of corporate interest, thereby enhancing transparency and facilitating inter-service collaboration.

In parallel with the management of strategic projects, DG Trade has furthered the implementation of corporate data governance principles as part of its transformation into a data-driven organization. A dedicated data governance role has been established, with clear responsibilities defined across the organisation. Specifically, the Chief Economist has been designated as the data owner for DG Trade's data warehouse, recognised as the organisation’s primary data asset. This appointment underscores the commitment to robust data governance and the strategic importance of data in driving organisational success.

Document Management: Concerning document management, systematic filing of documents in ARES is a prerequisite for the effective and efficient sharing and reuse of the information managed in Hermes-Ares-NomCom (HAN). It is also important for ensuring a transparent approach to policy making. DG Trade pursued its strategy of awareness raising and promoting the active use of Ares by all staff and management, together with a systematic monitoring of the use made by all DG Trade departments.

The integration of DG Trade’s IT systems with HAN remains another essential area to achieve efficient sharing and reuse of information. After the Briefings And Speeches Information System (BASIS), the Events Management Tool (EMT, recording and reporting meetings with external stakeholders), the Public Procurement Management Tool (PPMT) and EASE (Access to Documents) followed the same scheme. The latest integration has been with Summa, in application since January 2025.

These integrations generate efficiency gains, make processes faster and facilitate a more comprehensive use of the common repository included in HAN.

DG Trade's specific objective in data protection is based on the Commission's Action Plan and on both a risk-based approach to assessing data processing operations and the concept of accountability of the ‘data controller’ (i.e. the body or entity, which determines the purpose and means of the processing of personal data). To raise awareness on data protection, DG Trade’s Data Protection Coordinator (DPC) continued awareness raising activities to all staff, including on the implications of possible restrictions of data subjects' rights, on international data transfers to third countries and to international organisations, as well as dedicated guidance to all operational controllers and record editors. Finally, data protection continued to be part of DG Trade newcomers’ training. DG Trade continued to ensure that all the IT tools and systems developed in-house incorporate all applicable data protection rules and principles, such as privacy by design and privacy by default and security obligations. Full compliance with data protection rules and principles has also been included in DG Trade’s legislative proposals which might lead to the potential processing of personal data.

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

3.3. Sound environmental management

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

DG Trade promoted EMAS corporate campaigns at local level to support the Commission to reach its environmental targets, notably to achieve corporate climate neutrality by 2030 and reduce its environmental footprint. This included the promotion of campaigns focused on the efficient use of resources and waste management. In this respect, DG Trade continued to consider carefully which missions had to be performed and made full use of the updated video conference facilities, in cooperation with SCIC, to handle the increased number of virtual meetings which have and will continue to replace certain missions. On top of informing the staff of all corporate initiatives, events and conferences, DG Trade organised a collection of electric appliances from 29/04/2024 to 17/05/2024 in collaboration with other DGs, as well as a collection of textiles and sports equipment. DG TRADE also purchased customised re-usable cups for all staff to be used in DG Trade events. Instead of ordering water bottles through Cares, DG Trade again purchased customised re-usable water bottles for the colleagues attending the annual seminar for EU Delegations. These could be refilled at the many water fountains in the Charlemagne building.

3.4. Examples of economy and efficiency

Streamlining work and information flows: the briefing team

In a further attempt to address the high workload and challenging political environment in which DG Trade operates, the DG has not only continued to develop a more agile and flexible structure – by setting up new cross-DG project teams and task forces – but has also improved communication and information flows, including knowledge management. An example of this is the creation of the Briefing Team in May 2024. The Briefing Team is made up of a small group of highly skilled colleagues with very strong drafting and communication skills. The so-called “briefers” are now responsible for drafting, coordinating and validating briefings for the Director-General, Commissioner, and other Members of the College. They are closely integrated in the work of each Directorate, which gives them in-depth understanding of the specific policy work, and allows them to react efficiently and effectively to urgent briefing requests. The creation of the Briefing Team has not only improved the quality and efficiency of the briefing process but has also allowed to release resources for core policy priority work in operational policy units. The Briefing Team also acts as a knowledge hub, which has improved the sharing of information across Directorates within the DG.

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