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From: Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director

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To: Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union

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Subject: COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE EVALUATION of the impact of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia, Ecuador and Peru, of the other part

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Delegations will find attached document SWD(2023) 328 final.

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Brussels, 4.10.2023  
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**COMMISSION STAFF WORKING DOCUMENT**  
**EXECUTIVE SUMMARY OF THE EVALUATION**

**of the impact of the Trade Agreement between the European Union  
and its Member States, of the one part, and Colombia, Ecuador and Peru,  
of the other part**

{SWD(2023) 327 final}

The European Union (EU) and its Member States have a comprehensive trade agreement with Colombia and Peru. The agreement has been provisionally applied with Peru since 1 March 2013 and with Colombia since 1 August 2013. On 1 January 2017, Ecuador joined the trade agreement.

The agreement gradually opens up markets on both sides and increases the stability and predictability of the trade and investment environment in all partner countries. The agreement is among the first EU trade agreements with a comprehensive scope, also covering trade and sustainable development (TSD) issues.

In 2020, the European Commission mandated an external consultant to undertake an evaluation of the agreement. The evaluation covers the economic, social, environmental, and human rights (including labour rights) dimensions of the agreement between April 2020 and July 2021. Its results were published in January 2022.

This document presents the views of the Commission on this analysis. It also seeks to determine whether there is a need to improve the implementation of the agreement, to ensure that the parties take full advantage of the opportunities it offers and whether its objectives have been reached in terms of the four criteria listed in the EU's Better Regulation guidelines (effectiveness, efficiency, coherence and relevance).

The Commission considers that the implementation of the agreement worked well in achieving its specific objectives. The agreement has played a significant role in promoting trade and remains relevant for trade in goods between the EU and the three Andean partner countries. **Its impact can be assessed as positive, albeit relatively limited.**

More detailed effects and impacts of the agreement are set out in the paragraphs below.

In **economic terms**, the agreement has led to a small increase in gross domestic product (GDP) in all parties individually (i.e. the three Andean countries and the EU Member States) and overall at EU level. Sectors in which the parties have a comparative advantage have benefited most from the agreement. For the Andean countries, these were agriculture and food products, but also light industries. For the EU, it was industrial sectors (mainly machinery and the automotive sector).

Among the **social impacts**, sectoral employment changes were in line with the economic performance of the agreement. In the EU, these effects are considered negligible. In the Andean countries, the strongest positive effects were found in agri-food sectors such as vegetable, fruits and nuts, whereas some employment contractions were identified in a number of industrial sectors.

The **environmental impact** of the agreement overall is found to be very small.

The impact of the agreement on the **human rights** situation in the Andean countries has been limited, and no impact could be determined in the EU.

The agreement has been moderately **effective** with regard to achieving the objectives outlined in its Article 4. During negotiations, all three countries were benefitting from unilateral preferential access to the EU market under the EU's Generalised Scheme of Preferences (GSP+). This scheme provided preferential access similar to that provided under the current agreement. Between 2013 and 2021 bilateral trade increased by 6.5% overall. Tariff liberalisation has taken place as planned and has led to more trade in goods – both bilaterally and overall at EU level – than would have been the case in the absence of the agreement.

In addition, progress has been made in registering and enforcing Geographical Indications (GIs). The parties did not initiate any formal disputes against each other and the sub-committees established under the agreement solved around half of the differences identified between the parties.

The arrangements for **trade and sustainable development (TSD)** had a tangible impact in areas where assistance projects have been implemented. Dialogue under these arrangements has encouraged the continuation of certain positive activities or prevented the situation from worsening. There was not sufficient data available to identify any concrete action or changes where the agreement was the determining factor.

From an institutional angle, the agreement's **efficiency** is considered to have been high, if mixed when compared to its objectives. The Trade Committee and the sub-committees have played their roles as forums for exchanging information and views. However, regarding the resolution of trade irritants, while the system worked for most technical disputes, certain issues of political implications would require stronger, more dedicated political leverage. Better opportunities for civil society representatives, particularly through dialogue with advisory groups or domestic mechanisms, would greatly improve the ability of these groups to contribute to discussions held by the parties.

At the time of its signing, the degree of **consistency** of the agreement with the EU's overall trade and environmental policies and its commitment to the SDGs<sup>1</sup> and the Decent Work agenda<sup>2</sup> was **high**. Overall, the agreement remains consistent with the main policies of the EU.

Since 2013, new policy priorities have naturally emerged at both EU and global level that are not fully captured by the agreement as it currently stands. These include the Paris Agreement on Climate Change and the European Green Deal, which includes the Farm-to-Fork policy.

In line with the outcomes of the EU TSD policy review, the Commission is already taking concrete measures to strengthen the effectiveness of labour and environmental commitments under the TSD chapter.

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<sup>1</sup> [Sustainable Development Goals \(europa.eu\)](https://european-council.europa.eu/media/e300197c-326c-4767-995c-4d9311c64561/attachment_data/data/19000_en.pdf)

<sup>2</sup> [Communication on decent work \(europa.eu\)](https://european-council.europa.eu/media/e300197c-326c-4767-995c-4d9311c64561/attachment_data/data/19000_en.pdf)

The vast majority of the TSD review action points can in fact be implemented by the parties already at this stage or by means of a decision by the committees established under the existing agreement. And the Commission is working with the Andean authorities in this regard.

There are however other types of TSD commitments that would require the agreement to be amended. These include providing for the possibility of withdrawing trade preferences as a measure of last resort (applying “trade sanctions”), in cases of serious violations of the ILO Fundamental Principles and Rights at Work, or in cases of material breaches of the Paris Agreement.

To fully implement these remaining action points of the TSD policy review, the Commission will propose a targeted update to the agreement once it has been fully ratified by all EU Member States.