

**Zuzana Kittová, Kristína Drieniková, Henrich Juhás,
Lucia Khúlová, Ľubica Zubaľová**

EU FOREIGN TRADE POLICY IN RELATION TO DEVELOPING AND EMERGING REGIONS



VYSOKÁ ŠKOLA EVROPSKÝCH A REGIONÁLNIČ STUDII



EU Foreign Trade Policy

in Relation to Developing and Emerging Regions

Zuzana Kittová, Kristína Drieniková,
Henrich Juhás, Lucia Khúlová,
Ľubica Zubal'ová

2025

Authors ©



prof. Ing. Zuzana Kittová, PhD., M.B.L.-HSG

doc. Ing. Kristína Drieniková, PhD.

Ing. Henrich Juhás, PhD.

Ing. Lucia Khúlová, PhD.

doc. Ing. Ľubica Zubaľová, PhD.

Department of International Trade, Faculty of Commerce, Bratislava University of Economics and Business

Reviewers

doc. PhDr. Marián Šuplata, PhD.

Ing. Barbora Družbacká, PhD.

Proofreading

Mgr. Martina Halás Vančová, MSc., PhD.

Approved by the Pedagogical and Editorial Committee of the Bratislava University of Economics and Business in the 2025 publishing programme as a university textbook.

This university textbook is the outcome of the Ministry of Education, Research, Development, and Youth of the Slovak Republic's project KEGA no. 025EU-4/2024: Textbooks on the EU's Foreign Trade Policy for a Fundamentally Innovated Study Programme in International Trade Management, as well as the VEGA project no. V4 1/0102/24: Positions and Perspectives of Mutual Trade and Economic Cooperation among the Visegrad Group Countries under the Influence of Geopolitical Changes in the Global Economy.

Publisher

The College of European and Regional Studies

Žižkova tř. 251/6

370 01 České Budějovice

(+420) 386 116 811

info@vsers.cz

<https://vsers.cz/>

Scientific editorial office of the College of European and Regional Studies

Chairman: doc. Ing. Jiří DUŠEK, PhD.

Internal members: doc. JUDr. PhDr. Jiří BÍLÝ, CSc.; RNDr. Růžena FEREBAUEROVÁ; PhDr. Jan GREGOR, PhD.; doc. Ing. Marie HESKOVÁ, CSc.; PhDr. Štěpán KAVAN, PhD.; Mgr. Bc. Josef KŘÍHA, PhD.; doc. PhDr. Miroslav SAPÍK, PhD.; doc. Ing. Ladislav SKOŘEPA, PhD.; doc. Ing. Jaroslav SLEPECKÝ, PhD., MBA; doc. JUDr. Roman SVATOŠ, PhD.

External members: Ing. Jiří ALINA, PhD. (University of South Bohemia in České Budějovice, Czech Republic); doc. PhDr. PaedDr. Silvia BARNOVÁ, PhD., MBA (DTI University, Slovakia); prof. Berislav BOLFEK, PhD. (University of Zadar, Zadar, Croatia); doc. Ing. Jozefína DROTÁROVÁ, PhD., MBA (University of Safety Management in Košice, Slovakia); doc. MUDr. Lenka HODAČOVÁ, PhD. (Charles University, Hradec Králové, Czech Republic); doc. Ing. Petra PÁRTLOVÁ, PhD. (University of Technology and Economics in České Budějovice, Czech Republic); prof. PhDr. Miroslava SZARKOVÁ, CSc. (University of Economics, Bratislava, Slovakia); doc. Ing. Jarmila STRAKOVÁ, PhD. (University of Technology and Economics in České Budějovice, Czech Republic)

First edition

Extent: 83 pages

Range in copyright sheets: 5.8

Quantity: 100 pieces

Release year: 2025

ISBN 978-80-7556-168-8

Contents

Contents	4
Foreword	6
1 EU relations with Latin American countries	7
Introduction.....	7
1.1 Development of EU relations with Latin American countries.....	7
1.1.1 Cooperation in the 1960s and 1970s	8
1.1.2 Cooperation in the 1980s	9
1.1.3 Cooperation in the 1990s	9
1.1.4 Cooperation after 2000	9
1.2 EU relations with Mercosur.....	10
1.3 EU relations with the Andean Community.....	12
1.4 EU relations with the Central American Common Market	14
1.5 EU relations with Mexico	15
1.6 EU relations with Chile	17
Summary.....	18
Glossary	19
Tasks	19
Recommended reading	20
2 EU foreign trade policy towards countries in the southern branch of the European Neighbourhood Policy	21
Introduction.....	21
2.1 Development of EU initiatives with ENP countries	23
2.2 EU foreign trade policy instruments towards ENP countries	25
2.3 Barriers to mutual relations and trade.....	30
Summary.....	32
Glossary	32
Tasks	33
Recommended reading	33
3 EU foreign trade policy towards the ASEAN group	34
Introduction.....	34
3.1 ASEAN – basic characteristics.....	35
3.2 Brief overview of the development of mutual relations between the EU and ASEAN ..	37
3.3 Legal and institutional framework for EU-ASEAN trade cooperation.....	38
Summary.....	41
Glossary	41

Tasks	41
Recommended reading	41
4 Carbon Border Adjustment Mechanism	43
Introduction	43
4.1 Characteristics of CBAM	45
4.2 CBAM and developing countries	47
Summary	54
Glossary	55
Tasks	55
Recommended reading	56
5 EU preferential trade relations with developing countries	57
Introduction	57
5.1 Proving the origin of goods	58
5.2 Cumulation of origin	61
5.3 EU Generalised Scheme of Preferences	64
5.3.1 The creation of the Generalised Scheme of Preferences	64
5.3.2 The EU's Generalised Scheme of Preferences in practice	65
5.3.3 Standard GSP	67
5.3.4 GSP+	68
5.3.5 EBA – Everything But Arms	68
5.3.6 Trade under the EU GSP	70
Glossary	72
Tasks	72
Recommended reading	73
6 References	74
Chapter 1	74
Chapter 2	75
Chapter 3	78
Chapter 4	80
Chapter 5	82

Foreword

This university textbook, *EU Foreign Trade Policy in Relation to Developing and Emerging Regions*, is a continuation of the university textbook *EU Foreign Trade Policy in the Context of Geopolitical and Geoeconomic Changes*, published in 2024 by a team of authors: Z. Kittová, K. Drieniková, H. Juhás and Ľ. Zubaľová, published by *the University of European and Regional Studies* in České Budějovice.

This is the second title published as an output of the project of the Ministry of Education, Research, Development and Youth of the Slovak Republic KEPA No. 025EU-4/2024 entitled *Textbook on EU Foreign Trade Policy for a Fundamentally Innovative Study Programme in International Trade Management*. The ambition of this project is to innovate the study programme, which includes redefining the graduate profile, educational objectives and outputs of the study programme and study plan so that they correspond to the current needs of economic and social practice, as well as innovating teaching methods with an emphasis on problem-based teaching, activating teaching, collaborative and engaged learning, and critical thinking.

This university textbook gradually maps the EU's foreign trade policy and relations with developing and emerging countries in five main chapters. It first focuses on countries belonging to three selected regions, namely 1. Latin America, 2. the Middle East and North Africa, forming the southern branch of the European Neighbourhood Policy, and 3. the Association of Southeast Asian Nations, known by the acronym ASEAN. It then turns its attention to a new EU trade policy instrument, the Carbon Border Adjustment Mechanism. This instrument aims to prevent the relocation of greenhouse gas-intensive production from the EU to countries with less stringent environmental standards. The new mechanism poses the greatest challenge to developing and emerging countries. Finally, the university textbook introduces the system of trade preferences that the EU offers to developing and emerging countries.

In addition to covering individual topics, the textbook also contains other important components for learning about the subject matter, testing understanding and the ability to apply the explained material, as well as developing students' critical and creative thinking skills and other soft skills. Each of the five chapters therefore contains tasks for individual or group work. These tasks serve as tools for activating or problem-based teaching, which lead students to discover, reveal and compare certain facts themselves, thus supplementing the subject matter with their own views. Group tasks are designed to support collaborative learning, i.e. the acquisition of knowledge and skills by students based on mutual dialogue between individuals in the team, a common understanding of the task and cooperation aimed at its successful completion without mutual competition, whereby the activities of individuals are supported by the whole group and, conversely, the group benefits from the activities of each of its members. These tasks also serve to develop students' communication and presentation skills.

Each chapter includes a glossary explaining the technical terms used in the text, making it easier for the widest possible range of readers to understand the subject matter without the need for prior study. Each chapter also contains references to relevant literature for those interested in studying the subject in greater depth.

On behalf of the team, I am confident that this textbook will be a useful and interesting guide for studying the EU's foreign trade policy. I would also like to express my sincere thanks to the reviewers and everyone who contributed to its creation for their valuable advice and comments.

Zuzana Kittová

1 EU relations with Latin American countries

Learning outcomes

Students will acquire knowledge about the development and current state of EU foreign trade policy towards Latin American countries. They will understand the importance of EU foreign trade relations with these countries in a changing global economic environment. The tasks are designed to develop students' ability to solve problems in the EU's foreign trade relations with Latin American countries, their ability to work in teams, their ability to think creatively, critically evaluate the knowledge they have acquired, communicate their professional opinions and present the results of their own work.

Keywords

Latin America, association agreement, free trade agreement, customs union

Abbreviations

ACP – African, Caribbean and Pacific States, EEC – European Economic Community, GSP – Generalised System of Preferences, Mercosur – Mercado Común del Sur (Southern Common Market), WTO – World Trade Organisation

Introduction

From a geographical point of view, Latin America comprises the countries of the Caribbean, Central America (including Mexico, which is usually classified as part of North America) and South America. This designation stems from the fact that Spanish and Portuguese, languages that developed from Latin, are predominantly spoken in these countries. However, in terms of EU trade policy, the Caribbean countries, including Belize, Guyana, Suriname and Cuba, are part of the African, Caribbean and Pacific Group of States, known as the ACP, which has a special relationship with the EU. The overseas territories of France, the Netherlands and the United Kingdom also have a special status in the region. Therefore, in this chapter we will focus only on countries that are or were part of the Central American Common Market, Mercosur and the Andean Community integration groups, as well as Mexico and Chile (Figure 1.1). These countries form a culturally and ethnically diverse region with large differences in income levels. Other problems include low labour productivity, a shortage of skilled labour, poorly developed infrastructure, inefficient agriculture, the threat of climate change, debt, crime, corruption, etc.

1.1 Development of EU relations with Latin American countries

The history of relations between the countries of the current EU and Latin America dates back to the end of the 15th century, when the Spanish and later the Portuguese began colonising this part of the American continent. Most Latin American countries did not gain independence until the 19th century. In the 1950s, integration processes began to develop on both sides of the Atlantic. Three European Communities were established in Western Europe. In Latin America, it was first the Organisation of Central American States, which later created the Central American Common Market (WTO, 2025).

Figure 1.1 Map of selected Latin American countries



Source: author's own work.

1.1.1 Cooperation in the 1960s and 1970s

The beginning of interregional cooperation between groups forming on both sides of the Atlantic was the coordination of their positions before the first meeting of the United Nations Conference on Trade and Development in 1964 (Jarrín – Aramayo, 2023). In the 1970s, the first bilateral trade agreements between the European Economic Community (EEC) and Argentina, Uruguay, Brazil and Mexico were signed. These were non-preferential agreements based on most-favoured-nation treatment (Commission of the European Communities, 1978). They are referred to as ***first-generation agreements***. During this period, the EEC also extended its development cooperation to Latin American countries. This included a generalised scheme of preferences, assistance in promoting Latin American exports and regional integration, as well as financial and technical assistance.

1.1.2 Cooperation in the 1980s

In the 1980s, the EEC signed cooperation agreements with Brazil (1982), the Andean Community (1983) and the Central American Common Market (1985). These were ***second-generation agreements*** which, unlike the first-generation agreements, covered both political and trade issues and also aimed to establish agreements between these regional groupings in Latin America (Jarrín – Aramayo, 2023). The accession of Spain and Portugal to the EEC in 1986 led to intensified cooperation between the EEC and Latin America.

1.1.3 Cooperation in the 1990s

During this period, ***third-generation*** cooperation agreements were signed ***between*** the EU and Latin American countries. These agreements went beyond economic cooperation and were conditional on the strengthening of democracy, human rights and the rule of law in Latin American countries. In addition, they created a framework for enhanced trade liberalisation and contained an evolutionary clause that allowed for the expansion of cooperation without the need to renegotiate the agreement (Arana, 2017). Agreements were signed with Argentina and Chile (1990), Mexico (1991), Uruguay, Paraguay and Brazil (1992), as well as with the regional groupings of the Andean Pact, the Central American Common Market (1993) and Mercosur (1995).

1.1.4 Cooperation after 2000

The EU had been pushing for negotiations on a new framework for relations with Latin American countries since the mid-1990s (Szegedy-Maszák, 2009). These were ***fourth-generation agreements or association agreements*** covering political dialogue, enhanced economic cooperation and free trade agreements. Association agreements were signed with Mexico (the Global Agreement in 2000), Chile (2002) and the Central American Common Market (in 2012, with the trade section provisionally applied from 2013).

The agreement with Chile was modernised in 2023 with the signing of two agreements, namely the Enhanced Framework Agreement and the Interim Trade Agreement. The Interim Trade Agreement entered into force in February 2025 and will remain in force until the Enhanced Framework Agreement enters into force. The Association Agreement, known as the Global Agreement with Mexico, is also being modernised. In January 2025, negotiations on a new agreement were concluded, which, once ratified, will replace the current Global Agreement.

In 2019, after 20 long years, negotiations with Mercosur on the trade part of the agreement were concluded. However, the agreement was not ratified due to the disagreement of some EU member states, led by Austria, with the approach to protecting the Amazon rainforest. At the end of 2024, the EU and Mercosur reached a political agreement on an improved partnership agreement containing commitments in the area of sustainability (climate protection, deforestation, workers' rights, etc.). However, the agreement has not yet been signed. Negotiations on an association agreement with the countries of the Andean Community began in 2007, but after Bolivia and Ecuador refused to sign a free trade agreement, the EU continued only with bilateral negotiations with Peru and Colombia. Agreements with these two countries were signed in 2012 and provisionally applied in 2013. Ecuador did not join until 2017.

1.2 EU relations with Mercosur

Mercosur was founded in 1991 by Argentina, Brazil, Paraguay and Uruguay. In 1995, they created an incomplete customs union as a counterweight to the integration groups in North America and Europe. The customs union applies a mechanism of national lists of exceptions to the common customs tariff, which allows individual member countries to impose higher or lower tariffs in accordance with their national interests (Demarest, 2025). Venezuela joined Mercosur in 2012. However, its membership rights and obligations were suspended in 2017 in response to violations of democratic order following N. Maduro's accession to the presidency. In 2012, a protocol was also signed on Bolivia's accession to Mercosur. However, the ratification process took a long time – until 2024, when the country will have four years to harmonise its legislation with that of the integration group (Mercosur, 2024).

The EU has bilateral cooperation agreements with each of the four founding members of Mercosur, dating back to the 1990s (European Commission, 2025a). In addition, a framework cooperation agreement has been concluded with the aim of strengthening interregional cooperation between the EU and Mercosur, covering trade and economic matters, cooperation and other areas of mutual interest. In the area of trade, it establishes a regular dialogue with the aim of gradual reciprocal liberalisation (Eur-lex, 2020).

As the World Bank classifies Mercosur member states as upper-middle-income countries, and Uruguay as a high-income country, they are no longer beneficiaries of the Generalised Scheme of Preferences (GSP) (World Bank, 2025). Trade with the EU is therefore subject to most-favoured-nation tariffs, which means an increase in tariffs for Mercosur exports compared to the often zero tariffs applied in the past under the GSP. None of the agreements in force allow for preferential market access or free trade. High tariffs are imposed on imports from the EU, particularly on cars, machinery, information and communication technologies, textiles, chocolate, alcohol and wine (European Commission, 2024). In addition, non-tariff barriers are also applied in mutual trade. In Argentina, these include non-automatic import licences, preference for domestic products in public procurement and insufficient protection of geographical indications for products. In Brazil, these include administrative delays, technical, sanitary and phytosanitary requirements (e.g. requirements for the labelling of wine and alcohol or allergens in products, quality requirements for wines, requirements for the control of pests in plants or food, etc.), barriers in the area of intellectual property protection and public procurement. Barriers in the area of intellectual property protection and public procurement also exist in Paraguay. In Uruguay, these include sanitary and phytosanitary requirements, insufficient protection of intellectual property and geographical indications.

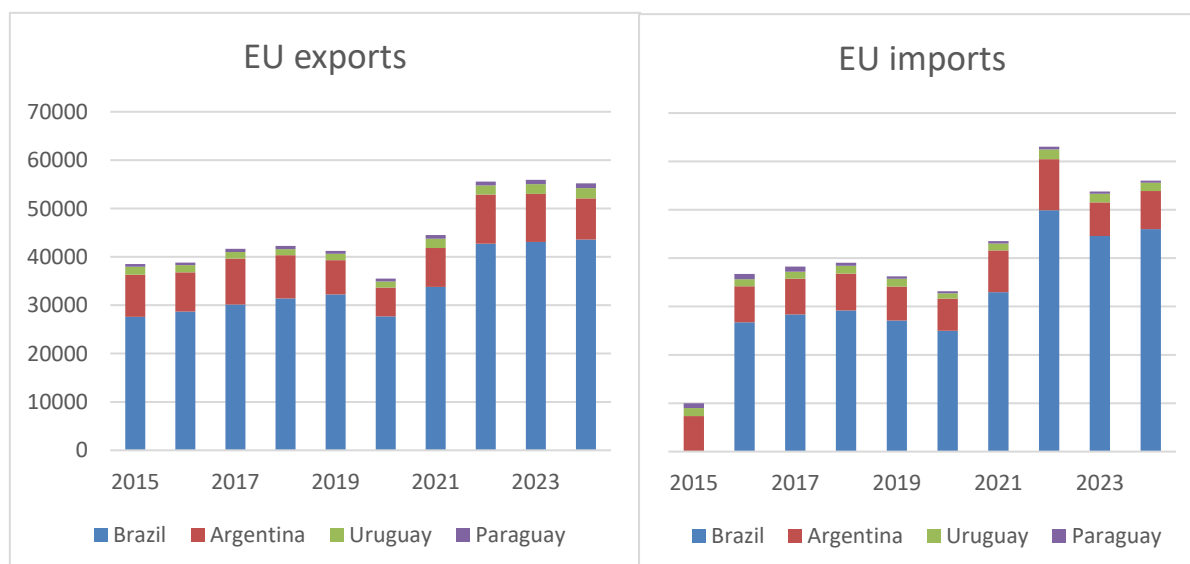
The barriers hindering trade between the EU and Mercosur led to negotiations on trade liberalisation and the overall modernisation of the contractual basis. The negotiations began in 1999 and lasted for twenty long years. The EU's demands for rapid liberalisation of trade in industrial goods, protection of a large number of geographical indications, high standards of intellectual property and investment protection, and opening up the public procurement market were problematic for the Mercosur countries. Mercosur countries were also dissatisfied with the EU's efforts to impose preferential tariff quotas on imports of the most sensitive agricultural commodities (cereals, beef, sugar and dairy products) and special agreements for wine. The rise of left-wing governments in South American countries in the mid-2000s, China's growing demand for primary commodities (which supported export-led economic growth in Latin America and at the same time redirected the region's trade flows in favour of China), the 2008 financial crisis, and the enlargement of the EU to include Central and Eastern European countries in 2004 (of which Poland and Hungary in particular promoted protectionist agricultural interests) all complicated the negotiations on the association agreement and led to their suspension.

A turnaround came in 2016 thanks to several factors, including in particular (García-Arana, 2022):

- Brexit and the crisis of globalisation following Donald Trump's accession to the US presidency, which encouraged defensive convergence between the EU and Mercosur with the aim of securing reciprocal market access,
- the arrival of liberal-conservative governments in Argentina and Brazil supporting globalisation and open regionalism,
- the loss of the EU's dominant position in trade with Mercosur, which has been replaced by China, prompting the need to strengthen the strategic autonomy of both partners,
- the approaching end of the mandate of the European Commission under J. C. Juncker and the elections in Argentina in October 2019, which provided the impetus to conclude the negotiations before the 'changeover' of power.

Negotiations on the trade part of the new agreement were concluded in 2019. The EU managed to secure advantages for industrial products and services, while Mercosur achieved improved access for its agricultural exports to the EU market. Under the agreement, Mercosur is to fully liberalise 91% of imports from the EU during a transition period of up to 10 years for most goods (European Commission, 2024). A longer 15-year transition period applies to goods that are sensitive for Mercosur (e.g. cars, chemical and pharmaceutical products). On the other hand, the EU is to liberalise 92% of imports from Mercosur over 10 years and 95% of imports over 15 years. Tariff quotas have been agreed for sensitive agricultural commodities (beef, poultry and pork) and for means of transport. Export quotas have been agreed for sugar, ethanol, rice and honey, and wine is subject to special treatment. The EU has retained the right to grant agricultural subsidies on grounds of public interest. Mercosur will ensure the protection of geographical indications for EU products, with the exception of certain indications traditionally used for Mercosur products. A year after the conclusion of the trade negotiations, the negotiations on the political part of the agreement were also concluded.

Graph 1.1 EU trade with Mercosur countries (in EUR million, 2015–2024)



Source: own processing according to Eurostat (2025).

The conclusion of the association agreement sparked protests by EU farmers, particularly in France. Environmental activists and politicians have also drawn attention to the risks of the agreement in relation to deforestation of the Amazon rainforest. Given that, from the EU's

point of view, this is a so-called mixed agreement, it requires ratification not only by the parliaments of the Mercosur countries, the European Parliament and the Council of the EU, but also by the parliaments of all EU member states. The parliaments of Austria and the Netherlands voted against ratifying the agreement, and other EU countries, such as Belgium, Ireland and Poland, announced similar intentions. In view of these problems, a political agreement on a new version of the Partnership Agreement was reached at the end of 2024. However, this agreement has not yet been signed. Unlike the 2019 agreement, the improved agreement allows for suspension if a contracting party fails to comply with the Paris Agreement. It also includes a commitment to end deforestation by 2030, as well as commitments to protect workers. In terms of trade commitments, the transition period for full liberalisation of electric vehicles has been extended to 15 years (CIRCABC, 2024). Paraguay has been granted an additional quota of 1,500 tonnes of pork and 50,000 tonnes of biodiesel.

Based on data for 2024, Mercosur is the EU's 10th largest trading partner in goods. From Mercosur's perspective, the EU is its second largest trading partner after China. The development of EU trade with Mercosur countries is shown in Graph 1.1. Brazil accounts for the largest share of EU trade (around 80%), while Paraguay accounts for the smallest. While the EU had a positive trade balance for most of the period under review, the balance was negative in both 2022 and 2024. Based on data for 2024, the most important commodities in mutual trade on the EU export side are machinery and equipment (28.1% of total exports), chemicals and pharmaceutical products (25%) and transport equipment (12.1%). On the EU import side, these are agricultural products (42.7% of total imports), raw materials (30.5%) and pulp and paper (6.8%).

1.3 EU relations with the Andean Community

The history of the Andean Community began in 1969, when Bolivia, Colombia, Chile, Ecuador and Peru signed the Cartagena Agreement. At that time, it was known as the Andean Pact. Chile later withdrew from the agreement. Venezuela was also a member for several years. The aim of the Andean Community is the economic, political and social integration of its members. The Community has a developed institutional structure and legislation (Eur-lex, 2006). Intergovernmental institutions have executive, legislative, judicial and decision-making powers. Economic integration has taken the form of a free trade area between Bolivia, Colombia and Ecuador since 1993, with Peru joining in 2006. A common customs tariff was adopted by the countries in 1995 (Embassy of India in Peru, 2025).

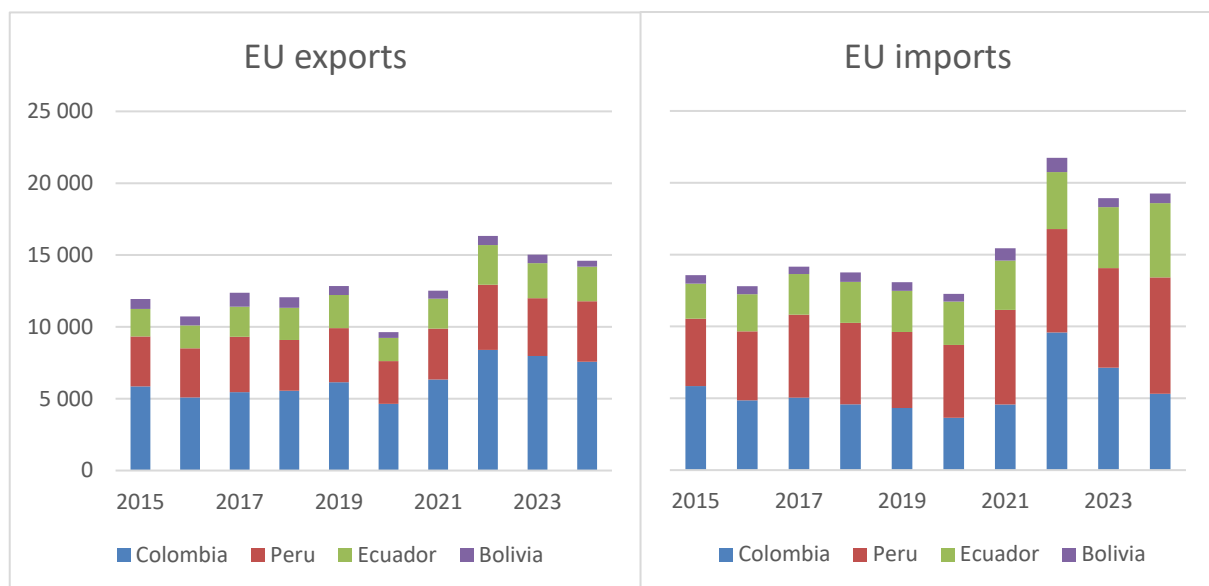
Developing relations with the countries of the Andean Community has not been a priority for EU countries for a long time due to the low value of mutual trade. For the Andean Community, the USA has traditionally been more important. Bananas, an important export commodity for the Andean countries, have also been the subject of a long-standing dispute between the EU and the Andean countries at the WTO (García – Arana, 2022). The EU preferred to import bananas from ACP countries. The political situation also played an important role, as H. Chávez, President of Venezuela, and E. Morales, President of Bolivia, were opposed to the free trade agreement. These circumstances were not conducive to negotiations on a trade agreement between the EU and the Andean Community. The situation changed at the beginning of the new millennium after the failure of the Doha Development Agenda. The EU could no longer rely on trade liberalisation through WTO negotiations. Following the failure of the WTO negotiations, the US sought to rapidly strengthen its trade relations with Central American countries, thereby threatening the EU's position in the region. All this led to the opening of negotiations on an association agreement between the EU and the Andean Community countries in 2007. However, the Andean Community countries did not share a unified position. Although Venezuela had already left the Andean Community, the problem was the negative

stance of Bolivia and Ecuador. During the negotiations, Bolivia sought to secure as many exemptions as possible from the planned free trade agreement. Ecuador, as a GSP+ beneficiary, had preferential access to EU markets and was therefore not motivated to liberalise mutual trade. Peru and Colombia, on the other hand, were interested in reaching an agreement as quickly as possible. The EU therefore changed its approach and, instead of the original format of interregional negotiations (i.e. negotiations between the EU on the one hand and the Andean Community on the other), continued only with bilateral negotiations with Peru and Colombia. Comprehensive trade agreements with these two countries were signed in 2012. As these were mixed agreements, they required ratification by the parliaments of all EU member states, which is a lengthy process. Therefore, parts of the agreement have been provisionally applied since 2013 with Colombia and Peru, and since 2017 with Ecuador. Ecuador changed its position on the agreement with the EU because it no longer met the criteria for preferential GSP access to EU markets and because of the risk of losing its share of agricultural exports to the EU to Colombia and Peru. The agreement between the EU, Colombia, Peru and Ecuador has been fully implemented since 2024 and also includes the possibility of Bolivia joining (European Council, 2024). However, Bolivia continues to be a beneficiary of GSP+. In addition, its exports to the EU consist mainly of raw materials that the EU cannot easily replace. These factors reduce the likelihood of Bolivia joining the agreement.

The trade agreement opens markets for goods, services, investment and public procurement, while guaranteeing the protection of intellectual property, including geographical indications. The EU has removed tariffs on most imports from Colombia, Peru and Ecuador, with the exception of fruit and vegetables. For some sensitive products (such as mushrooms, sweet corn, sweets, beef, cow's milk, rum, sugar, yoghurt and bananas), the EU applies tariff quotas. This means that only a limited quantity of these products can be imported into the EU duty-free (European Commission, 2025b). The three Andean countries also grant tariff concessions to imports from the EU, with different timetables for the elimination of tariffs. The agreement is asymmetrical due to the lower level of economic development of the Andean countries. The opening of their markets to imports from the EU is therefore spread over a longer period of 17 years. Once this period has expired, imports of industrial and fishery products from the EU will be duty-free, as will imports of most agricultural commodities. However, some sensitive products are excluded from liberalisation or are subject to tariff quotas. The agreement also emphasises sustainable development with the aim of ensuring a high level of labour and environmental protection (HZA, 2024).

Based on data for 2024, the EU is the third most important trading partner of the Andean Community. Graph 1.2 shows that Colombia has long been the EU's most important trading partner in this group in terms of exports (currently accounting for more than 50% of total EU exports to the Andean Community), while Peru is the most important in terms of imports (with a share of just under 24%). Trade with Bolivia is the lowest. The EU has a trade deficit with the Andean Community. The EU mainly exports machinery and transport equipment (which accounted for 33.2% of EU exports in 2024) and chemical products (27.7%) to the Andean Community, while importing agricultural products (48%), mineral raw materials (24%) and fishery products (13%).

Graph 1.2 EU trade with the Andean Community countries (in EUR million, 2015–2024)



Source: own processing according to Eurostat (2025).

1.4 EU relations with the Central American Common Market

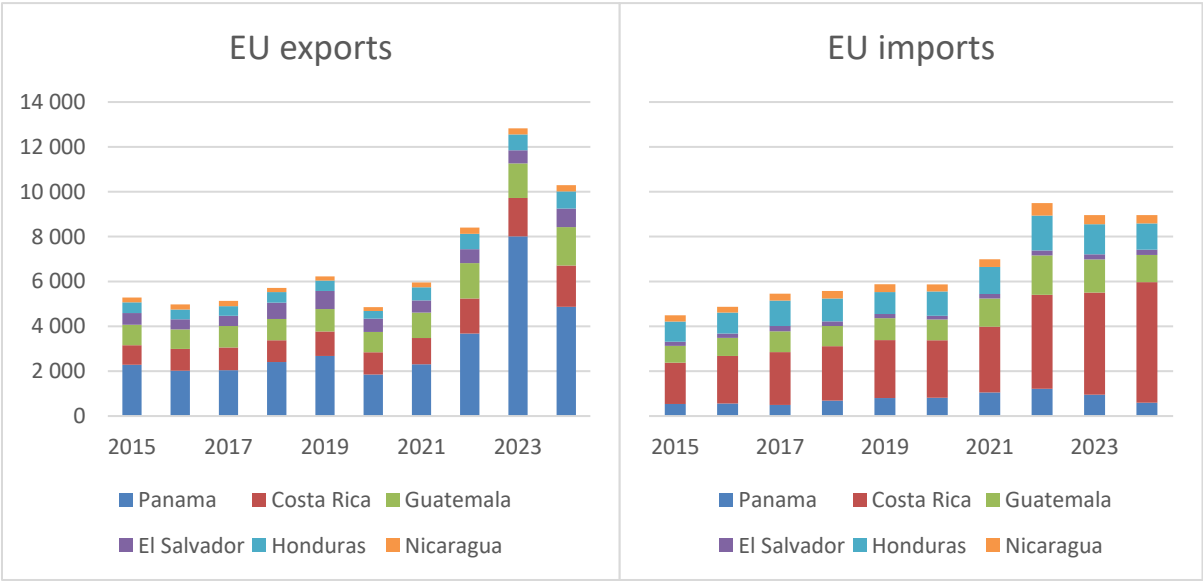
The agreement establishing the Central American Common Market was signed in 1960 by El Salvador, Guatemala, Honduras and Nicaragua. Three years later, Costa Rica joined. The aim of the agreement was to accelerate the economic integration of the countries and to establish a customs union and a common market between the contracting states within five years at the latest (WTO, 1964). Armed conflict between El Salvador and Honduras in the late 1960s, followed by civil wars in El Salvador and Nicaragua (in the 1980s), led to a halt in integration. It was not resumed until the early 1990s, when Panama also joined the integration group. In 1993, all six members signed a protocol to the 1960 treaty, confirming their commitment to gradually create an economic union, including the introduction of a common external tariff of up to 20%. This step promoted the acceptance of the Central American Common Market by other economic blocs, particularly the EU, which supported this regional integration for both political and economic reasons. By 2016, 95.7% of the total 6,389 products in the customs tariff of the Central American countries had been harmonised, with metals, oil, agricultural and health products remaining unharmonized (Sánchez, 2016).

The EU's relations with the countries of the Central American Common Market are governed by an association agreement signed in 2012. It consists of three parts: political dialogue, cooperation and trade. The trade part of the agreement has been provisionally applied since 2013. It replaced the unilateral preferences granted to Central American countries by the EU under the GSP. On this basis, the EU immediately liberalised imports of 99% of tariff lines relating to industrial products and fisheries (European Commission, 2025c). Liberalisation by the Central American countries was slower, with duty-free access for industrial and fishery products only agreed from 2025. Both partners also abolished customs duties on most agricultural products, with the exception of sensitive goods. On the EU side, duty-free imports cover 73% of agricultural tariff lines, such as coffee, shrimp, pineapples and melons. The EU applies quotas on duty-free imports of sugar and rum. Central American countries have abolished tariffs on 67% of agricultural tariff lines. The agreement aims to strengthen regional integration by introducing a single import tariff for the entire region and using a single

administrative document for customs purposes (European Commission, 2025d). The agreement further liberalises the market for certain services. Restrictions remain in place, particularly in the area of financial services. The agreement has improved access to public procurement markets, access for foreign investors to markets and the protection of intellectual property, including geographical indications. A dispute settlement mechanism has been established. Following ratification by all 27 EU member states, the bi-regional association agreement between the EU and Central America entered into full force in 2024, including provisions falling under the pillars of political dialogue and cooperation.

Based on Graph 1.3, it can be concluded that the EU exports most to Panama within the region (its share of total EU exports to countries in the region is currently almost 50%) and imports most from Costa Rica (almost 60% of total imports from the region). Nicaragua has the lowest share of EU exports, while El Salvador has the lowest share of EU imports. The EU's trade balance with Central American countries is positive. The EU mainly exports chemical products, machinery and equipment, mineral products, food, beverages, tobacco and transport equipment to Central America. The main imports from Central American countries to the EU are agricultural products (including plant products, animal or vegetable fats and oils, food, beverages and tobacco), optical and photographic equipment, machinery and transport equipment, as well as integrated circuits and electronic components.

Graph 1.3 EU trade with the Central American Common Market (in EUR million, 2015–2024)



Source: own processing according to Eurostat (2025).

1.5 EU relations with Mexico

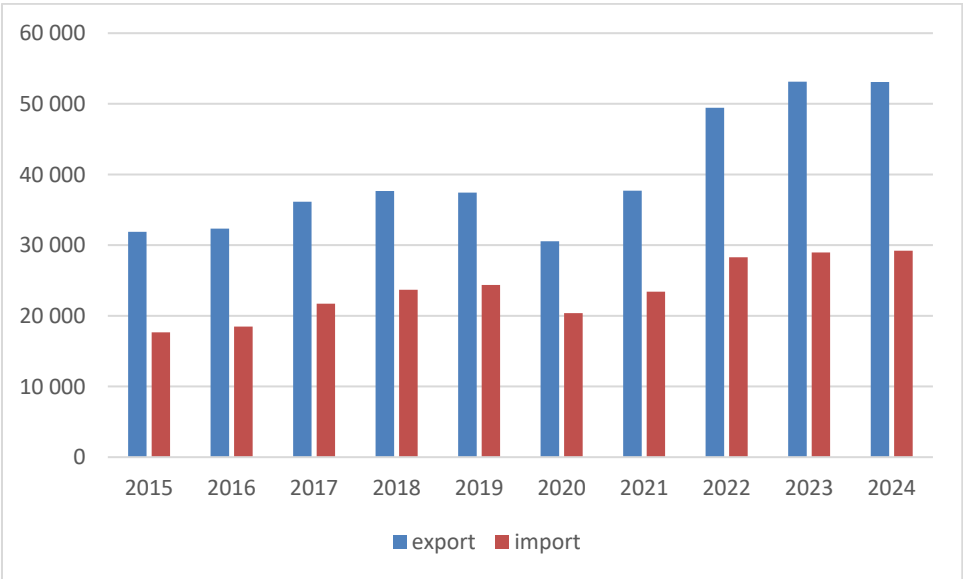
Relations between the EU and Mexico are governed by the Agreement on Economic Partnership, Political Coordination and Cooperation, known as the Global Agreement, signed in 1997. The trade section of the agreement has been in force since 2000 and allows free trade for most goods and, to some extent, services. Since 2008, Mexico has been one of the EU's ten strategic partners (European Commission, 2025e).

In view of the need to respond to new relevant issues in the field of trade and investment, negotiations on the modernisation of this agreement began in 2016. The negotiations were concluded in 2025. The modernised agreement includes a comprehensive trade agreement

and also addresses political issues, the protection of human rights and the promotion of sustainable development. The modernised agreement will replace the current agreement after ratification.

The modernised agreement removes both tariff and non-tariff barriers to trade in goods (European Commission, 2025f). The gradual elimination of tariffs mainly concerns agricultural products on which Mexico currently applies high tariffs (e.g. pasta, blue cheese, potatoes and apples up to 20%, chocolate and confectionery over 20%, eggs and pork 45%, poultry products up to 100%). For some other dairy and meat products, the agreement sets tariff quotas within which imports into Mexico will be duty-free. As regards non-tariff barriers, the agreement will, for example, ensure the acceptance of internationally recognised EU test reports and certificates for motor vehicles. It will also strengthen intellectual property protection in Mexico, including protection for a larger number (568 in total) of geographical indications for products originating in the EU. The agreement will also improve conditions for cooperation and supply chains in the area of raw materials important for the green and digital transformation. It will open up new markets in the area of public procurement. Further changes concern trade in services and investment. Better market access will be ensured in the area of services, while public services such as healthcare and education will remain exempt. Investment protection in Mexico will be improved by the establishment of a permanent investment court to resolve disputes relating to foreign investment. Similar provisions are also included in the EU's agreements with Canada, Singapore, Vietnam and Chile. The sustainable development chapter of the agreement introduces legally binding provisions on labour rights, environmental protection, climate change and responsible business conduct. For example, it prohibits the parties from lowering environmental standards in order to promote trade or investment. It also contains commitments to promote sustainable fisheries and forestry management and to protect biodiversity. It establishes a commitment for the parties to implement the multilateral environmental agreements they have signed, including the Paris Agreement. Breaches of the commitments under the chapter on sustainable development will not lead to the suspension of preferences but will be enforceable through the dispute settlement mechanism. The agreement also includes commitments to combat corruption and money laundering.

Graph 1.4 EU trade with Mexico (in EUR million, 2015–2024)



Source: own processing according to Eurostat (2025).

According to data for 2024, the EU is Mexico's third largest trading partner after the US and China. EU trade with Mexico is gradually growing. The only exception was a decline due to the COVID-19 pandemic (Graph 1.4). The EU exports significantly more to Mexico than it imports from it. The EU mainly exports machinery and equipment, chemical products, transport equipment, base metals and raw materials. It mainly imports machinery and equipment, raw materials, chemical products, transport equipment and base metals from Mexico.

1.6 EU relations with Chile

Since 2003, an association agreement, which included a free trade agreement, has been in force between the EU and Chile. Similar to agreements with other Latin American countries, this agreement was also subject to modernisation at the end of the second decade of the 21st century. The negotiations on the modernisation of the contractual basis resulted in the signing of two agreements in 2023, namely:

- the Extended Framework Agreement and
- the Interim Trade Agreement.

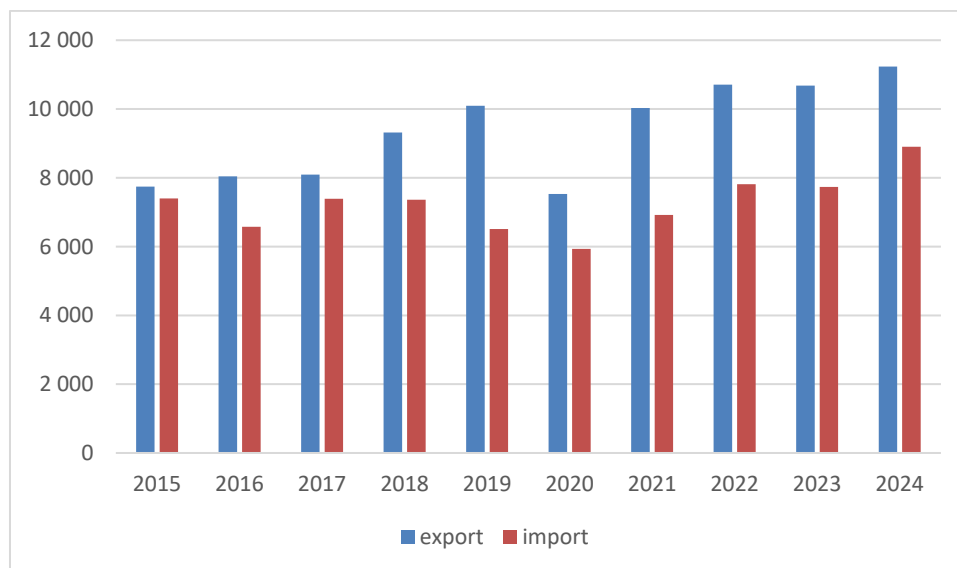
The Extended Framework Agreement has not yet entered into force. It includes a policy and cooperation pillar as well as a trade and investment pillar. It adds further commitments to those on respect for the rule of law and human rights, broadens the political dialogue between the partners to include international peace, justice and security, and emphasises cooperation in the areas of health, sustainable development and climate change, energy, taxation, education and culture, and the fight against money laundering and organised crime (Eur-lex, 2025).

The Interim Trade Agreement takes over those provisions on trade and investment in the Extended Framework Agreement that fall within the exclusive competence of the EU. This does not include provisions on investment protection. The Interim Trade Agreement entered into force in February 2025, enabling faster implementation of the modernised trade rules. Once the Extended Framework Agreement has been ratified by all EU member states and enters into force, the Interim Agreement will be terminated (European Commission, 2025g). The Interim Trade Agreement means (European Commission, 2025h):

- the removal of tariffs on 99.9% of EU exports to Chile (including dairy products, cheese, certain sugar-containing products and vegetable oils after a 7-year transition period), but sugar is excluded from liberalisation, as are certain other commodities sensitive to the EU, such as beef, poultry, pork and sheep meat, certain types of fruit and vegetables (e.g. garlic, apple juice, grape juice) and olive oil,
- the inclusion of a chapter on energy and raw materials with the aim of improving the EU's access to critical raw materials, in particular lithium and copper (Chile is one of the world's largest exporters of lithium),
- easier access to the services market, in particular telecommunications and financial services, as well as maritime transport services,
- equal treatment for investors and improved access to public procurement,
- strengthening intellectual property protection in Chile and introducing protection for the geographical indications of 234 typical European and Chilean food and drink products,

- the inclusion of a chapter on trade and sustainable development, which confirms the parties' commitment to comply with International Labour Organisation (ILO) standards and the Paris Agreement on climate change,
- the inclusion of chapters on trade and gender equality and on sustainable food systems, which are the first of their kind in EU trade agreements, with the aim of eliminating discrimination against women and increasing the sustainability and resilience of food chains.

Graph 1.5 EU trade with Chile (in EUR million, 2015–2024)



Source: own processing according to Eurostat (2025).

In 2024, the EU was Chile's third largest trading partner after China and the US. Graph 1.5 shows the increase in the value of mutual trade since 2022, with the EU exporting more to Chile than it imports from Chile in the long term. The main EU export commodities in 2024 were machinery (27%), chemical products (18%) and transport equipment (17%). The EU mainly imported plant products (39%), mineral products (20%) and base metals (21%) from Chile.

Summary

Although the EU's relations with Latin American countries have a long history, they have only begun to gain significance in recent years as a result of changing geopolitical circumstances, such as trade and military conflicts, US protectionist policies and China's growing dominance. The strengthening of the EU's trade relations with Latin American countries is facilitated by agreements that are currently being modernised or have recently been modernised. The EU's goal is to gain better access to the markets of these countries and to the strategic resources they possess. The EU must therefore be prepared to open its markets to imports from Latin American countries to a greater extent, particularly in the area of agricultural production.

Glossary

Most-favoured-nation clause – according to Article 1 of the General Agreement on Tariffs and Trade (GATT) of 1947, a contracting party is obliged to grant any advantage relating to customs duties and charges levied on imports and exports which it has granted to any product originating in any other country to similar products originating in other contracting parties to the agreement. Thanks to its incorporation into the General Agreement on Tariffs and Trade of 1994, this rule still applies today. The agreement also provides for exceptions to this principle.

The Paris Agreement – an international treaty adopted by 195 countries at the UN Climate Change Conference in 2015. Its goal is to keep the increase in global average temperature well below 2 °C above pre-industrial levels and, if possible, to limit the temperature increase to 1.5 °C.

Regionalism – the development of international economic cooperation or integration within a specific area or region of the world.

Doha Development Agenda – refers to the WTO agenda for negotiations on the liberalisation of world trade, which began in 2001 and was supposed to be completed by 2005. However, no agreement was reached.

Generalised System of Preferences – established in 1971 under the auspices of the United Nations Conference on Trade and Development (UNCTAD). Its essence is the provision of trade preferences to developing countries by more developed countries. In some official documents the term "Generalised Scheme of Preferences" is used. The "System" is the most commonly used term and it refers to the overall international initiative. The "Scheme" refers to an individual country's implementation of the system. It is used for example in Article 2(a) of the EU Regulation No 978/2012. A more detailed explanation of the EU scheme is provided in Chapter 5.

Geographical indication – is an intellectual property right that protects the designation of a product, whereby the product has a specific geographical origin and its characteristics and/or reputation are determined by the origin of the product.

Tasks

1. Compare the current status of the contractual basis between the EU and individual countries or groups of countries in Latin America.
2. Find out how the EU's trade relations with Latin American countries have developed since 2024 by updating the data in Graphs 1.1 to 1.5.
3. Task for group work. Each member of the group chooses one member country from the three Latin American integration groups (Mercosur, the Andean Community and the Central American Common Market) so that each member of the group has a different country. For the selected country, obtain the most recent data on foreign trade:
 - a) the share of the EU, the share of the USA, the share of China, as well as the share of the other members of the integration group of which the country is a member, in its exports and imports,
 - b) the 3 commodities with the largest share of the selected country's total exports and imports,
 - c) the three commodities with the largest share in the selected country's exports to the EU and imports from the EU.

The findings, including an assessment of the EU's position in the selected country's exports and imports in its foreign trade and a comparison of the commodity structure of total trade (i.e. exports and imports) and trade with the EU, are then presented by individual students to the other members of the group.

Finally, the group will jointly assess which Latin American countries have the highest share of exports to the EU and imports from the EU (it is recommended to rank Latin American countries according to their share, from highest to lowest).

Recommended reading

García, M.J. – Arana, A.G. (2022). *Latin America – European Union relations in the twenty-first century*. Manchester: Manchester University Press.

Jarrín, M.T. – Aramayo, L.G.D. (2023). *EU – MERCOSUR Interregionalism. Diplomatic and Trade Relations*. Springer.

Sanahuja, J.A. - Domínguez, R. (2025). *The Palgrave Handbook of EU-Latin American Relations*. Palgrave Macmillan Cham.

2 EU foreign trade policy towards countries in the southern branch of the European Neighbourhood Policy

Learning outcomes

Students will acquire knowledge about the development of EU foreign trade relations with the countries of the southern branch of the European Neighbourhood Policy, the development of foreign trade cooperation and the agreements governing these relations. The main focus will be on the current foreign trade policy pursued by the EU towards the region and the trade issues faced by the partners. The tasks listed at the end of the chapter develop the ability to work with current sources, promote group work, including team communication, the formation and presentation of one's own opinions, and critical thinking.

Key words

European Neighbourhood Policy, free trade agreements, foreign trade, trade barriers

Abbreviations

CBAM - Carbon Border Adjustment Mechanism, DCFTA – Deep and Comprehensive Free Trade Agreement, ECU – European Currency Unit, EEC – European Economic Community, ENP – European Neighbourhood Policy, EU – European Union, MENA – Middle East and North Africa, FDI – foreign direct investment.

Introduction

The countries around the Mediterranean and southern Europe are geographically close and have long-standing historical ties with Europe. The MENA region is important to the EU not only for these reasons, but also because the area is rich in natural resources, including oil and natural gas, represents important trade routes, and security and prosperity in the region have a direct impact on the stability of the EU – unrest and poverty lead to increased migration, increased Islamisation and armed conflicts.

The EU is a traditional trading partner for the countries of the MENA region, and for many of them it is their largest trading partner. However, intra-regional trade between MENA countries is low, and although the region appears relatively homogeneous, in practice it is fragmented. Countries are not as integrated as EU member states, nor do they cooperate on common policies or on the concept of legal migration (ELF, 2021).

The relations of European countries, especially France, with North Africa date back to the colonial era. Algeria was a colony of France from 1830 and was considered part of France from 1948. It was administered by the French Ministry of the Interior, and French citizens were encouraged to settle in Algerian territory as part of the policy. Tunisia became a French protectorate in 1881, and Morocco in 1911 (it was divided into Spanish and French protectorates). As protectorates, these countries' foreign relations, defence and trade were administered by the Ministry of Foreign Affairs in Paris. However, their internal social structures

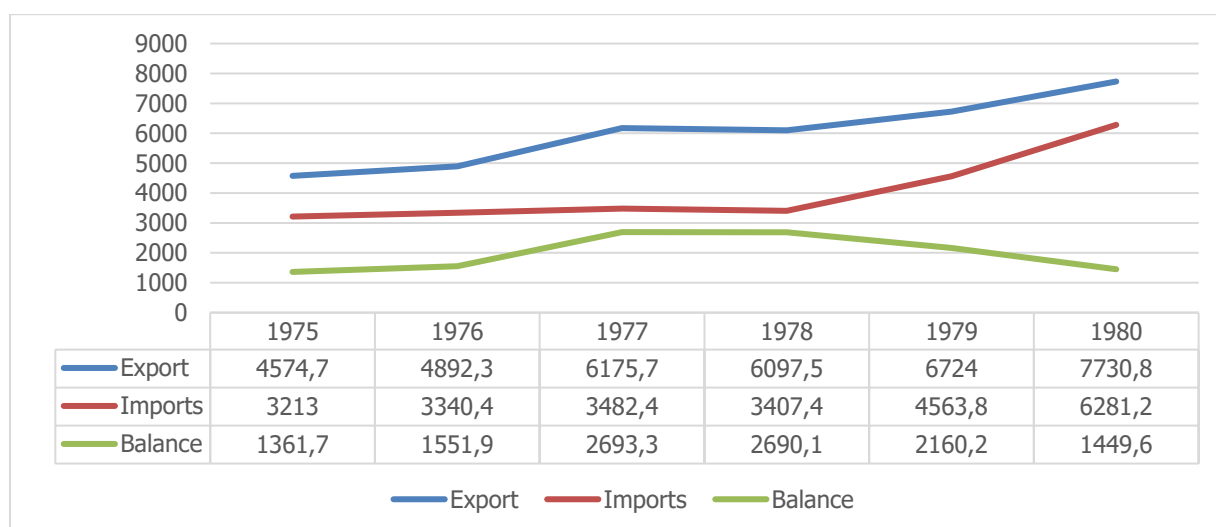
were not interfered with and no settlement policy was enforced (Cotrell, Dougherty, 1957). After the establishment of the EEC:

- *Algeria* was part of the EEC as a French territory with free movement of goods, services and agricultural products until its independence in 1962 (Article 227(2) of the Treaty establishing the EEC) (Caruso, Geneve, 2015). However, it formally remained part of the EEC until 1976, when it was officially excluded from the EEC (Brown, 2022). Until that time, it had free access to the French market (except for wine from 1971). From 1968, Italy considered Algeria a third country, and it was able to benefit from the preferences applicable to EEC countries in the Benelux countries. From 1971, the EEC itself also considered Algeria a third country (Europe Information Development, 1982).
- In 1969, *Morocco and Tunisia* signed trade cooperation agreements with the EEC establishing free trade. They gained preferential access to the EEC market for industrial and certain agricultural products (Europe Information Development, 1982).
- In 1976, *Morocco, Tunisia and Algeria* signed cooperation agreements that went beyond trade. From a trade perspective, they allowed free access to the EEC market (without customs duties and quotas), except for products covered by the common agricultural policy, for which quotas were introduced for preferential access to the EEC market (Europe Information Development, 1982).

The cooperation agreements concluded in the 1970s were based on non-reciprocal preferences. Under these agreements, the EU unilaterally opened its markets to industrial goods. These agreements were replaced by reciprocal agreements in the 1990s.

Graph 2.1 shows the development of foreign trade between nine EEC countries and Algeria, Morocco and Tunisia between 1975 and 1980. In 1976, a broader cooperation agreement was signed with these countries. Graph 2.1 shows an increase in EU exports since 1977 and imports since 1979. Overall, EU exports rose from ECU¹ 4,574.7 million in 1975 to ECU 7,730.8 million in 1980, while imports rose from ECU 3,213 million to ECU 6,281.2 million. The EU trade balance was positive throughout the period under review.

Graph 2.1 EEC foreign trade with the Maghreb countries (Algeria, Tunisia, Morocco, in million ECU, 1975–1980)



Source: compiled from Europe Information Development (1982).

From other countries in the region:

¹ ECU – the unit of account used from 1979 until the transition to the euro in 1999.

- In 1964, *Israel* signed a three-year agreement with the EEC, which liberalised trade in 20 products and also removed quantitative restrictions. Israel undertook to facilitate imports of products from the EEC. In 1970, Israel signed a preferential free trade agreement with the EEC, which removed tariffs on industrial products and 80% of agricultural products (European Union, 1993).
- *Lebanon* concluded a cooperation agreement on trade and technical cooperation in 1965, which was extended in 1974 (EUR-Lex, 1974).
- *Jordan, Syria and Egypt* signed cooperation agreements in 1977 (Archive of European Integration, 1977).
- An agreement was signed with *Palestine* in 1997, specifically an association agreement on free trade.

The MENA region was important to the EEC because it wanted to maintain:

- its influence in the region,
- access to raw materials,
- important sea routes.

2.1 Development of EU initiatives with ENP countries

More recent EU initiatives towards the MENA region took shape in the 1990s. An overview of selected initiatives is shown in Figure 2.1. The new Mediterranean policy of the 1990s merely continued previous initiatives that had emerged during the oil crises. In 1989, the Soviet bloc collapsed and the Cold War ended – these events redirected the EU's attention primarily to Eastern Europe. The new Mediterranean policy was intended to strengthen EU cooperation with the MENA region.

Figure 2.1 Development of EU initiatives towards MENA countries



Source: own elaboration.

In the Mediterranean region, the Euro-Mediterranean Partnership, known as **the Barcelona Process**, was established in 1995 with the aim of promoting regional cooperation in the areas of peace, security and the economy (European Union, 2025a). The original intention of the process was to create a Euro-Mediterranean economic area by 2010 through bilateral and regional agreements. This process also gave rise to the Euro-Mediterranean Association

Agreements between the EU and individual countries in the region, which form the basis for the establishment of a free trade area (Fogaš, 2013).

The **European Neighbourhood Policy** was introduced in 2004 with the aim of preventing the emergence of strict dividing lines between the "enlarged EU" (in 2004, the countries of Eastern and Central Europe joined the EU²) and strengthening prosperity, cooperation and security. Regionally, it is divided into:

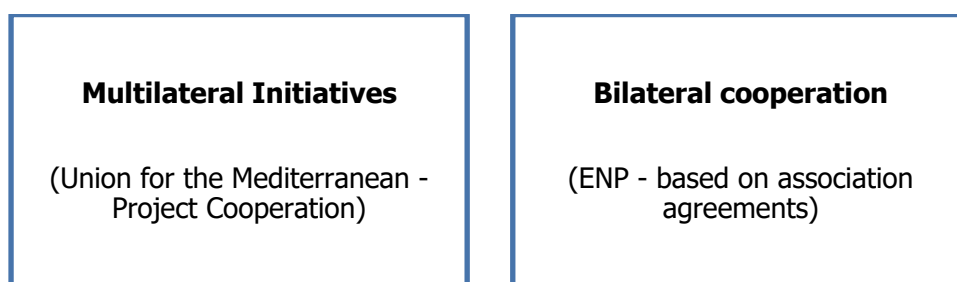
- *the eastern branch* (countries to the east of the EU). This branch includes Armenia, Azerbaijan, Georgia, Moldova and Ukraine.
- *the southern branch* (countries around the Mediterranean Sea) (EEAS, 2025). The members of the southern branch of the ENP are: Algeria, Egypt, Israel, Jordan, Lebanon, Libya, Morocco, Palestine, Syria and Tunisia.

A multilateral initiative in the region and successor to the Euro-Mediterranean Partnership is **the Union for the Mediterranean**, which was established in 2008. It has no financial instruments or agreements of its own, but focuses on specific projects that bring together several countries in the fields of energy, transport, the environment, education, etc. Its members include 27 EU countries and 15 Mediterranean countries: Albania, Algeria, Bosnia and Herzegovina, Egypt, Israel, Jordan, Lebanon, Mauritania, Montenegro, Monaco, Morocco, Palestine, Syria (membership suspended due to conflict), Tunisia and Turkey (European Parliament, 2025).

After the outbreak of the Arab Spring in 2011, both the Union for the Mediterranean and the ENP showed little progress, and therefore the EU reassessed its approach and adopted the Partnership for Democracy and Shared Prosperity with the Southern Mediterranean initiative in the same year, with the aim of supporting countries undergoing the Arab Spring and seeking economic and political reforms.

The EU's initiatives in the Southern Neighbourhood can be divided as shown in Figure 2.2.

Figure 2.2 EU initiatives in the MENA region



Source: own elaboration.

Although the EU signs free trade association agreements with ENP countries, its aim is not to associate these countries as members of the EU, but to strengthen cooperation and reduce economic disparities between the EU and individual ENP countries. As a result of changes in the Mediterranean region, the ENP has undergone several revisions. The first major revision took place after the events of the Arab Spring and focused on strengthening democracy (fighting corruption, supporting free elections, independence of the judiciary, freedom of assembly and freedom of speech). *The 'more for more' principle* was introduced, which was intended to bring more support from EU funds in exchange for more significant democratic

² These were Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Hungary, Malta, Poland, Slovakia and Slovenia.

reforms (European Parliament, 2025). However, this approach did not bring the expected results – many regimes became even more authoritarian and the goal of democratisation gradually faded into the background. Another change was *differentiation*: a different, individual approach to each country in the region based on its needs and level of development (EEAS, 2025). The 2015 review brought a focus on stability and security, and mutual cooperation was based on three priorities (Toukan, 2024):

- economic development for stabilisation,
- security,
- migration and mobility.

In 2021, the partnership was revised again and the new agenda focused on the following areas (European Union, 2021):

- human development (including healthcare, youth support, education, participation in EU educational projects, etc.),
- law, order and good governance,
- digital transformation and prosperity (projects to finance entrepreneurship, small and medium-sized enterprises, the involvement of women in education and the labour market, economic diversification),
- peace and security,
- migration and mobility (cooperation in the field of migration),
- transition to a green economy, climate change, energy and the environment.

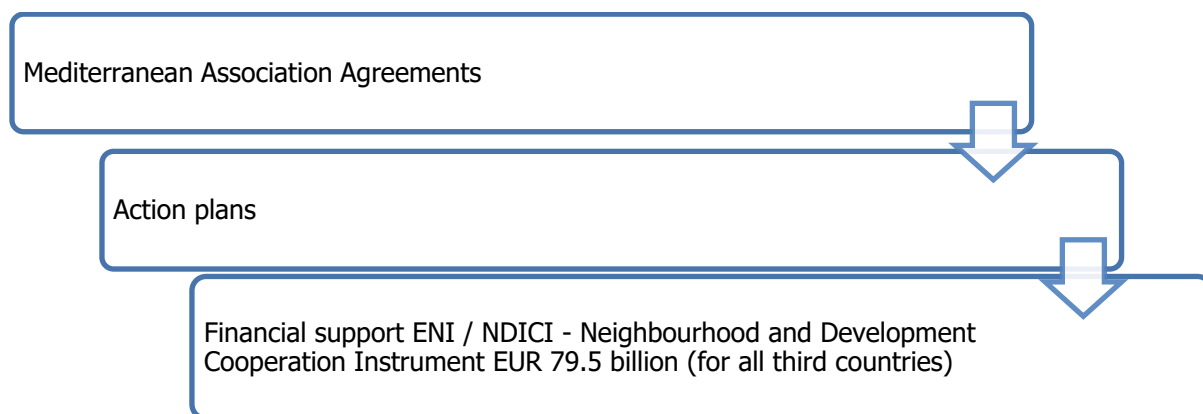
The new agenda includes an economic and investment plan for social and economic recovery in the southern branch of the ENP. EUR 7 billion has been allocated from the NDICI instrument for its implementation in 2021–2027 (EU Neighbours South, 2021).

In addition to trade agreements, other agreements and initiatives also link countries, such as the creation of *the European Common Aviation Area*, which includes EU countries, Norway and Iceland, the countries of the Western Balkans and the southern branch of the ENP. The agreement liberalises cross-border air transport between the signatories.

2.2 EU foreign trade policy instruments towards ENP countries

In its relations with the MENA region, the EU uses the following foreign trade policy instruments, as shown in Figure 2.3.

Figure 2.3 EU foreign trade policy instruments



Source: own elaboration.

Mutual trade relations are governed by bilateral **association agreements** and preferential free trade agreements. The agreements can be characterised as:

- bilateral (always between a specific country and the EU),
- preferential (providing preferential advantages, these are free trade agreements),
- reciprocal (partner countries grant each other preferences, customs duties and trade restrictions are removed by both the EU and the ENP country),
- asymmetric (ENP countries remove customs duties and other tariff and non-tariff barriers gradually, the EU immediately),
- the agreements do not allow entry into the EU,
- they contain provisions on democracy and human rights.

The association agreements are supplemented by **action plans** for individual countries, which specify the objectives and development plans of each country. However, the action plan is not binding.

Table 2.1 shows a list of ENP countries and the year in which the association agreement with the EU began to be implemented. Syria signed the agreement in 1997, but it has not been ratified. Currently, no agreement is in force with Syria due to the military conflict and sanctions imposed (most of which have now been lifted).

Table 2.1 Agreements between the EU and ENP countries

Country	Association Agreement FTA	Valid from	Note
Algeria	Yes	2005	
Egypt	Yes	2004	
Israel	Yes	2000	
Jordan	Yes	2002	
Lebanon	Yes	2006	
Morocco	Yes	2000	
Palestine	Yes - temporary	1997	
Syria	No - not ratified	-	signature 1997
Tunisia	Yes	1998	

Source: European Union (2025b).

Since 2021, the NDICI - Global Europe³ financial instrument has been used to finance the ENP, replacing previous funds. A total of EUR 79.5 billion has been approved for the period 2021-2027 (European Commission, 2025j), covering all development projects, not only within the ENP but also globally.

The development of trade relations is important, but according to Micallef (2025), trade instruments are outdated. In 2023, EU trade with ENP countries accounted for 4.9% of total EU foreign trade. Mutual trade amounted to EUR 247.3 billion, which is not much given the size of the southern ENP countries, and the figures are comparable to EU trade with Switzerland. New, more effective agreements are therefore needed, as the current ones fail to capitalise on the potential that exists in the region. The problems with the current agreements are (Micallef, 2025):

- the degree of implementation of the agreements varies from country to country,
- the agreements focus on removing tariff barriers, but less on non-tariff barriers, which are equally important,

³ NDICI is a new EU financial instrument that combines several financial instruments that were used to finance development aid in individual regions.

- traditional EU free trade agreements do not cover (or only partially cover) trade in services and foreign direct investment (FDI),
- EU financial instruments are unable to fulfil the ambitions that the EU would like to achieve in the region.

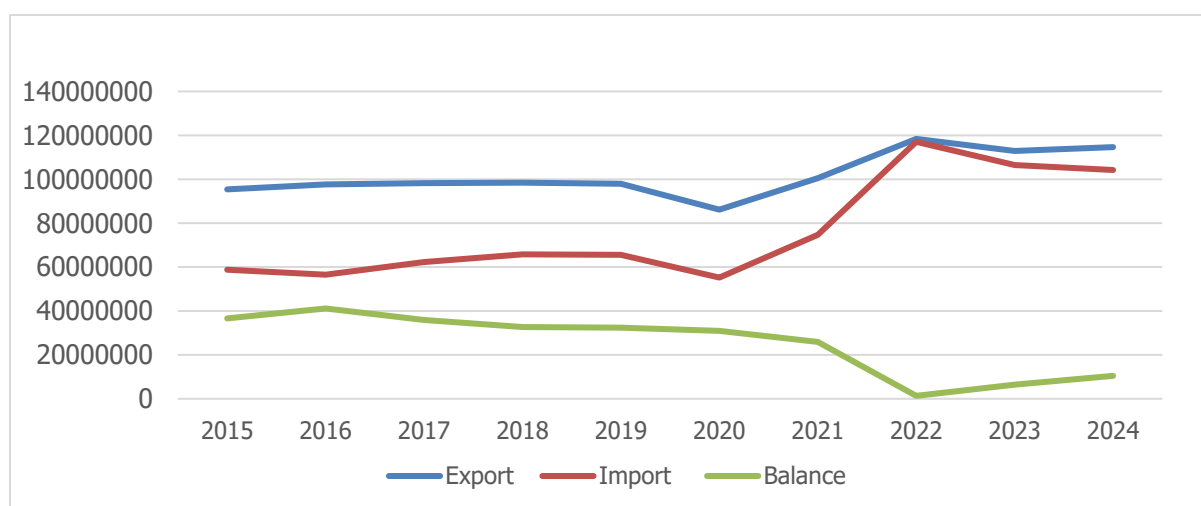
It follows that, in trade with the region and in the preparation of new agreements, it is necessary to:

- Address non-tariff barriers (sanitary and phytosanitary standards, requirements and rules of origin) as well as issues relating to the business environment.
- Expand agreements to cover the ever-growing trade in services and FDI flows, as well as trade in agricultural products and foodstuffs. The EU should reopen negotiations with Tunisia and Morocco on comprehensive free trade agreements, or sign partial agreements outside the association agreements, e.g. on energy cooperation, raw material extraction, etc.

Both sides know that the current state of foreign trade relations is no longer satisfactory. The EU has proposed a transition to a DCFTA. Negotiations with Morocco began in 2013 and with Tunisia in 2015, but no agreement has been signed yet. Morocco suspended negotiations in 2014, and negotiations with Tunisia are also on hold, as Tunisia fears the negative impact of such an agreement on its competitiveness. Negotiations with Egypt and Jordan have not yet begun due to concerns about the high financial costs of aligning with EU legislation, as well as the loss of competitiveness and jobs (Sidlo, 2024).

Foreign trade between the EU and the countries of the southern branch of the ENP is on an upward trend. As can be seen in Graph 2.2, EU exports more or less stagnated until 2019. However, after a decline during the COVID-19 pandemic, they rose above pre-pandemic levels. Exports reached EUR 114.6 billion in 2024. The import curve followed a similar pattern, but with a sharper increase in 2022, when the value of imports approached that of exports. Imports reached EUR 104.2 billion in 2024. The trade balance was positive throughout the period.

Graph 2.2 Development of EU foreign trade with the countries of the southern branch of the ENP as a whole (in EUR thousand, 2015–2024)

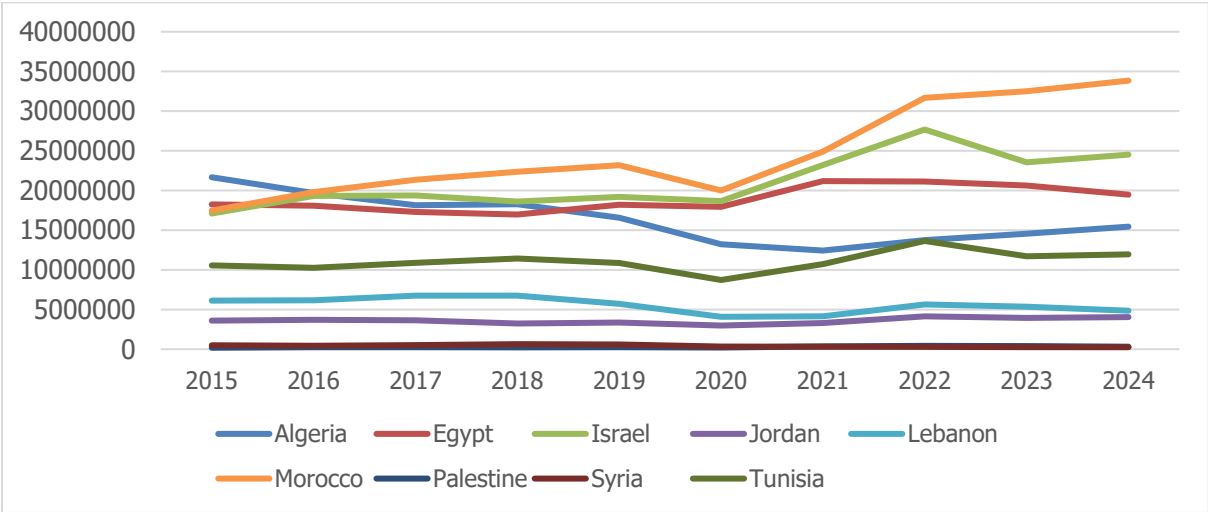


Source: own processing according to ITC, Trade Map (2025).

Graph 2.3 shows the development of EU exports to individual countries of the southern branch of the Neighbourhood Policy. Since 2016, Morocco has been the most important export market, with exports growing particularly after 2020. Israel is second and Egypt third. Exports to Algeria are on a downward trend. While Algeria was the largest export market in 2015, it moved to

fourth place in 2024. Tunisia was in fifth place, with a slight increase in exports after 2020. Trade with Syria is minimal and declined until 2023. In 2024, there was a slight increase. This was due to sanctions (most of which were lifted in 2025) and a lack of foreign exchange reserves for imports from the EU. Exports to Palestine have been declining since 2022, and this trend is likely to continue due to the destructive effects of the conflict with Israel.

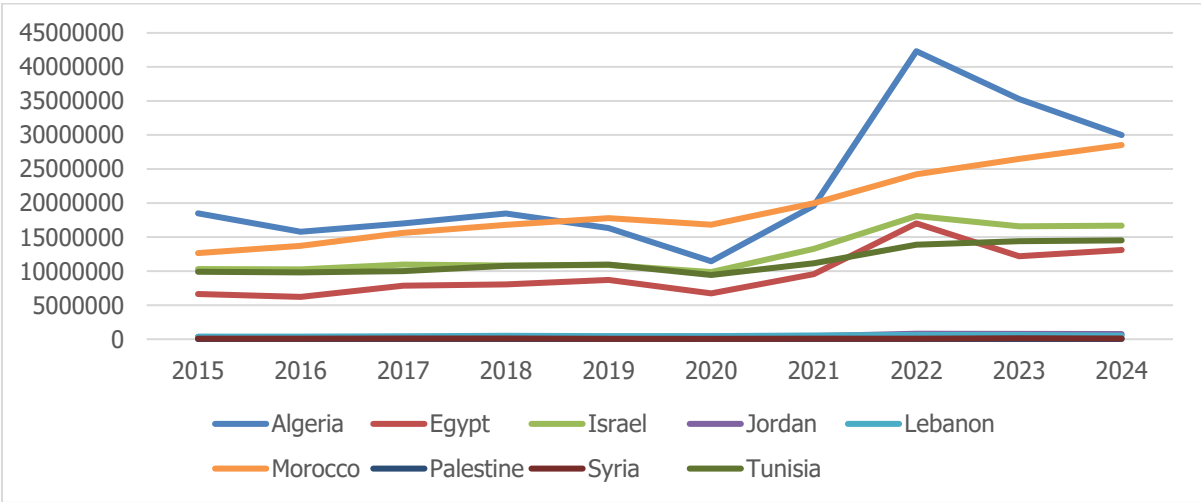
Graph 2.3 EU exports to southern branch countries (in EUR thousand, 2015–2024)



Source: own processing according to ITC, Trade Map (2025).

Graph 2.4 shows the development of EU imports from the southern branch of the Neighbourhood Policy. The EU imports most from Algeria and Morocco. The value of imports from Algeria rose significantly in 2022, and as these are mainly imports of energy raw materials, the increase was influenced by prices and the EU countries' shift away from imports of oil and natural gas from Russia. However, the value of imports fell sharply in 2024. Imports from Morocco have been on an upward trend throughout the period under review, with a similar trend also seen in imports from Egypt, Israel and Tunisia. Imports from Palestine and Syria are at a minimum.

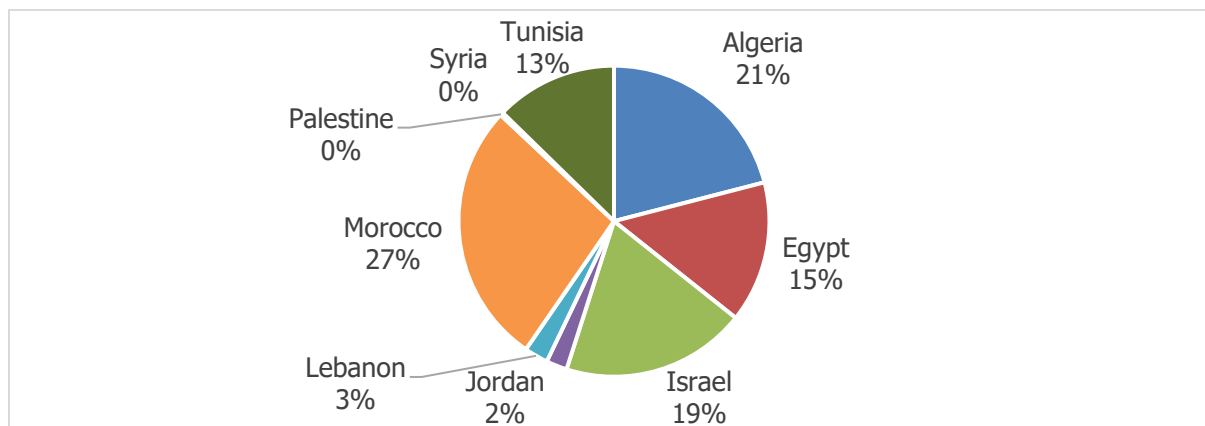
Graph 2.4 EU imports from countries in the southern branch of the ENP (in EUR thousand, 2015–2024)



Source: own processing according to ITC, Trade Map (2025).

Graph 2.5 shows that the largest trading partners in the region in 2024 were Morocco (27%, EUR 60,591 million), Algeria (21%, EUR 46,402 million), Israel (19%, EUR 42,587 million), Egypt (15%, EUR 32,531 million) and Tunisia (13%, EUR 28,089 million). Trade with other countries is minimal.

Graph 2.5 EU foreign trade with countries in the southern branch of the ENP (in EUR, 2024)



Source: European Commission (2025 a-i).

The low level of trade with *Syria* stems from the conflict in Syrian territory that began in 2011. The EU responded to the violence against civilians by introducing autonomous measures in the form of sanctions, which included oil, an important commodity exported by Syria to the EU market. At the same time, it suspended all bilateral agreements and Syria's participation in bilateral programmes. The sanctions led to minimal imports from Syria. In February 2025, the EU partially lifted the sanctions, with the relaxation affecting the energy and transport sectors, oil extraction and processing technologies, oil exports, power plant construction equipment, etc. Those relating to trade in arms and dual-use goods remained in force (Delhoule, Eriksson, Esteve, Smith, 2025).

Trade *with Palestine* is also negligible, for a number of reasons (Hanzel, 2024):

- The country has been devastated by the conflict with Israel.
- Palestine and Israel form a customs union, and Palestine is obliged to comply with Israel's external customs tariffs. Israel does not recognise trade agreements concluded by Palestine.
- Palestine's economy is closely linked to Israel's economy. In 2022, 85% of Palestinian exports went to Israel, while 52% of imports came from Israel.
- Israel controls all Palestinian border crossings and ports, and their control is lengthy.
- Israel prohibits the import of dual-use goods into Palestinian territory.
- Due to its low competitiveness, Palestine exports low value-added goods to the EU in small quantities.

Since 2011, a system for determining rules of origin under *the Pan-Euro-Mediterranean Convention* has been used in mutual trade. These were revised in 2025. They apply to the signatories of the Barcelona Declaration, the countries of the Western Balkans, Georgia, the Faroe Islands, Moldova and Ukraine. Determining the origin of goods is important so that exporters can take advantage of the trade preferences resulting from the free trade agreement. A product can be labelled as originating if it meets the following conditions (Access2Markets, 2025):

- if it was manufactured in the EU or in a country covered by the convention (in the case of diagonal cumulation, however, all participating countries must have signed a preferential agreement between themselves)
- full cumulation applies between the EU, Algeria and Tunisia, as well as between the countries of the European Economic Area (under such cumulation, all countries are considered as a single territory and materials and raw materials from that territory are considered as originating as if they came from their own country),
- if non-originating materials (e.g. imported raw materials) have been used, they must be sufficiently processed in the country (sufficient added value must be added to the material),
- if it met the transport conditions, e.g. it was not modified during transport.

2.3 Barriers to mutual relations and trade

In addition to those specific to individual countries in the region, the most serious barriers to trade include the determination of rules of origin, the introduction of carbon tariffs by the EU, the EU's common agricultural policy and its standards and restrictions, insufficient infrastructure in the ENP region, the influence of other trading partners, in particular the growing influence of China, instability in the region and the resolution of the migration issue.

Determining rules of origin

For the countries of the southern branch of the ENP, determining rules of origin can be a financially and administratively demanding step. However, some countries in the region are gradually introducing an electronic system for verifying the issuance of certificates of origin, for example Morocco from 2021 and Israel from 2024. The EU plans to introduce a common system around 2030 (C&D Services, 2025).

Under the EU Jordan Compact, Jordan has the option of using a simple transformation for textiles and clothing. This agreement was intended to enable the employment of as many refugees from Syria as possible, but it has not met initial expectations.

CBAM (carbon tariffs)

CBAM may negatively affect some countries in the region. According to 2021 data, all of Morocco's export revenues came from exports of iron, steel and electricity to the EU. Egypt exported 40% of its fertilisers and 77% of its steel and iron to the EU. According to the findings of Assem and Elew (2025), exports of electricity, gas, cars and car parts, as well as various metals and chemical products could be the most sensitive.

Carbon tariffs are likely to have a major impact on Egypt, as goods covered by CBAM account for 10% of the country's total export revenues. Other countries that are likely to be more significantly affected by the full implementation of CBAM are Algeria, Morocco and Libya. These countries should negotiate with the EU for relief, or possibly technical and financial assistance to mitigate the impact (Ghoneim, 2024).

Table 2.2 shows that exports of CBAM products to the EU from Tunisia represent 0.47% of Tunisia's GDP. Of the total exports of products falling under the CBAM category, more than 43% go to the EU. From this perspective, Tunisia is the most at risk. The table also provides data for Egypt, Jordan and Morocco.

Table 2.2 Exports of CBAM-covered products to the EU (2023, % of GDP)

	Exports of CBAM products to the EU (% of GDP)	CBAM exports to the EU as % of total CBAM exports
Tunisia	0.47%	43.3%
Egypt	0.35%	37.8%
Jordan	0.18%	24.6%
Morocco	0.33%	15%

Source: compiled according to Ghoneim (2024).

The EU's Common Agricultural Policy with strict sanitary and phytosanitary standards

When importing agricultural products and foodstuffs into the EU, ENP countries must comply with strict EU regulations. In addition, the EU imposes high tariffs on many products in order to protect domestic food producers.

When exporting from the EU to ENP countries, exporters must respect requirements based on religious beliefs (food must be halal when exported to most ENP countries and kosher when exported to Israel). See the glossary for explanations.

Transport infrastructure

The inadequate infrastructure of the countries in the southern branch of the ENP hinders the development of intraregional trade between individual countries. Investment in infrastructure is directly proportional to the inflow of foreign capital. The World Bank has estimated that at least USD 100 billion per year would be needed over five years to ensure connectivity within the region (Berahab, 2022).

The countries of the region are part of the European Common Aviation Area. Maritime transport has potential for trade with the EU, given the location of the countries around the Mediterranean Sea. Some countries in the region are exploiting and developing this potential (Morocco), but many have a weak development strategy in this area.

Competition from other trading partners

China's position in the region has been growing for a long time, not only in terms of trade but also in the form of investments from the Gulf countries. The influence of Turkey (which is active in northern Syria), and Russia is also growing in the region.

Institutional and political instability in the region

Libya, which is dealing with its own security and organisational problems, is not in a position to negotiate a trade agreement with the EU. The renewed conflict between Palestine and Israel also represents a significant disruption to trade flows and effectively cuts Palestine off from international trade.

The EU's efforts to promote democracy in the region are hampered by the restrictive and authoritarian environment in individual countries, and the tools available to the EU are not sufficiently motivating to bring about real change (Toukan, 2024).

Migration crisis

Addressing the issue of migration became particularly urgent after the outbreak of the conflict in Syria, following which a million refugees sought asylum in the EU. The EU sought to resolve the situation through agreements that would address the migration crisis in third countries (Pavia, 2024):

- It concluded an agreement with Turkey in 2016. Turkey undertook to close its borders and not allow refugees to enter the EU in exchange for EUR 6 billion to address the humanitarian situation and a promise to lift visa requirements for Turkish citizens.
- It concluded similar agreements with Libya (2017), Tunisia, Mauritania and Egypt (2023). However, the agreements with Tunisia, Mauritania and Egypt no longer focus exclusively on stopping migration but also address the broader development needs of these countries, and the budget provided is not only for migration but also for other development objectives.

According to Pavia (2024), the EU's approach under the ENP, which was supposed to lead to economic growth, independence and prosperity in the region, has shifted to prioritising its own short-term interests over the long-term goals of the initiative. However, it does not address the long-term problem of migration, and in particular its causes.

Summary

EU countries, especially France, have long-standing historical ties with the southern branch of the ENP, particularly with Algeria, Morocco and Tunisia, dating back to the colonial era. Modern trade relations were formed mainly after the independence of the MENA countries, and the first agreements took the form of non-reciprocal free trade cooperation agreements. The intensification of EU relations has only been evident since the 1990s. The so-called Barcelona Process in 1995, which later gave rise to the Euro-Mediterranean Association Agreements, was particularly significant. This multilateral initiative was supplemented in 2004 by the European Neighbourhood Policy and in 2008 by the Union for the Mediterranean, which brought about project cooperation.

The EU uses association agreements, action plans and the NDICI financial instrument as foreign trade policy tools for the region. However, the association agreements are now outdated and the ENP countries are reluctant to sign new comprehensive agreements, which they consider a threat to their competitiveness. When determining rules of origin, countries fall under the Pan-Euro-Mediterranean Convention, which allows them to take advantage of diagonal cumulation.

In addition to those specific to individual countries in the region, the most serious barriers to trade include the determination of rules of origin, the introduction of carbon tariffs by the EU, the EU's common agricultural policy with its standards and restrictions, inadequate infrastructure in the ENP region, the influence of other trading partners – in particular the growing influence of China, instability in the region and the resolution of the migration issue.

Glossary

CBAM – an EU instrument through which the EU aims to set a fair price for carbon generated in the production of carbon-intensive products and thus meet its climate targets. The transition period for the introduction of carbon tariffs is set for 2023–2026. Importers into the EU must declare the amount of emissions in the imported product. In the initial phase, tariffs will be introduced on selected products: cement, iron, steel, fertilisers, aluminium, electricity and hydrogen (European Union, 2025c). Chapter 4 discusses this instrument in more detail.

Euro-Mediterranean Agreement – an association agreement based on the Euro-Mediterranean Partnership, which is an agreement on the association of the countries of the southern branch of the ENP with the EU. It does not lead to EU membership. Its implementation is supervised by the Association Council.

Halal food – food in accordance with Islamic tradition. The animal must be alive and healthy (among other procedures) and slaughtered in the prescribed manner – by cutting the jugular vein while reciting the Shahada. In the EU, it has been mandatory to stun animals before slaughter since 1979. It is forbidden to eat certain parts of the animal (testicles, bladder) (Eardley, 2014). Pork, fish without scales, alcohol, animal fat, vanilla extract and dishes containing blood are not consumed (halal4web, 2025).

Kosher food – food in accordance with Jewish tradition, i.e. suitable food. As in Islam, the animal must be killed by cutting the jugular vein. It is not permitted to consume certain parts of animals (tenderloin, flank steak, ribeye steak, beef shank and thigh), seafood, fish without scales and meat – pork, horse, rabbit, squirrel, camel or kangaroo. Certain birds are not consumed: eagles, owls, hawks and seagulls, as well as those that feed on carrion, fruit infested with worms, mouldy or rotten fruit. Meat and dairy products must not be combined (Eagle, 2024).

Comprehensive Free Trade Agreement - unlike current association agreements, it also covers trade in services, investment, intellectual property, public procurement, sustainable development, and the harmonisation of trade-related standards and regulations (Sidlo, 2024).

Tasks

1. In pairs/teams, choose one country that falls under the European Neighbourhood Policy and prepare:
 - a. the development of the selected country's foreign trade with the EU,
 - b. research the trade barriers faced by partners in the exchange of goods (specifically barriers for the selected country),
 - c. indicate the country's potential for deepening trade relations with the EU (in the area of raw material exports, exports of specific goods, etc.),
 - d. list the most important trading partners of the selected country.
2. Assess the current security situation in the MENA region (e.g. the Israel-Palestine conflict, the security situation in Syria) and indicate how it affects trade relations within the region and foreign trade relations with the EU.
3. Discuss China's position in the region.

Recommended reading

Bouris, D., Huber, D., Pace, M. (2023). *Routledge Handbook of EU – Middle East Relations*. Routledge 2023. 508 p. ISBN 9781032132167

Elitsoy, Z. A. et al. (2024). *The Future of EU – MENA Relations*. Woodrow Wilson International Center for Scholars, 2024. Retrieved May 15, 2025, from <https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/Future-Euro-MENA-Final.pdf>

3 EU foreign trade policy towards the ASEAN group

Learning outcomes

Students will acquire knowledge about the development and status of EU foreign trade policy towards the Association of Southeast Asian Nations. In addition to basic information about ASEAN, they will learn about the origins and development of mutual cooperation between the two groups, as well as the legal framework governing their trade and economic relations. The tasks at the end of the chapter are designed to develop and promote teamwork, including communication, as well as the ability to work with resources, find connections, draw conclusions and form one's own opinions.

Keywords

ASEAN, strategic partnership, free trade agreements

Abbreviations

ASEAN – Association of Southeast Asian Nations, FTA – Free Trade Agreement, AFTA – ASEAN Free Trade Area, AEC – ASEAN Economic Community, ASEM – Asia Europe Meeting, IPA – Investment Protection Agreement, DTA – Digital Trade Agreement

Introduction

The European Union and the Association of Southeast Asian Nations (ASEAN) have been developing diplomatic relations for more than half a century, which have strengthened significantly over that period. Significant attention is paid in particular to mutual trade and investment, as well as cooperation in the field of security. Despite their differences, both groups have achieved significant results in regional cooperation and integration (Li, 2024).

Although both groups are leading economic blocs in their regions and in the global economy, they have undergone their own specific developments. These developments reflect the depth of their internal integration and the system of functioning and cooperation between member countries and influence mutual cooperation and economic integration.

The EU and ASEAN differ in the depth and content of their internal economic integration. The EU gradually developed from a customs union during the second half of the 20th century into an economic and monetary union (albeit not a complete one), while ASEAN has not yet managed to make significant progress from building a free trade area (AFTA) to creating a common market (Li, 2024). In 1992, AFTA became the basis for the goal of economic integration in the form of a single integrated market and production base, *the ASEAN Economic Community* (AEC). The AEC was officially established in 2015 and is being built and expanded through strategic plans aimed at deepening integration, digital transformation, and sustainable development. Cooperation within ASEAN is based on the principle of non-interference in the internal affairs of member states, and therefore the decision-making process is often based on consensus.

Cooperation within ASEAN is based on *the principle of non-interference in the internal affairs of member states*, and therefore the decision-making process is often based on consultation and consensus among its members. This is *known as "ASEAN-Way"* diplomacy, or the decision-

making process based on consultation and dialogue (Li, 2024).⁴ As sovereignty is an extremely sensitive issue for ASEAN member states, even issues of deeper economic integration are often not accompanied by sufficient political will (Li, 2024). Given the varying levels of integration, ASEAN member states tend to prefer a bilateral approach to the EU (and its individual member states), especially on contentious issues (Goulard, 2025).

3.1 ASEAN – basic characteristics

ASEAN was established as an international organisation in 1967 in Thailand with the signing of the Bangkok Declaration, with the main aim of accelerating economic growth, social progress and cultural development, and promoting peace and security in Southeast Asia. From the original five member countries – **Indonesia, Malaysia, the Philippines, Thailand and Singapore** – the membership base gradually expanded in the 1980s and 1990s to ten member states, namely **Brunei** (1984), **Vietnam** (1995), **Laos** (1997), **Myanmar** (1997) and **Cambodia** (1999). The membership base of the group is shown in more detail in the figure.

Figure 3.1 ASEAN member countries



Source: own processing according to Wikimedia Commons, 2025.

The total area of the group is 4.5 million km², with a population of over 600 million. Indonesia accounts for more than 42% of the area (1.9 million km²), followed by Myanmar (0.7 million km²) and Thailand (0.5 million km²). The smallest areas are the city-state of Singapore (734 km²) and Brunei (5,765 km²) (HKTDC Research, 2024).

⁴ It consists of four principles: non-interference in the internal affairs of Member States; so-called quiet diplomacy for communication in bilateral disputes; non-use of force; and decision-making by consensus (Mahaseth, 2022).

Indonesia is also home to 41% of ASEAN's population. Brunei has the smallest population. Indonesia also dominates in terms of GDP, accounting for 36% of the bloc's GDP, followed by Singapore and Thailand. When comparing income levels measured by GDP per capita, member countries differ significantly. From this perspective, Singapore and Brunei clearly stand out with the highest values, while Cambodia, Laos and Myanmar rank among the least developed countries (LDCs) in terms of this indicator. More detailed data are provided in Table 3.1.

The total GDP of ASEAN for 2022 was more than USD 3.6 billion, and for 2023 it was USD 3.8 billion. As a whole, ASEAN is the third largest economy in Asia and the fifth largest in the world after the US, China, Japan and Germany (HKTDC Research, 2024).

Table 3.1 Selected data for ASEAN member countries for 2022

	Population in thousands	GDP in millions of USD	GDP per capita in USD
Brunei	445.4	16,678.4	37,445.9
Philippines	111,572.3	404,284.2	3,623.5
Indonesia	275,719.9	1,317,259.3	4,777.5
Cambodia	16,843.3	29,610.9	1,758.0
Laos	7,442.8	15,049.2	2,022.0
Malaysia	32,698.1	407,027.4	12,448.0
Myanmar	55,770.2	60,967.3	1,093.2
Singapore	5,637.0	466,709.6	82,794.0
Thailand	66,090.0	495,301.9	7,494.4
Vietnam	99,461.7	408,694.6	4,109.1
ASEAN	671,680.7	3,621,582.7	5,391.8

Source: own processing according to ASEAN, 2023.

ASEAN plays an important role not only in maintaining peace but also in developing trade in the region (Zubal'ová – Drieniková, 2024). However, unlike the EU, ASEAN's lower level of economic integration is also related to the overall level of intraregional trade. Intraregional trade accounts for 22% of ASEAN's total trade, which is low compared to the level of intraregional trade in the EU. The share of ASEAN's total exports to third countries in the bloc's total exports (78%) has long been up to three times higher than the share of exports to ASEAN (22%). The only exception is Laos, which relies more on trade with member countries (ASEAN, 2023). Within the EU, exports from most member countries are mainly directed to other EU countries (around 70-80%), with the exception of Malta, Ireland and Cyprus, which have a higher share of exports to third countries (Li, 2024).

After intra-regional trade, which accounts for about one-fifth of trade in goods, ASEAN's largest trading partners are China (19%), the US (11%) and the EU as a whole. In 2022, the value of mutual trade between ASEAN and the EU reached USD 295 billion, accounting for 7.7% of ASEAN's trade turnover. Of this, exports to the EU amounted to USD 176 billion and imports to USD 119 billion (ASEAN, 2023).

In terms of the commodity structure of ASEAN exports and imports, electrical machinery and equipment and their parts dominate (29% of ASEAN imports and 25% of exports in 2023), followed by mineral fuels and oils (HKTDC Research, 2024). ASEAN as a whole has long enjoyed a positive trade balance (ASEAN, 2023), which has the potential to contribute to the region's economic growth. The trade surplus is mainly achieved through trade in electrical machinery, animal or vegetable fats and oils, footwear, clothing and clothing accessories.

Singapore accounts for the largest share of the bloc's total trade (25.5% in 2023), followed by Vietnam, Malaysia, Thailand, Indonesia and the Philippines. These six countries together account for almost 97% of ASEAN's foreign trade (ASEAN, 2024). Trade in services within ASEAN is dominated by tourism, transport and other business services, with Singapore being the centre of trade in services, accounting for up to 60% of ASEAN's exports and 56% of its imports of services in 2023 (HKTDC Research, 2024).

As for the inflow of foreign direct investment (FDI) into ASEAN countries, up to 90% of it came from third countries in 2023, mainly from the US (32%), the EU (11%), China (7.5%) and Japan (7%). More than 70% of FDI went to the services sector, with Singapore being the largest recipient with approximately 70% of the total investment volume, followed by Indonesia and Vietnam (9% and 8%) (HKTDC Research, 2024; ASEAN, 2024).

In addition to building internal economic integration, since the 1990s ASEAN has also been building strong trade relations with third countries, particularly in the wider regional spectrum, through free trade agreements. These include, in particular, the Regional Comprehensive Economic Partnership (RCEP) concluded with Australia, China, Japan, South Korea and New Zealand (Zubal'ová – Drieniková, 2024).

3.2 Brief overview of the development of mutual relations between the EU and ASEAN

The basis for the partnership between the two groups dates back to the 1970s. In 1972, the two groups – at that time the European Economic Community (EEC) and ASEAN – established informal relations.⁵ The formalisation of diplomatic relations between the two groups is linked to their mutual recognition as dialogue partners in 1977 (Asvapromtada, 2021).

In **1980, a cooperation agreement** was signed between the two groups. Since then, political dialogue and significant cooperation in many areas have developed between the two regions. As part of the mutual dialogue, regular meetings of the Joint Cooperation Committee began to be held, focusing on institutional, trade, economic and development cooperation (Páldi, 2024).

The early 1990s saw growing interest on the part of the EEC, and later the EU, in strengthening cooperation with the Asian region. In 1994, the EU adopted its first strategic document on Asia, setting out the direction and objectives of a new policy aimed at strengthening its presence in the region. The mutual partnership gradually strengthened, although its development was also affected by obstacles related to human rights issues in Myanmar⁶ and the financial crisis in Southeast Asia (Goulard, 2025). Since 1996, both organisations and their member states have participated in the informal *Asia-Europe Meeting* (ASEM) dialogue.

The 1994 strategy was followed by an updated version in 2001, which emphasised the importance of Asia as an economic and political partner for the EU and the need to strengthen the EU's position in the region. In 2004, the Commission adopted a document entitled *A New Partnership with South-East Asia*, which focused on expanding cooperation with ASEAN in various sectors, from security to human rights. The possibility of concluding an interregional

⁵ Discussions between representatives of both sides on the benefits of mutual trade took place in Brussels during a visit by a Southeast Asian delegation led by the Indonesian Minister of Trade (Páldi, 2024).

⁶ After Myanmar joined ASEAN, the EU was concerned about human rights violations. Its response was to freeze mutual dialogue with ASEAN for almost three years (Páldi, 2024).

FTA was also mentioned (Páldi, 2024; European Commission, 2004). This intention was realised in 2007 as part of changes to EU trade policy.⁷

In 2007, the so-called Nuremberg Declaration on an enhanced partnership between the EU and ASEAN was adopted, which strengthened the mutual partnership and emphasised the importance of deeper and broader cooperation in political, security, economic, environmental, development, socio-cultural issues, as well as in the areas of energy security and climate change (Asvapromtada, 2021). The declaration supported the initiative to open negotiations on an interregional FTA. During this period, following a positive response from ASEAN, the mutual ties between the two blocs were elevated to the level of a so-called *enhanced partnership*, with work beginning in 2014 to gradually improve it and elevate it to the highest diplomatic level – a strategic partnership, which would create an official basis for regular meetings at the highest level. This would also fulfil the EU's efforts to strengthen its position in the region. However, progress in this area has been slow, mainly due to reluctance and hesitation on the part of ASEAN (Páldi, 2024).⁸

Mutual relations were upgraded to **a strategic partnership** in December **2020** at the 23rd ASEAN-EU Ministerial Meeting. From the EU's perspective, this step can be seen as part of a broader strategy to strengthen its presence in Asia (Goulard, 2025). This was further developed through a strategy aimed at connecting the two regions in 2018 and, most recently, through *the EU Strategy for Cooperation in the Indo-Pacific* adopted in 2021, which confirmed ASEAN's central role (Zubal'ová – Drieniková, 2024).

3.3 Legal and institutional framework for EU-ASEAN trade cooperation

The EU is seeking to gain better access for its exporters to the dynamically developing ASEAN market. From the perspective of EU foreign trade, ASEAN as a whole has long been the third largest partner in terms of total trade value. In 2024, its share of EU foreign trade reached 5.2%. The bloc's share of total imports to the EU in that period was more than 6.6% and 3.7% of total exports (European Commission, 2025e).

The basis for cooperation between the EU and ASEAN is **the Cooperation Agreement** between the EEC and the then ASEAN member countries: Indonesia, Malaysia, the Philippines, Singapore and Thailand. It was signed in Kuala Lumpur in 1980. It can be considered the first basic legal framework for mutual partnership. It is classified as a trade agreement, although it also provides the basis for cooperation on other issues (Asvapromtada, 2021). It covers trade, economic and development cooperation. Under the agreement, the EU and ASEAN member countries grant each other most-favoured-nation treatment in trade relations (EUR-LEX, 1980).

At the bilateral level, the cooperation agreement is complemented by *partnership and cooperation agreements* (PCAs) concluded between the EU and ASEAN members. PCAs can be considered political agreements. They provide a general framework for bilateral economic, political and security relations. At the same time, they are a prerequisite and a necessary condition for the conclusion of bilateral FTAs and are legally linked to them (Asvapromtada, 2021; Hsieh, 2022). In this case, the EU perceives the PCA as a commitment that ASEAN member states will also comply with other, non-trade aspects, such as labour and environmental standards and human rights (Wong, 2024).

⁷ For more details, see Chapter 3.3.

⁸ The announcement of the so-called strategic partnership was expected as early as 2019, but the process was vetoed by Malaysia and Indonesia in connection with EU pressure on the Renewable Energy Directive, which they considered discriminatory (Páldi, 2024).

The growing importance of Asia in EU trade policy can be traced back to 2006. The EU presented its Global Europe trade strategy, which can be considered a breakthrough because it brought about a change in the EU's approach to trade policy.⁹ From an approach based on multilateral solutions (especially negotiations within the WTO), the EU moved closer to a bilateral approach through the conclusion of preferential trade agreements, *known as free trade agreements (FTAs) of a new generation*, or modern agreements – ambitious and complex in terms of their content. ASEAN was also a priority partner for negotiations on these agreements (Zubal'ová – Drieniková, 2024).

Negotiations on an FTA between the EU and ASEAN

In 2007, the European Commission (also on the basis of a mandate from the Council of the EU) began negotiations on an interregional FTA, seeking to achieve the highest possible level of liberalisation of mutual trade, including the liberalisation of trade in services. However, the mandate for the negotiations only covered seven ASEAN member states. Laos, Cambodia and Myanmar, as LDC countries, had the opportunity to join the negotiations at a later stage (Hwee, 2023).

However, after seven rounds of negotiations in 2009, the FTA negotiations at the bloc level were *suspended*. According to Hwee (2023), one of the main reasons for the failure of the negotiations – apart from economic differences within ASEAN – was the EU's own narrow-mindedness and exaggerated perception of its own influence in the region, which can also be attributed to a lack of understanding of the institutional arrangements within ASEAN. At the same time, in view of growing geopolitical and geo-economic competition in the region, the EU recognised the need for a more flexible approach to trade policy towards Southeast Asian countries through bilateral FTAs. In 2009, the Council of the EU subsequently agreed that further negotiations would be conducted bilaterally by the Commission with individual ASEAN member countries. The Commission emphasised the need to continue negotiations and conclude bilateral FTAs with ASEAN countries in its 2010 trade strategy. However, the strategic goal of concluding an interregional agreement between the EU and ASEAN remained unchanged (Zubal'ová – Drieniková, 2024).

Negotiations on an FTA between the EU and **Singapore** began in 2010, shortly after the Lisbon Treaty came into force (1 November 2009), which included FDI within the remit of EU trade policy. This step had a significant impact on the signing and ratification of the agreement. According to the 2017 opinion of the Court of Justice of the EU, the FTA falls within the exclusive competence of the EU, with the exception of certain provisions in the chapter on investment relating to investment protection, investor-state dispute settlement and portfolio investments, which fall within the shared competence of the EU and its member states. On this basis, both parties decided that provisions not falling within the exclusive competence of the EU would be incorporated into a separate *Investment Protection Agreement (IPA) between the EU and Singapore* (Hwee, 2023). Although both agreements have been concluded and signed, only the FTA entered into force in November 2019. The IPA is in the process of being ratified by individual EU member states.

On the basis of these facts, negotiations were also held with **Vietnam** on both the FTA and the IPA. The FTA entered into force after its ratification on 1 August 2020.

⁹ The change is related to the failure of the WTO multilateral negotiations on further liberalisation of international trade, which began in Doha in 2001. The EU thus had to seek an alternative way to gain better access to third-country markets.

Following the success of the negotiations with Singapore and Vietnam, the Commission proposed to continue bilateral negotiations between the EU and ASEAN members as part of the 2015 trade strategy (Trade for All).

Although the EU's negotiations with *Thailand* began in 2013, they were suspended after a year and only resumed in 2023. The situation was similar in the case of *the Philippines*. Negotiations began in 2015, but only two rounds were held, and they were resumed in 2024. Negotiations on an FTA agreement also began with *Malaysia* in 2010, but were suspended after two years (Zubaľová, Drieniková, 2024). At the beginning of 2025, both sides agreed to reopen negotiations (European Commission, 2025d). Negotiations on an FTA with *Indonesia* have been ongoing since 2016 but have been negatively affected by the issue of sustainability. On the one hand, there are Indonesia's measures to ban the export of unprocessed nickel, which have a negative impact on the EU steel industry. On the other hand, there are EU measures on imports of palm oil-based fuels, which Indonesia considers discriminatory and threatening to its agriculture (Zubaľová – Drieniková, 2024).

Table 3.2 provides a more detailed overview of trade agreements between the EU and ASEAN member countries.

Table 3.2 Overview of EU agreements with ASEAN member countries as of 31 July 2025

	Trade agreement	Other agreements
Brunei	None	
Philippines	FTA negotiations resumed in 2023	
Indonesia	FTA negotiations since 2016	
Cambodia	-	
Laos	-	
Malaysia	FTA negotiations resumed in 2025	
Myanmar	-	IPA – negotiations suspended
Singapore	FTA in force since 21 November 2019	IPA – in the process of ratification; DTA – signature in 2025
Thailand	FTA negotiations resumed in 2024	
Vietnam	FTA in force since 1 August 2020	IPA – in the process of ratification

Source: own processing.

Mutual relations between the EU and *Brunei* are governed by the Cooperation Agreement between the EEC and ASEAN (Zubaľová – Drieniková, 2024). As regards *Myanmar*, mutual relations and cooperation with the EU are problematic. In 2017, negotiations on the IPA agreement were suspended due to EU concerns about human rights violations. As a result of the military coup in the country in 2021, the EU is not developing a formal partnership (European Commission, 2025c).

Singapore became the first country with which the EU concluded negotiations and signed a *Digital Trade Agreement (DTA)* in May 2025. The agreement sets out comprehensive rules on digital trade with the EU. It is a modern agreement designed to create new opportunities for businesses and consumers and to strengthen EU consumers' confidence in the online environment. It includes measures to facilitate electronic transactions, promote a secure online environment and improve access to e-commerce. The agreement is the first of its kind for the EU and complements the FTA with Singapore (European Commission, 2025a; Zubaľová – Drieniková, 2024).

Although ASEAN is not mentioned in the EU's 2021 trade strategy, it occupies a priority position in the EU Strategy for Cooperation in the Indo-Pacific adopted in the same year. From a trade policy perspective, ASEAN is particularly important in relation to the implementation of FTA agreements and the need to complete or start new trade negotiations (Zubal'ová – Drieniková, 2024), which is also confirmed by the resumption of FTA negotiations.

In addition to bilateral relations and trade negotiations with individual ASEAN members, the EU also cooperates closely with ASEAN as a whole. The main framework for cooperation is the ASEAN-EU Trade and Investment Programme, which discusses trade and investment issues and organises expert dialogues and regular business summits between companies from both sides. The EU also provides financial support for ASEAN projects related to trade and regional integration (European Commission, 2025b).

Summary

ASEAN has become a priority for the EU in its trade policy towards the Asian region, as confirmed by the emphasis on its central role in the EU Strategy for Cooperation in the Indo-Pacific. Although the goal of achieving an interregional FTA between the EU and ASEAN remains, since 2006 bilateral trade agreements with individual ASEAN countries have been a key instrument of EU trade policy. Agreements with Singapore and Vietnam are in force and can be seen as models for further EU agreements with ASEAN countries.

Glossary

New Generation Free Trade Agreements – these are modern FTAs covering a wide range of areas and characterised by a high degree of liberalisation. They cover not only traditional trade in goods, but also include the liberalisation of services, investment, public procurement, intellectual property rights, competition and sustainable development. The EU has been concluding such agreements since 2006.

ASEM, the Asia-Europe Meeting, is a process of informal intergovernmental dialogue established in 1996 to promote mutual dialogue and cooperation between Asia and Europe. It addresses political, economic, financial, social, cultural and educational issues of common interest in a spirit of equal partnership. ASEM comprises 30 European and 21 Asian countries, the ASEAN Secretariat and the EU.

Tasks

1. Find further information and specifics on selected ASEAN member countries and discuss the advantages, disadvantages and main obstacles affecting FTA negotiations with the EU. Then present your view on the importance of FTA agreements with ASEAN countries for the EU.
2. Discuss and explain the development of mutual cooperation between the two groups in relation to their specific functioning.
3. Discuss the significance of an interregional FTA between the two groups.

Recommended reading

Zubal'ová, L. – Drieniková, K. (2024). *EU Trade Policy – Africa, the Caribbean and the Pacific, and the Indian-Pacific Region*. Prague: Leges, 164 p.

Hwee, Y. L. (2023). Geopolitics, Geoeconomics and the EU Trade Policy: The Relationship with ASEAN (Association of Southeast Asian Nations) as a Test Case. In: Quirico, O., Kwapisz Williams, K. (eds). *The European Union and the Evolving Architectures of International Economic Agreements*. Springer, Singapore. https://doi.org/10.1007/978-981-99-2329-8_3

4 Carbon Border Adjustment Mechanism

Learning outcomes

Students will acquire knowledge about the characteristics, purpose and functioning of the Carbon Border Adjustment Mechanism (CBAM). The main focus will be on the position of developing countries within the CBAM, including through selected indexes. In order to keep the data up to date, the CBAM topic is supplemented with interactive data accessible via QR codes. The tasks listed at the end of the chapter lead to a summary and understanding of the issue through the use of mind maps and brainstorming, thereby promoting a combination of individual work, group work and critical thinking among students.

Keywords

CBAM, carbon leakage, EU ETS, decarbonisation, CBAM exposure indexes

Abbreviations

CBAM – Carbon Border Adjustment Mechanism, EU – European Union, DC – Developing Countries, LDC – Least Developed Countries, EU ETS – European Union Emissions Trading System, CO₂e – Carbon dioxide equivalent, GWP – Global Warming Potential, TEI – Trade Exposure Index, ATEI – Aggregate Trade Exposure Index, EEI – Economic Exposure Index, OEI – Output Exposure Index.

Introduction

One of the cornerstones of the European Union's climate policy is the Emissions Trading System (EU ETS), introduced in 2005. This system sets a cap and prices on emissions, thereby seeking to reduce emissions in the industrial, energy and transport sectors, which together account for approximately 40% of total emissions in Europe. The cap represents the maximum absolute volume of emissions that regulated entities may emit during the trading phase. It corresponds to a certain number of allowances (1 allowance = 1 tonne of carbon dioxide equivalent emissions) issued for a given period. This cap is reduced annually in order to meet the EU's target of eliminating total emissions (European Commission, 2024).

In 2023, the existing emissions trading system (EU ETS) was supplemented by a new emissions trading system (ETS2). This focuses on CO₂ emissions from fuel combustion in buildings, road transport and sectors (industry) not covered by the original EU ETS. Unlike the existing EU ETS, ETS2 applies to emissions in the pre-production phase, i.e. fuel suppliers will have to monitor and report emissions. From 2025, fuel suppliers will be required to obtain a greenhouse gas emissions permit and submit an approved monitoring plan. The obligation to surrender allowances will only apply from 2027, depending on energy prices. This means that allowances will only be required from 2028 if energy prices are exceptionally high in 2026 (European Commission, Directorate General for Climate Action, 2025b).

In 2023, the EU introduced the CBAM mechanism to complement the EU ETS free allowance system and, in particular, to eliminate carbon leakage in sectors at risk of relocation outside the EU. The CBAM mechanism extends the emissions trading system with the so-called "polluter pays" principle. This means that when importing goods from third countries into the

EU, the CBAM should ensure that imported products covered by this mechanism bear the same carbon costs as products manufactured in the EU that are subject to the EU ETS. The aim is to protect the competitiveness of European industry while promoting global measures to reduce emissions, based on international climate agreements (such as the Kyoto Protocol) and the EU's own interests. This interest is enshrined in the European Green Deal, which aims to achieve EU climate neutrality by 2050 through a tool to ensure legislative consistency between green initiatives and EU legislation, known as the Fit for 55 package of proposals. This is a set of legislation aimed at reducing greenhouse gas emissions in the EU by at least 55% by 2030, thereby supporting the EU's goal of achieving climate neutrality by 2050 (European Council, Council of the European Union, 2025). In 2023, the CBAM entered a transitional phase, during which monitoring of emissions associated with imports of certain commodities (such as cement, iron and aluminium) began, but financial compliance through the purchase and submission of CBAM certificates will not be required until 2026. Table 4.1 provides an overview of the introduction of CBAM and its link to the EU ETS (European Union, 2024).

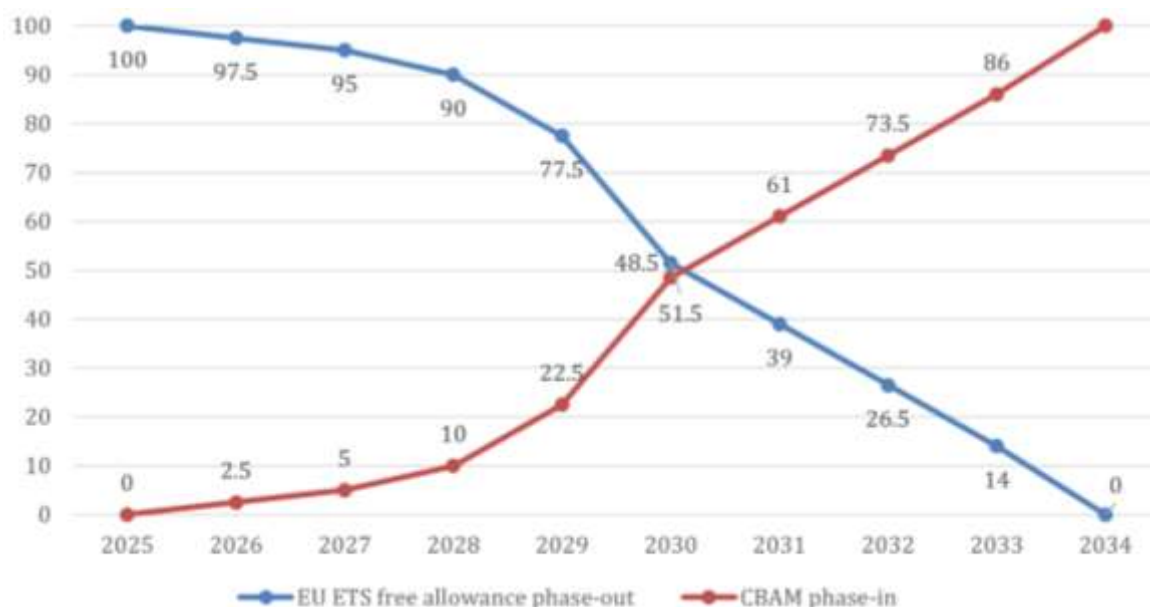
Table 4.1 ETS vs CBAM

Year	EU emissions regulation mechanism
2005	<i>ETS: Emissions Trading System (in the EU):</i> The system sets annual emission caps and creates a carbon market where emission allowances are traded (based on the principle of free allocation). For the period 2021 to 2030, the EU has set a more ambitious target: to reduce greenhouse gas emissions by 62% compared to 2005 levels. The system applies to power plants, energy-intensive industries, maritime transport and aviation.
2023	<i>ETS2: emissions trading system introduced in 2023 for the buildings, road transport and other sectors not covered by the existing EU ETS:</i> Monitoring and reporting of emissions under the ETS2 system will start in 2025. Allowance surrender will be mandatory from 2028, covering emissions from 2027. Allowances under the ETS2 system will not be interchangeable with allowances traded under the existing ETS system. They will only be placed on the market through auctions, i.e. without the possibility of free allocation.
2023	<i>CBAM trial period:</i> Importers of certain goods from third countries into the EU must report the greenhouse gases contained in their imports (direct and indirect emissions) without having to make any financial payments.
2026	<i>CBAM system enters into force:</i> Importers of certain goods from third countries into the EU declare the emissions associated with their production and submit the corresponding number of certificates each year. Certificate prices are determined on the basis of weekly ETS quotas.
2026	<i>Full implementation of CBAM:</i> The phasing out of free allocation under the EU ETS will run in parallel with the introduction of the CBAM mechanism, which has the potential to be extended to goods covered by the CBAM mechanism.

Source: Adapted from: E. Manthey & W. Patterson, 2023; European Union, 2024.

The introduction of the CBAM mechanism will thus gradually phase out free allocation of EU ETS allowances by 2034 for sectors covered by the CBAM. As we can see in Graph 4.1, free allocation will begin to decline slowly at first and then accelerate towards the end of the expected period of free allocation.

Graph 4.1 Phasing out of free allowances under the EU ETS and introduction of CBAM (% in individual years)



Source: ICAP, 2023.

4.1 Characteristics of CBAM

CBAM can be characterised as a mechanism for eliminating imports of goods produced in an emission-intensive manner. It is governed by the following regulations (Ministry of the Environment of the Slovak Republic, 2025, Financial Administration of the Slovak Republic, 2025):

- Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023 establishing the Carbon Border Adjustment Mechanism. This regulation contains the specifications of CBAM and the characteristics of the calculation of bound emissions. Annex I lists the goods covered by the CBAM mechanism, identifying them precisely by means of the numerical codes of the Combined Nomenclature in accordance with Regulation (EEC) No 2658/87. Currently, these are the following groups of goods: cement, electricity, fertilisers, iron and steel, aluminium, hydrogen.
- Commission Implementing Regulation (EU) 2023/1773 of 17 August 2023 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards reporting obligations for the purposes of the Carbon Border Adjustment Mechanism during the transitional period. The Regulation defines a transitional period from 1 October 2023 to 31 December 2025, during which the obligations of importers of goods covered by the CBAM from third countries are limited to reporting obligations, i.e. submitting a report to the European Commission containing the following information:
 - ✓ the total quantity of each type of goods expressed in megawatt hours (for electricity) or tonnes (for other goods),
 - ✓ actual direct CO₂e emissions per unit of goods (MWh or t), i.e. CO₂e emissions generated directly during the production of goods (e.g. by burning fuel in a factory),

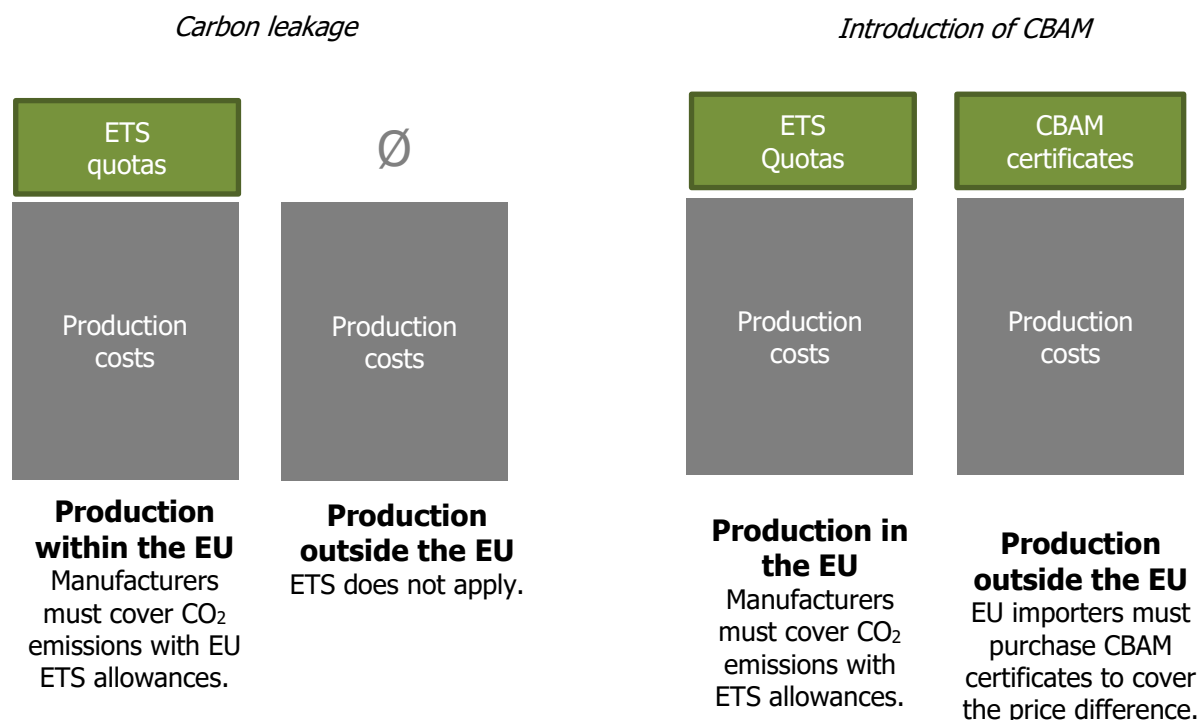
- ✓ total indirect emissions, i.e. emissions that occur outside the production process itself but are associated with it (e.g. in the production of heat used by the factory),
 - ✓ greenhouse gas emissions associated with intermediate products (emissions from the production of intermediate products),
 - ✓ the carbon price paid in the country of origin for emissions associated with imported goods, including any discounts or offsets.
- Commission Implementing Regulation (EU) 2024/3210 of 18 December 2024 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards the CBAM registry. The Regulation defines the meaning of the CBAM register and its structure, consisting of the CBAM portal for declarants, national competent authorities, the European Commission and operators (CBAM operators). The CBAM register is an electronic database containing information relating, for example, to CBAM declarations. It enables communication, notification, registration and exchange of information between the European Commission and the relevant customs authorities or authorised CBAM declarants.
 - Commission Implementing Regulation (EU) 2025/486 of 17 March 2025 laying down rules for the application of Regulation (EU) 2023/956 of the European Parliament and of the Council as regards the conditions and procedures relating to the status of authorised CBAM declarant. It contains information on applying for CBAM authorised declarant status. From 1 January 2026, imports of goods covered by the CBAM Regulation into the EU customs territory from third countries may only be carried out by authorised CBAM declarants registered in the CBAM register, on the basis of purchased CBAM certificates at a price calculated by the European Commission for each calendar week based on the average price of EU ETS allowances. If the importer proves that the carbon price has already been paid for emissions generated during the production of the imported goods in a third country, they may request a reduction in the number of CBAM certificates that they are required to submit to the European Commission via the CBAM registry. The CBAM mechanism will be phased in between 2026 and 2034 and will be timed to coincide with the gradual reduction of free allocation of emission allowances under the EU ETS.

The aim of the CBAM mechanism is to prevent the risk of carbon leakage, as shown in Figure 4.1, while encouraging producers from third countries to use technologies that are more effective in reducing greenhouse gas emissions. The introduction of CBAM eliminates carbon leakage through the obligation to purchase and surrender CBAM certificates corresponding to the amount of emissions or allows the carbon price paid in the country of origin to be deducted if the importer proves that the carbon price was paid in the country of production (Závěšický, 2025).

The functioning of CBAM represents a so-called "living mechanism", which means that changes and new proposals are regularly adopted to adjust exemptions, the list of goods covered by CBAM, or the method of calculation. One example is the European Commission's proposal from February 2025 to simplify the CBAM regulation and its subsequent approval by the European Parliament in May 2025 as part of the so-called "Omnibus I package of measures". One of the changes adopted is an adjustment to the conditions for exemption from CBAM obligations - instead of the original limit of EUR 150 per import, a new threshold is introduced: 50 tonnes of goods imported from third countries per importer per year. The aim of this change is to reduce the administrative burden on small and medium-sized enterprises that import only negligible quantities of goods. Although the objective and principle of the CBAM's function

remain unchanged, it is important to constantly monitor the specific conditions for imports from third countries into the EU (European Commission, Directorate-General for Communication, 2025).

Figure 4.1 Carbon leakage and the introduction of CBAM



Source: European Council, Council of the European Union, 2022.

4.2 CBAM and developing countries

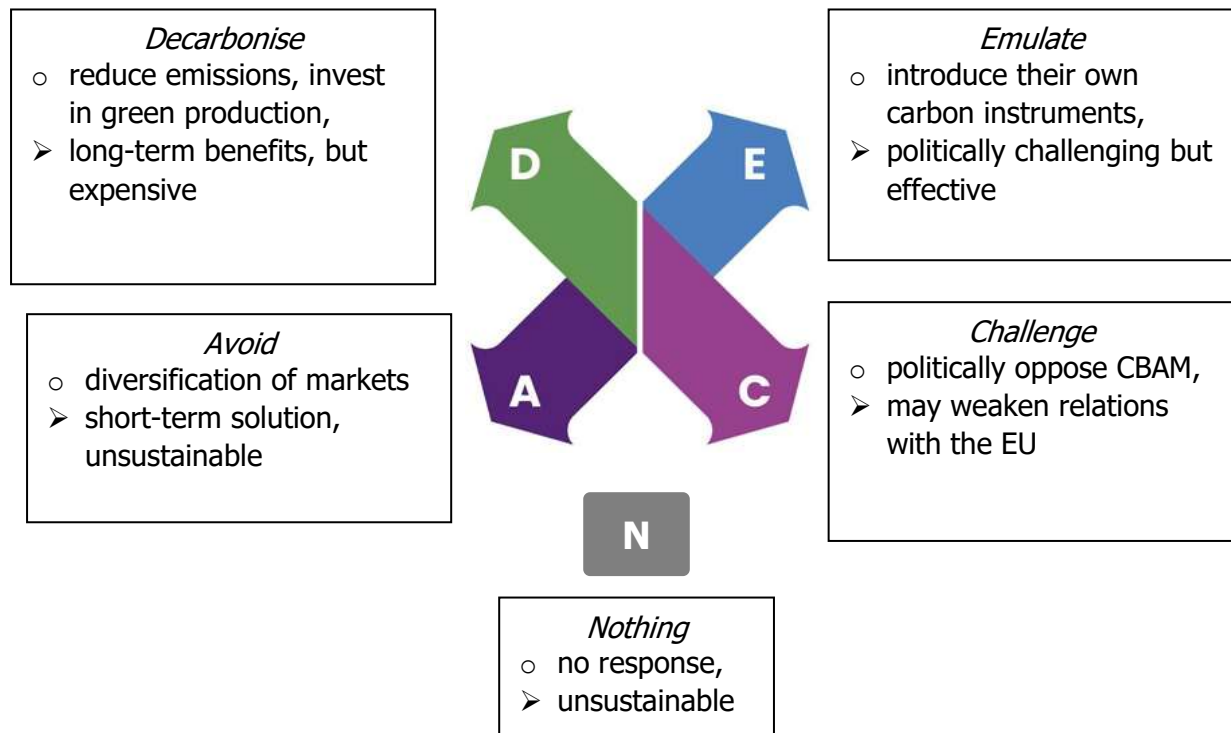
The CBAM mechanism applies to all countries outside the EU, including developing and least developed countries (LDCs). A blanket exemption from CBAM could discourage companies from transitioning to lower-carbon production, while full application of CBAM could unfairly penalise emerging industries in countries that still need further development. The focus is therefore on the origin of the goods themselves. Determining the origin of imported goods is a key prerequisite for the effective functioning of the CBAM in order to prevent carbon regulation from being circumvented via transit countries with a carbon price (Lowe, 2021).

Figure 4.2 shows the expected responses of third countries, including developing and least developed countries, to the introduction of the CBAM, with countries able to use a combination of strategies and change them over time. For example, a country may focus on challenges and avoidance in the short term while preparing for decarbonisation and green industrialisation in the long term. The following are five anticipated responses of developing and least developed countries to the introduction of CBAM (Byiers - Medinilla, 2024):

- Decarbonise = eliminate emissions to avoid paying the so-called carbon tariff, which requires capital-intensive investments, investments in clean technologies (e.g. green energy) depending on the existing industrial level.
- Emulate = set up their own carbon pricing mechanism while promoting the decarbonisation of industry, which requires significant reforms.

- Challenge = engage in dialogue at the WTO/bilateral level to adapt the CBAM to the specificities of developing countries, which may be a lengthy process with an uncertain outcome.
- Avoid = focus on export markets outside the EU, but alternative markets may not be readily available.
- Do nothing = the governments of developing countries may decide to accept the outcome of the CBAM mechanism and allow their exports to become less competitive on the European market due to the Carbon Border Adjustment Mechanism.

Figure 4.2 Expected reactions of third countries to the introduction of CBAM



Source: Adapted from B. Byiers & A. Medinilla, 2024.

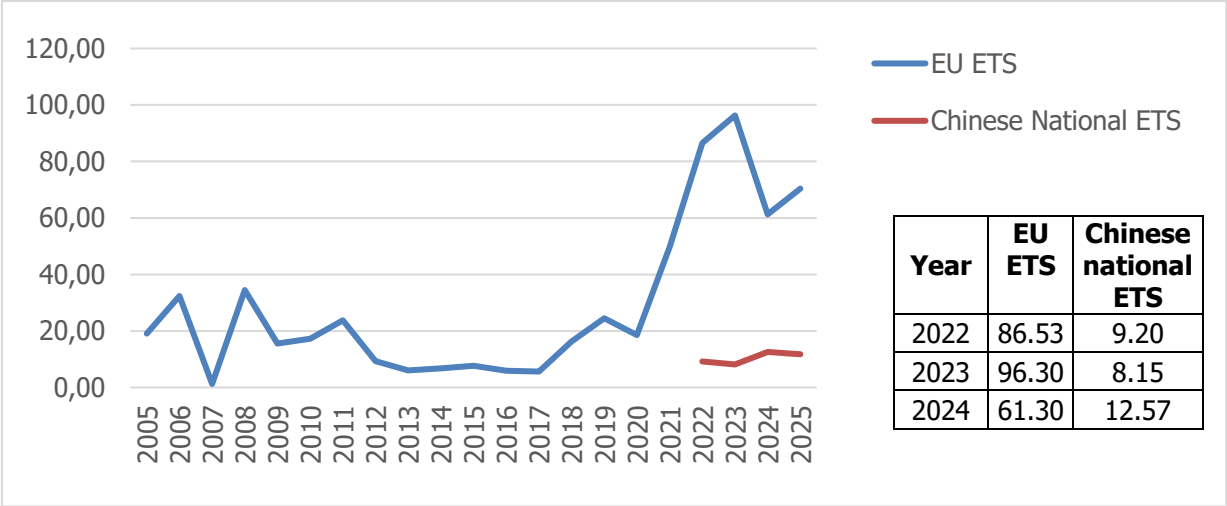
Developing countries in particular are leaning towards a strategy of introducing their own emissions trading schemes (ETS) or expanding existing schemes. Examples include Brazil, India, Indonesia, Turkey and Vietnam, which are at the forefront of developing innovative emissions trading system designs tailored to local needs. China, on the other hand, is focusing on improving and expanding existing systems, even beyond the energy sector, into the steel, cement and aluminium industries. Globally, the number of ETSs is growing steadily, but each has different coverage and mechanisms. Therefore, even in cases where markets are interconnected, average allowance prices may differ and the CBAM mechanism may still entail additional costs for companies that have received preferential treatment within their national carbon market (ICAP, 2025, Tandon - Le Merle, 2024).

As an example of the difference in allowance prices within the ETS system, we can compare the ETS in the EU (EU ETS) and in China (China National Emissions Trading System). The ETS in China was implemented in 2021 and is based on spot prices on the Shanghai Environment and Energy Exchange. It regulates more than 3,500 companies in the energy, steel, cement and aluminium smelting sectors. The EU ETS has been in operation since 2005, and since 2019, auction data provided by the ICE (Intercontinental Exchange) has been used instead of

spot prices, i.e. the EU ETS operates with a market stability reserve (MSR), which addresses market imbalances by temporarily adjusting the supply of allowances relating to emissions from the energy sector, industrial production, maritime and aviation transport (ICAP, 2025b, World Bank, 2025).

Graph 4.2 shows the significant difference in allowance prices within the ETS system in the EU and China. In 2024, the price within the EU ETS was USD 61.30/t CO₂e, while within the Chinese national ETS it was approximately USD 49/t CO₂e lower.

Graph 4.2 Price developments in the EU ETS and China (USD/t CO₂e)



Source: Processed according to World Bank Group, 2025b.

Using the QR codes in Figure 4.3, you can access an interactive graph and map to explore the system of emissions elimination in individual countries, as well as the prices of allowances in emissions trading systems.

Figure 4.3 Carbon pricing in individual countries

	https://icapcarbonaction.com/en/ets-prices		https://carbonpricingdashboard.worldbank.org/
<i>Emissions allowance price explorer (ICAP)</i>		<i>Status and trends in carbon pricing (World Bank Group)</i>	

Source: Compiled from ICAP, 2025b; World Bank Group, 2025b; QRGenerator.cz, 2025.

In general, we can summarise the methods and instruments for regulating greenhouse gas emissions through the so-called price signal associated with emissions (World Bank, 2025, European Commission, Directorate-General for Taxation and Customs Union, 2025):

a) Direct carbon pricing instruments:

- Emissions trading schemes (ETS) – these involve the government setting a cap on the amount of greenhouse gas emissions generated by the companies covered, with entities having to surrender emission allowances to cover their emissions within a specified period. Companies can trade allowances with other covered entities, thereby influencing their price, which is thus determined primarily by the market.

- Carbon tax – involves the government levying a charge on entities for their greenhouse gas emissions. The government sets the price of emissions through a tax rate – either taxing the amount of emissions produced or based on the carbon content of fuels.
 - Carbon credit mechanisms – are mechanisms implemented through tradable credits generated through voluntary activities that reduce emissions either by eliminating or preventing greenhouse gas emissions from entering the atmosphere (e.g. capturing methane from landfills before it is released), or by removing greenhouse gases from the atmosphere (e.g. through afforestation).
 - EU Carbon Border Adjustment Mechanism (CBAM) – balances the costs of carbon emissions between goods produced outside the EU and goods produced within the EU.
- b) Indirect carbon pricing instruments:** these include fuel excise duties or fossil fuel subsidies, which alter the price of products associated with greenhouse gas emissions but are not explicitly linked to carbon pricing.

According to the World Bank, the implementation of CBAM could have a significant impact on the competitiveness of those developing countries for which the EU market is key to the export of goods covered by CBAM. In order to assess the impact of CBAM on the competitiveness of these countries, the World Bank has proposed trade partner exposure indexes to CBAM, which depend on two key parameters (Maliszewska et al., 2025b):

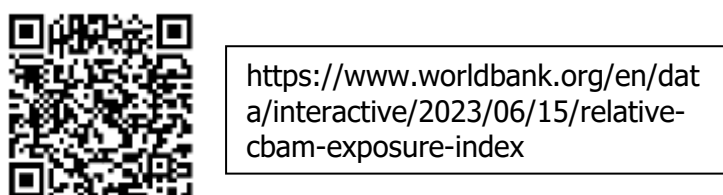
1. loss of competitiveness expressed by the intensity of carbon costs compared to the average producer in the EU,
2. trade and economic dependence on the EU in sectors covered by CBAM.

CBAM exposure indexes identify countries with high emission intensity, with the carbon price set at USD 100 per tonne of CO₂ equivalent for the calculations. The indexes are based on excess carbon payments, which are calculated by assessing the differences in emission intensity between exporting countries and the EU for exports of goods covered by the CBAM. They thus provide an overview of the sectors on which countries should focus when seeking effective ways to eliminate emissions in order to maintain or even increase their competitiveness in EU markets. The calculations are based on average emission data for the entire sector from 2017 according to GTAP (Global Trade Analysis Project) and World Bank data from 2022. We distinguish between the following types of CBAM exposure indexes (Maliszewska et al., 2025, Maliszewska et al., 2025b, World Bank Group, 2025):

- Trade Exposure Index (TEI)
- Aggregate Trade Exposure Index (ATEI)
- Economic Exposure Index (EEI)
- Output Exposure Index (OEI)

In the following text, we will describe the individual indexes in more detail and focus mainly on those developing countries that show the highest CBAM exposure values, which means that they are most at risk from the introduction of the CBAM mechanism. The QR code in Figure 4.4 can be used to display interactive maps and analyse third countries according to individual CBAM exposure indexes.

Figure 4.4 Interactive maps: CBAM Exposure Indexes



Source: adapted from World Bank Group, 2025; QRGenerator.cz, 2025.

The Trade Exposure Index (TEI) is an indicator that expresses the value of excess carbon payments as a share of total exports in a given sector. It is calculated as the ratio between excess payments (i.e. how much more an importer has to pay when importing goods covered by CBAM from a third country) and the value of exports of the sector at global level. A higher index indicates that a country could face competitiveness problems in the European market because its products will become more expensive. Conversely, a lower index or lower emissions than the EU average is an advantage, as such countries (and the companies operating in them) could gain a larger market share thanks to their increased competitiveness. Based on Table 4.2, we can conclude that aluminium exporters from Mozambique may face higher carbon payments than EU producers, leading to a loss of competitiveness in the EU market. On the other hand, Ghana has lower emissions intensity than the average aluminium producer in the EU. This is reflected in a negative CBAM trade exposure index, which indicates a potential increase in export competitiveness in the EU market. This index thus reflects excessive carbon payments relative to the value of exports in a particular CBAM sector. It assesses the vulnerability of individual export sectors to CBAM (Maliszewska et al., 2025).

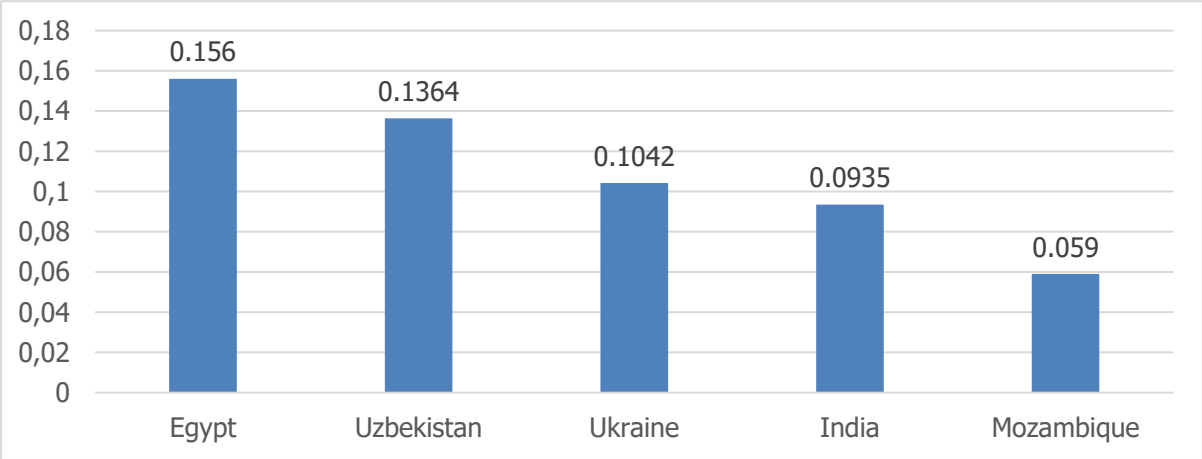
Table 4.2 Countries with the highest and lowest TEI values in 2022

Sector	Country with the highest index value	Country with the lowest index value
Iron and steel	Egypt (0.1613)	Morocco (-0.0189)
Fertiliser	Egypt (0.1905)	Serbia (-0.0985)
Cement	Belarus (0.2728)	Brazil (-0.0728)
Aluminium	Mozambique (0.0646)	Ghana (-0.0028)

Source: compiled from World Bank Group, 2025.

The Aggregate Trade Exposure Index (ATEI) is an indicator that expresses the total excess payments for carbon in relation to the value of exports of all CBAM sectors. It thus assesses a country's overall trade vulnerability to CBAM. Based on World Bank data shown in Graph 4.3, Egypt had the highest index value (0.156), meaning that excess carbon payments account for 16% of total CBAM product exports (Maliszewska et al., 2025b).

Graph 4.3 Countries with the highest ATEI based on 2022 data



Source: processed according to World Bank Group, 2025.

The Output Exposure Index (OEI) is an indicator expressing the value of carbon overpayments as a share of the total value of the sector's output. It tracks how much the production process in the sector is affected by CBAM, regardless of exports. According to data from 2022, Georgia is the most vulnerable country in the iron and steel sector. Excess carbon payments here represent approximately 7% of gross production (Table 4.3). In the fertiliser sector, Egypt has the highest index value, while Belarus has the lowest. For Belarus, this sector represents a potential for increased competitiveness, but the cement production and processing sector may be at risk, as Belarus faces excessive carbon payments of up to 16% of total production output (Maliszewska et al., 2025b).

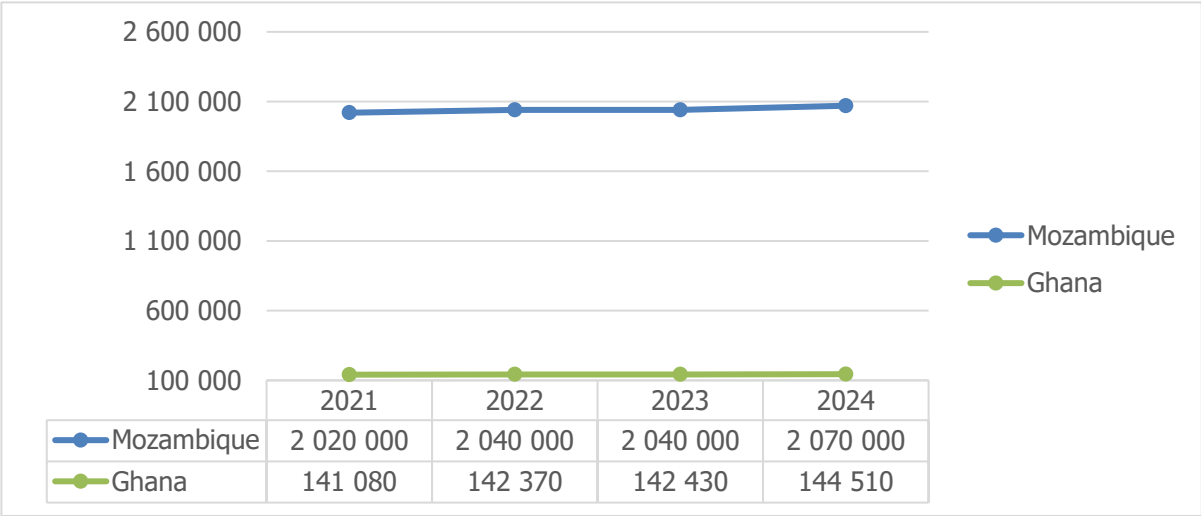
Table 4.3 Countries with the highest and lowest OEI values in 2022

Sector	Country with the highest index value	Country with the lowest index value
Iron and steel	Georgia (0.0727)	Dominican Republic (-0.0022)
Fertiliser	Egypt (0.1482)	Belarus (-0.0637)
Cement	Belarus (0.1607)	Morocco (-0.0016)
Aluminium	Mozambique (0.0644)	Ghana (-0.0025)

Source: compiled from World Bank Group, 2025.

In terms of aluminium, Mozambique ranks first (as it does in the TEI index), where carbon payments account for approximately 6% of gross production. Ghana has the lowest OEI index in this sector (as it does in the TEI index), which means that it produces more environmentally friendly. This is confirmed by Graph 4.4, which compares greenhouse gas emissions from aluminium production using carbon dioxide equivalent with a 100-year GWP (Global Warming Potential) time horizon. In 2024, Mozambique produced greenhouse gases at a level of 2.02 million tonnes of CO₂e. Compared to Ghana, this is 1,925,490 tonnes of CO₂e more (Climate Trace, 2025).

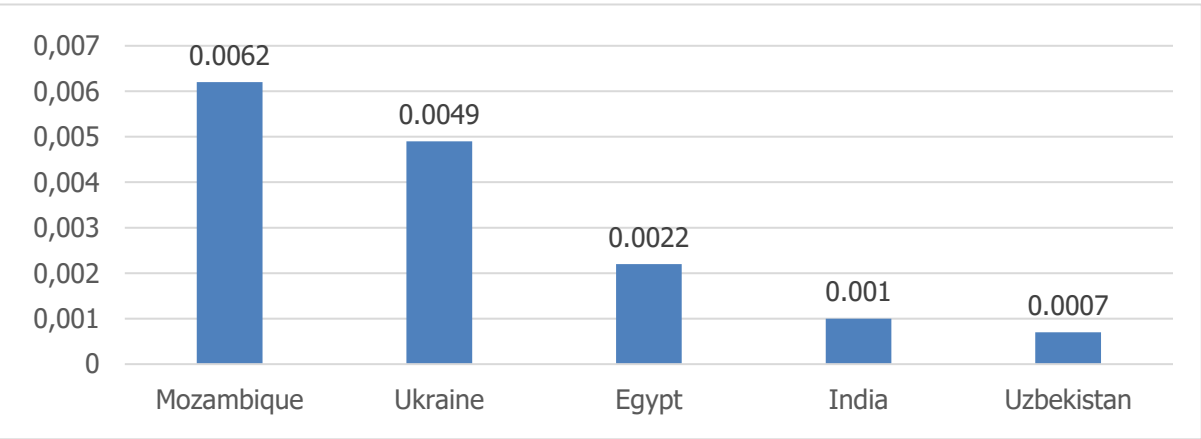
Graph 4.4 Emissions related to aluminium production in tonnes of CO₂e 100yr



Source: processed according to Climate Trace, 2025.

The Economic Exposure Index (EEI) is an indicator that measures the total value of carbon overpayments for all CBAM products as a share of a country's GDP. It indicates the impact of CBAM on the potential loss or gain of competitiveness compared to the average producer in the EU. It thus assesses the overall macroeconomic impact of CBAM on a country. Based on 2022 data, Mozambique has the highest EEI value at 0.6% of GDP, followed by Ukraine (0.5% of GDP) and Egypt (0.2% of GDP). Other countries have values below 0.1% of GDP (Maliszewska et al., 2025b).

Graph 4.5 Countries with the highest EEI in 2022



Source: processed according to World Bank Group, 2025.

The indexes can help developing countries identify the impact of the CBAM mechanism on trade with the EU, while aligning their emissions policies and trade practices with evolving global emissions reduction measures. According to a study by the International Emissions Trading Association (IETA), third countries' responses to the introduction of CBAM may vary depending on their income levels and economic conditions. This means that countries with higher GDPs tend to have lower carbon intensity and greater capacity for innovation, which increases their likelihood of supporting CBAM. Based on the study, the most likely supporters of CBAM among the world's major economies are Japan, South Korea and Singapore.

Conversely, oil-producing countries or countries that have already expressed their opposition to this policy, such as Russia, Iran, India, the United Arab Emirates, Oman, Saudi Arabia, Kuwait and Qatar, are considered potential opponents (IETA, 2024). The risks that third countries (including developing countries) will face as a result of the introduction of the CBAM are therefore as follows (World Bank Group, 2025, 2024).

The risks that third countries (including developing countries) will face as a result of the introduction of the CBAM mechanism are therefore as follows (World Bank Group, 2025, World Bank Group, 2025b, World Bank, 2025, IETA, 2025).

- Double taxation of emissions – this represents the risk of paying for emissions in the home country and also when importing into the EU, but this can be eliminated by submitting a certificate of origin for the goods and providing evidence of the carbon price already paid.
- Reduced competitiveness and carbon leakage – increased costs when importing into the EU from third countries may lead to production being shifted to countries with more lenient emissions rules.
- Administrative burden – carbon footprint measurement and reporting requirements are often challenging, especially for developing countries that are part of complex supply chains.
- Trade disputes and risk of WTO rule violations – some developing countries (especially low-income countries) and least developed countries may perceive the CBAM mechanism as a discriminatory and protectionist measure.
- Financial pressure on developing countries – this manifests itself in a lack of capacity and technology needed to adapt to carbon regulations without external support.

Summary

In the context of global efforts to decarbonise the economy, CBAM is one of the most important instruments of EU climate policy. The aim of this mechanism is to eliminate carbon leakage by transferring carbon costs to imports of goods from third countries. This ensures equal treatment of domestic and foreign producers within the EU single market.

CBAM can be characterised as a CO₂ mechanism that aligns the prices of CO₂ emissions for goods imported into the EU with the prices of goods produced in the EU. To this end, the EU is introducing an emissions trading system for imports, which complements the existing EU ETS emissions trading system in order to prevent the relocation of greenhouse gas emissions. Together with the revised EU ETS, the CBAM strengthens the EU's climate policy and supports the achievement of the European Green Deal's objectives, in particular climate neutrality by 2050. Together, the two instruments create a comprehensive framework that motivates all actors in the supply chain to make a sustainable and fair transition to a green economy at national and global level.

Although CBAM reflects the EU's efforts to achieve environmental integrity and fairness in international trade, its implementation raises serious questions about the balance between climate policy and economic growth. Many developing countries that are major exporters of energy-intensive commodities such as aluminium, cement, iron and steel face potential negative consequences, ranging from reduced competitiveness of their goods on the European market to a possible slowdown in their economic growth.

Glossary

EU ETS – a carbon trading system in operation since 2005, which aims to reduce overall EU emissions and generate revenue to finance the green transition. It is used in all EU countries, as well as in Iceland, Liechtenstein and Norway. Since 2020, it has also been linked to the Swiss emissions trading system (European Commission, Directorate General for Climate Action, 2025).

CBAM – a CO₂ mechanism that harmonises the prices of CO₂ emissions for goods imported into the EU with the prices of goods produced in the EU. It aims to prevent or eliminate carbon leakage by introducing an obligation to purchase CBAM certificates corresponding to the amount of emissions contained in imported goods (European Commission, Directorate-General for Taxation and Customs Union, 2025).

Carbon leakage - the relocation of production with high greenhouse gas emissions from countries with stricter environmental regulations to countries with less stringent regulations, thereby circumventing emission reduction targets (European Parliament, 2021).

Carbon dioxide equivalent (CO₂e) – a unit of measurement that includes all greenhouse gases converted to an equivalent amount of CO₂ based on their global warming potential (GWP). It is a conversion of the amount of other gases into an equivalent amount of carbon dioxide with the same global warming potential. This method of calculation allows the impact of different greenhouse gases on global warming to be compared. Since each gas traps heat in the atmosphere differently, CO₂e expresses their effect in a single common unit - as if all emissions were carbon dioxide (Eurostat, 2001).

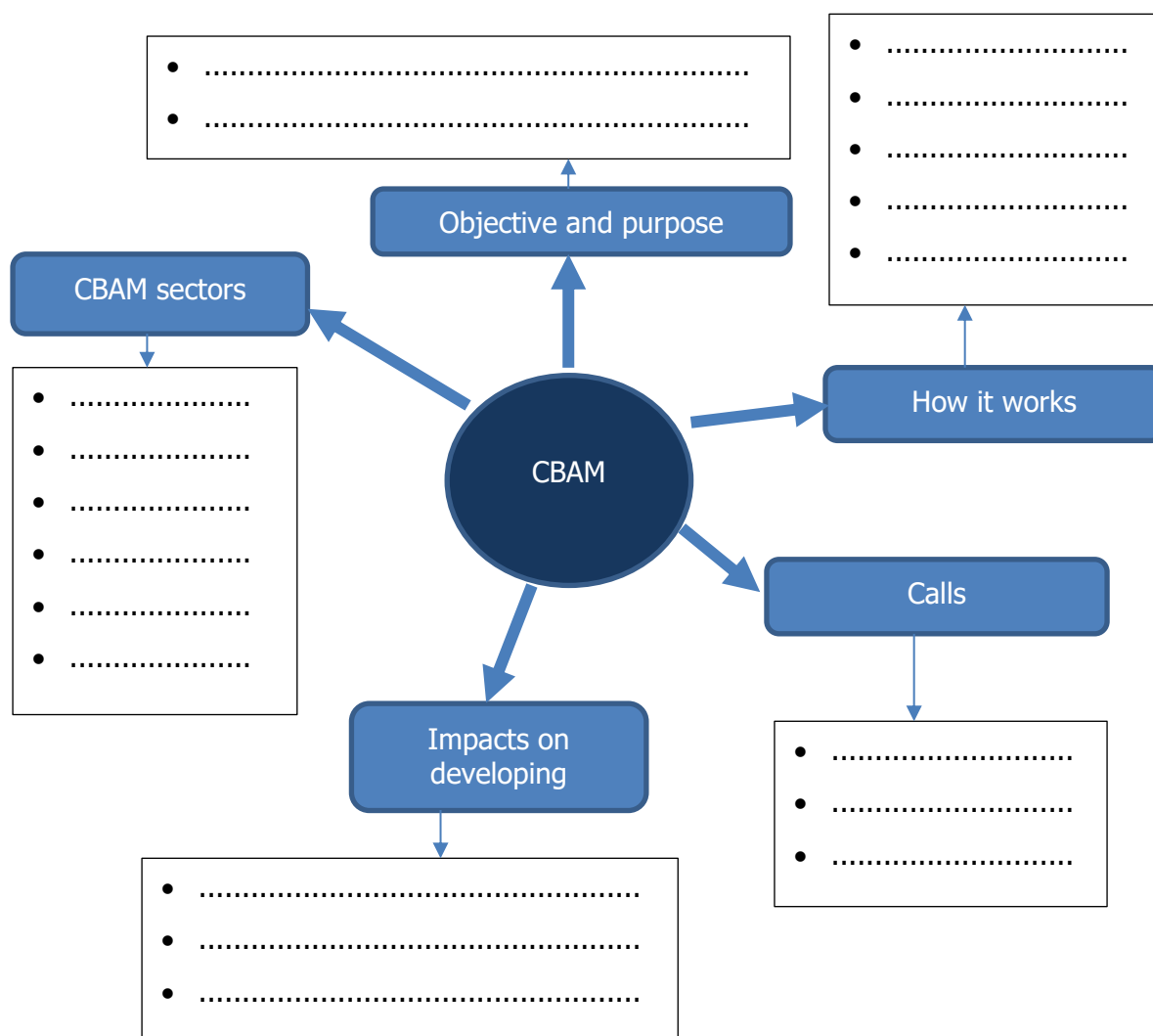
Global warming potential (GWP) - represents a unit of measurement expressing how much energy is absorbed by the emission of 1 tonne of gas over a given period of time compared to the emission of 1 tonne of carbon dioxide. As an example, methane has a GWP value of 25, which means that emissions of 1 million metric tonnes of methane are equivalent to emissions of 25 million metric tonnes of carbon dioxide (Eurostat, 2001).

Tasks

1. In pairs or teams, choose one developing country to analyse according to the following structure:
 - a) Identify the main economic and social risks that CBAM poses for your chosen country. Consider exports, employment, investment, or choose other indicators.
 - b) Propose at least three measures that the government of your chosen developing country could take to minimise the negative impacts of CBAM.
 - c) Consider the possibilities of financing, international cooperation (e.g. with the World Bank), technology transfer or support from the European Union.
2. As a team, write down the arguments for and against the introduction of CBAM and its impact on developing countries. Then, in a joint discussion of all teams, decide which arguments are most important and jointly answer the following questions: Is CBAM an essential tool in the fight against climate change? What are its benefits and drawbacks for developing countries? You can use the following studies as a basis:
 - Byiers, B., & Medinilla, A. (2024). *The EU's Carbon Border Adjustment Mechanism and developing countries*.
 - IETA, 2024. *International Reaction to the EU Carbon Border Adjustment Mechanism*.

3. Add the key characteristics of CBAM to the following mind map.

Figure 4.5 Mind map: CBAM



Source: own processing.

Recommended reading

Regulation (EU) 2023/956 of the European Parliament and of the Council of 10 May 2023. Retrieved from <https://eur-lex.europa.eu/legal-content/SK/TXT/?uri=CELEX:32023R0956>

Maliszewska, M., Fischer, C., Jung, E., & Chepeliev, M. (2025b, June). *Carbon Border Adjustment Mechanism (CBAM) Exposure Indexes: Methodological note*. The World Bank. Retrieved from <https://documents1.worldbank.org/curated/en/099062625130529813/pdf/P180609-04492401-4572-40c4-8b3e-13d5006fcce9.pdf>

5 EU preferential trade relations with developing countries

Learning outcomes

Students will learn how the EU pursues its strategic interests in the global economy through trade and preferential regimes, while contributing to the development of economically weaker countries. They will understand the importance of determining the origin of goods in preferential trade relations with developing and least developed countries and will become familiar with the rules and functioning of the Generalised Scheme of Preferences. Through the tasks at the end of the chapter, students can effectively evaluate the functioning of the EU's preferential trade relations and the instruments used within them, develop their teamwork skills, improve their critical thinking, and form and present their own opinion on the issue.

Key words

preferential trade relations, developing countries, origin of goods, cumulation of origin, Generalised Scheme of Preferences

Abbreviations

ACP – Africa, Caribbean, Pacific; GSP – Generalised Scheme of Preferences; EU – European Union; GSP+ – special incentive arrangement for sustainable development and good governance; EBA – Everything but Arms; EPAs – regional and bilateral economic partnership agreements; DCs – developing countries; LDCs – Least Developed Countries; OCTs – Overseas Countries and Territories.

Introduction

Preferential trade relations are one of the key instruments of the European Union's (EU) foreign trade policy, through which the EU seeks to promote political cooperation with third countries in particular. At the same time, the EU monitors the economic development and social stability of developing countries (DCs) and least developed countries (LDCs). The term "preferential trade relations" refers to a set of measures that give selected third countries or regions more favourable access to the single European market, usually through the reduction or complete elimination of customs duties, quotas and other trade barriers. These preferences are often non-reciprocal, meaning that third countries gain access to the EU market without offering similar or equal advantages to goods imported from the EU. Historically, the EU's policy towards third countries has been embedded in a broader concept of its external relations, combining trade and development objectives. The EU has long been one of the world's most important players in trade and development cooperation, while also representing one of the largest single markets in the world. These factors give it considerable negotiating power, but also responsibility towards its partner countries, especially those facing structural economic problems, high poverty rates or low competitiveness. The EU's preferential trade regimes are therefore part of a comprehensive framework that includes trade and development aid, technical assistance, political dialogue and support for sustainable development (European Commission, 2024a).

The basic philosophy behind these preferences is the belief that trade can be a powerful engine of economic growth. By enabling exports on more favourable terms, partner countries gain access to greater volumes of foreign exchange, a stimulus to improve the quality of production and an incentive to diversify their economic structures. On the other hand, the EU not only fulfils its commitments under international agreements, such as those within the World Trade Organisation (WTO), but also strengthens geopolitical relations and stability in its wider neighbourhood and in more distant regions. The EU's preferential trade relations with developing countries are implemented through a number of mechanisms. The most important of these are the Generalised Scheme of Preferences (GSP) and its special initiatives, as well as regional and bilateral Economic Partnership Agreements (EPAs). These instruments are designed to take into account the varying levels of economic development of third countries and to allow for gradual trade liberalisation in line with their capacities (European Commission, 2025a).

In recent decades, the EU's preferential trade relations have developed dynamically under the influence of globalisation trends, changing international competition, climate and environmental challenges, and a growing emphasis on respect for human rights and good governance. Current preferential schemes therefore include not only economic but also political and social conditions. The EU is thus sending a signal that economic cooperation and trade benefits are closely linked to the values on which the Union itself is built (Kleimann, 2020; European Commission, 2025a).

According to the European Commission's annual report on the implementation and enforcement of trade policy, in 2023 the European Union recorded trade worth more than EUR 2.3 trillion under its preferential trade relations. This represents an increase of more than 30% compared to the previous five years. EU trade with its preferential partners is growing more steadily than its total exports, contributing to the EU's greater resilience to global economic fluctuations by providing more diverse and reliable sources of imports and new markets for exports. During the same period, the European Union managed to remove 140 export barriers in more than 40 countries, generating additional revenue from preferential trade relations (European Commission, 2024b).

5.1 Proving the origin of goods

The origin of goods is one of the most important aspects of the European Union's preferential trade relations with developing countries. Proving the origin of goods determines whether a country will benefit from preferential trade or whether it will be non-preferential trade. The origin of goods plays a significant role in determining customs rates and customs preferences in customs procedures for the release of goods into free trade. Proving the origin of imported commodities is often a very demanding and complicated process. The complexity of this procedure is due to the ever-expanding globalisation of international trade and the fact that commodities are often processed or modified in several countries before entering the customs regime of the final recipient. Proof must be based on the principle that the origin of the goods remains the same until they undergo further processing or treatment. The result of such intervention is a new product whose origin is determined by the country in which this change in its material substance took place. In other words, the origin of goods can also be referred to as the economic nationality of goods. The process of proving the origin of goods in EU foreign trade relations is based on **the principle of non-discrimination**. The result may be either that the goods in question have **non-preferential origin** or, conversely, that the process determines that the goods in question have **preferential origin**. The difference between non-preferential and preferential origin of goods in the EU's foreign trade relations with third countries is key to determining whether they will be subject to the normal customs

rules under the EU Customs Tariff or whether they will be eligible for reduced or zero customs duties under trade agreements (WTO, 2013; European Commission, 2025d).

Non-preferential origin of goods

In general, this refers to a situation where the origin of goods is determined solely for the purposes of obligations arising from WTO membership or from agreements on mutual recognition of most-favoured-nation treatment. The rules applied by WTO members should be consistent with those set out in the Agreement on Rules of Origin (WTO, 2013).

On this basis, non-preferential rules of origin within the EU are used to apply all types of non-preferential trade policy measures. These include the aforementioned most-favoured-nation clause, anti-dumping and countervailing duties, trade embargoes, safeguard measures, quantitative restrictions or tariff quotas. These rules also apply for statistical purposes. In other words, non-preferential rules of origin apply to goods declared for release for free circulation in the EU for the purposes of applying the Common Customs Tariff, except where preferential tariff measures apply. The process itself is carried out in accordance with the EU Customs Code. The EU has its own non-preferential rules of origin, which may differ from those of third countries (European Commission, 2022; Gwardzińska and Chowaniec, 2022). The EU's non-preferential rules of origin are based on two principles or criteria (Gwardzińska and Chowaniec, 2022):

- **goods 'wholly obtained' in one country,**
- **the last substantial processing of the goods** – if two or more countries are involved in the production of a product, origin is acquired where the goods underwent their last, substantial, economically justified processing or working in an establishment equipped for that purpose, which ultimately led to the manufacture of a new product or constituted an important stage in its manufacture.

Non-preferential origin of goods is therefore determined when there is no preferential agreement between the EU and a third country, or when the goods do not meet the rules of origin set out in the agreement. Its purpose is not to grant tariff preferences, but to determine the country of origin of the goods for the purposes of applying normal trade measures. By applying non-preferential origin to goods, a country cannot therefore obtain any preferences. The non-preferential origin of a given commodity is confirmed by the authorities of the exporting country, which issue the relevant certificates.

Preferential origin of goods

As the name suggests, the determination of preferential origin proves that the goods can be considered as originating in a country with which a preferential agreement or scheme exists. If all the requirements and conditions for determining the preferential origin of goods are met, their import into the EU is possible at lower (preferential) customs rates or even at zero rates, depending on the relevant preferential agreement. Preferential origin of goods is determined with the aim of promoting international trade and development cooperation between the EU and less developed or least developed countries by reducing the costs of exporting goods from third countries to the EU. Ultimately, the EU thus promotes the more effective integration of economically weaker partners into international trade and improves their economic position in the world. The legal basis for determining the preferential origin of goods is enshrined in individual bilateral or multilateral agreements, such as Economic Partnership Agreements (EPAs), Free Trade Agreements (FTAs) or unilateral regimes such as the Generalised Scheme of Preferences (GSP). Simply put, each agreement has its own individual legal basis (European Commission, 2025d).

As with non-preferential origin, criteria must be met in order for goods to be considered as having preferential origin. The goods in question must therefore unconditionally meet the conditions set out either in the protocol on origin of the relevant trade agreement or in the rules of origin of other preferential trade instruments. In practice, this means that a product acquires origin status either (European Commission, 2021a):

- **wholly obtained** – the product is entirely made from raw materials or components originating in the beneficiary country,
- **sufficiently worked or processed** – if the product contains materials from other countries, these materials must undergo a prescribed degree of processing or working in the preferential country in order for the product to be recognised as 'originating'.

For each product, there is a specific list of manufacturing or processing operations that goods made from non-originating materials must undergo in order to obtain originating status. These specific operations are also referred to as "list rules", which determine the minimum amount of processing required for non-originating materials. However, if in practice a greater amount of processing is carried out than the minimum required, the origin of the product is not affected and remains unchanged. Preferential trade agreements and other preferential trade instruments may differ in nature. However, there are common provisions for determining preferential origin under these agreements, which are generally applied uniformly. These common provisions are (European Commission, 2021a):

- a) **origin status** – in order for goods to be eligible for preferential treatment, they must meet the conditions for obtaining recognised origin
- b) **cumulation** – a mechanism that allows the parties to a trade agreement to take into account each other's originating products when assessing compliance with the rules of origin (see the next subchapter for more details)
- c) **minimal operations** – these are manufacturing or processing operations which are not sufficient in themselves to confer origin, or which determine the minimum level of processing that must be achieved, particularly when cumulation is used,
- d) **general tolerance rule** – allows manufacturers to use a certain proportion of non-originating materials, provided that this proportion does not exceed a specified limit,
- e) **no-drawback rule** – prohibits the refund of customs duties paid on the import of materials used in the manufacture of goods with preferential origin,
- f) **territoriality principle** – assumes that all production and processing must take place in the territory of the contracting parties to the agreement,
- g) **direct transport rule** – ensures that the goods arriving in the country of import are identical to those that left the country of export, without any undesirable intervention during transport,
- h) **proof of origin** – any claim of preferential origin of goods must be supported by the relevant official document,
- i) **approved exporter** – a person or company that, after meeting the specified conditions, has been authorised to issue proofs of origin of goods independently, without the need for individual customs confirmation.

The main advantages of preferential treatment of imported goods from third countries are, in particular, a reduction in customs duties (often to 0% of the customs rate), strengthening the competitiveness of exporters on foreign markets, and promoting trade and investment between partners (mutually or unilaterally).

As already mentioned, preferential treatment of imported goods may be applied unilaterally or reciprocally, in compliance with international trade law and the specific provisions of individual agreements. Table 5.1 compares the two types of preferential treatment mentioned above.

Table 5.1 EU trade preferences

Unilateral preferences	Reciprocal preferences
- without reciprocity, on an autonomous basis - granting duty-free access to the EU market for imports from developing countries - poverty eradication, support for sustainable development in developing countries - promoting integration of developing countries into international trade	- reciprocally on a contractually agreed basis (benefits accrue to both parties) - reduction of customs barriers with the aim of promoting trade, economic growth and employment - benefits for consumers on both sides - preferential trade agreements

Source: own processing.

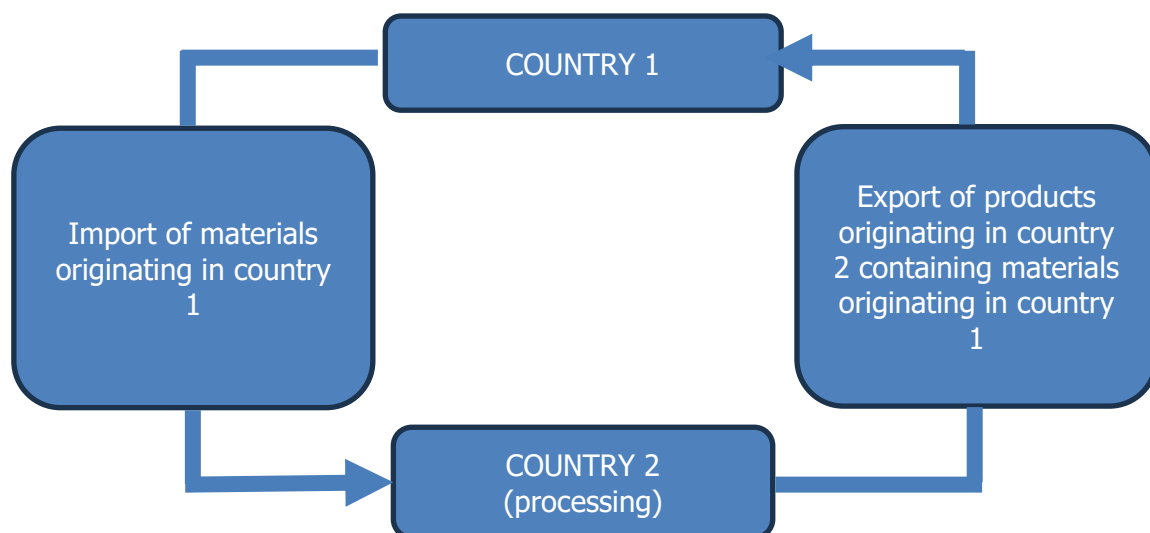
5.2 Cumulation of origin

The EU's preferential rules of origin include the concept of cumulation as a system that regulates the origin of goods. Under certain circumstances, cumulation of origin allows non-originating materials imported from third countries or processing carried out in a country other than a partner country to be considered as materials originating in a partner country or in the EU itself. Within the EU's preferential trade relations, we distinguish between three types of cumulation of origin.

Bilateral cumulation

This term means that manufacturers in any partner country can use materials originating in another partner country as if they originated in their own country. In order to benefit from bilateral cumulation, the working or processing must be carried out on materials originating in a partner country. Raw materials, materials and semi-finished products from one contracting party can therefore be used in the other, while still retaining the preferential origin of the final product (e.g. DCFTA with Ukraine, FTA, etc.). This applies to all EU preferential regimes. The process of bilateral cumulation is clearly illustrated in Graph 5.1 (European Commission, 2021a).

Graph 5.1 Bilateral cumulation process



Source: own processing.

Diagonal cumulation

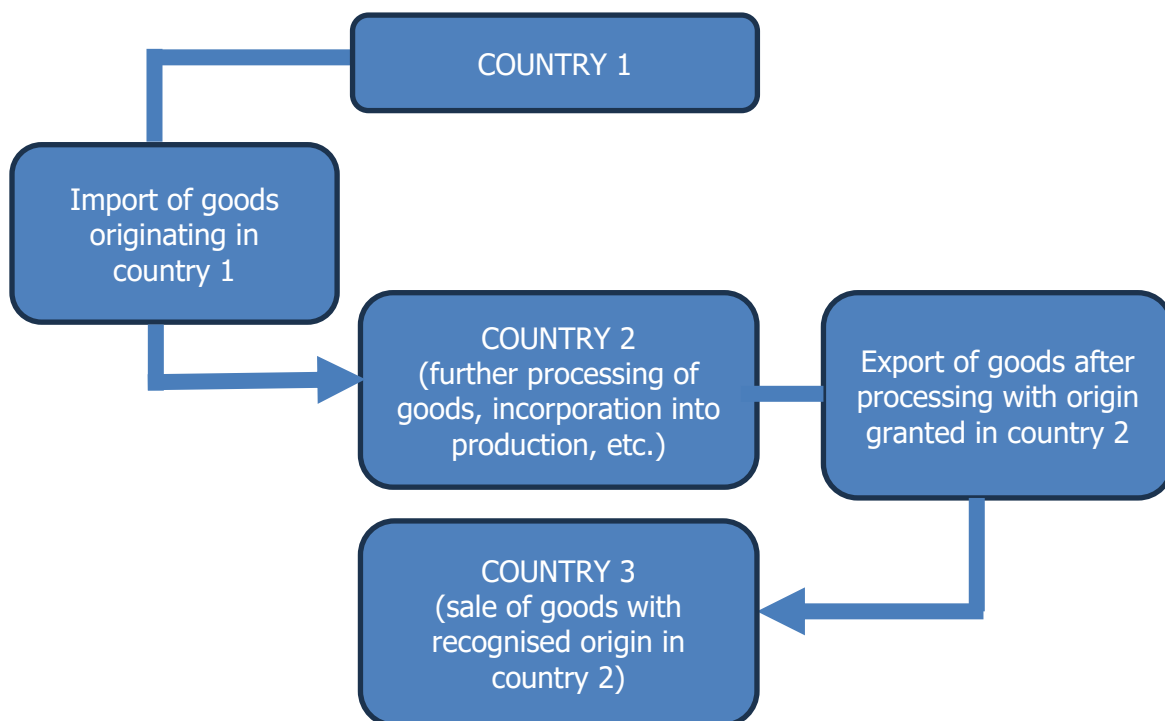
Diagonal cumulation works between more than two countries that have preferential agreements or other arrangements between them. In order to benefit from diagonal cumulation, materials must originate in the countries participating in the diagonal cumulation. The origin of goods is retained only if the goods are transported between countries belonging to the same diagonal cumulation system without further processing or treatment in a country that does not belong to that system. In simple terms, diagonal cumulation allows materials originating in several countries participating in a network of trade agreements (which have identical rules of origin) to be considered as originating in the manufacture or processing of goods in any of these countries. However, there are certain exceptions to this principle in specific types of diagonal cumulation (Lowe, 2016).

A special subtype of diagonal cumulation is **regional cumulation**. Regional cumulation applies within a predefined group of countries that are part of the same preferential scheme and have identical or very similar rules of origin. In practice, this means that materials and production operations carried out in any country in the region can be counted as originating for the entire group in the production of goods intended for export to the EU (or another partner in the preferential regime). All countries in the region are automatically entitled to count each other's origin, without the need for bilateral agreements between each pair of countries. The most notable examples of the use of regional cumulation are the Generalised Scheme of Preferences and the Economic Partnership Agreements with ACP countries. This type of cumulation also applies between members of regional groups of beneficiary countries, e.g. ASEAN, SADC, etc. (European Commission, 2021a). Under certain conditions, goods originating in a country with which the EU has a valid free trade agreement may be used in the manufacture of a product in a beneficiary country.

Under certain conditions, goods originating in a country with which the EU has a valid free trade agreement may be used in the manufacture of a product in a beneficiary country, provided that further processing takes place there. This procedure is known as **extended cumulation**, which is another subtype of diagonal cumulation. However, it should be noted that this form of cumulation only exists on request under the EU's GSP scheme or under the

association of Overseas Countries and Territories (OCTs) with the EU. The process of general diagonal cumulation is illustrated in Graph 5.2 (European Commission, 2021a).

Graph 5.2 Diagonal cumulation process

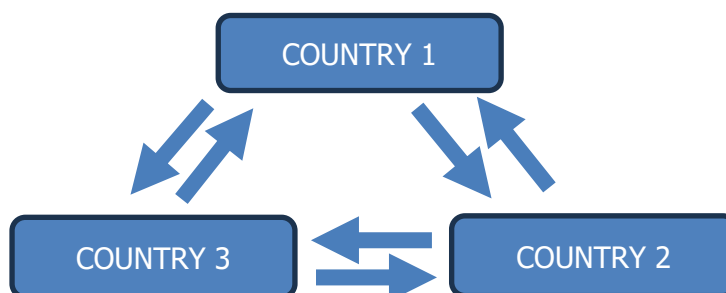


Source: own processing.

Full cumulation

Unlike bilateral and diagonal cumulation, which apply exclusively to originating materials, full cumulation also allows for the **required double** processing of non-originating materials to be taken into account. This means that all production processes carried out in all participating partner countries where this type of cumulation applies are taken into account when determining the origin of the final product. Non-originating materials may therefore be imported by a manufacturer in a partner country and used in the production process, provided that they **undergo sufficient processing**. These non-originating inputs may be used for cumulation purposes and counted as inputs originating in the partner country. Sufficient (double) processing or working of non-originating materials is assessed not within the territory of a single partner country, but across all countries participating in full cumulation. Full cumulation can therefore be considered the highest quality level of cumulation. Graph 5.3 illustrates the process of full cumulation in practice (Lowe, 2016; European Commission, 2021a).

Graph 5.3 Full cumulation process



Source: own processing.

Graph 5.3 shows that the required processing carried out on **non-originating goods** in different countries of the partner zone can be added together in order for these goods to obtain origin status in the zone.

5.3 EU Generalised Scheme of Preferences

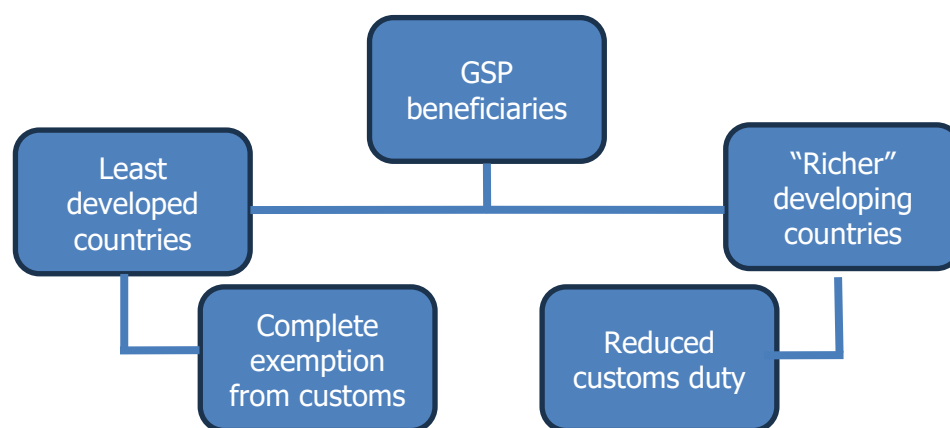
One of the most important instruments of preferential trade relations is **the Generalised Scheme of Preferences (GSP)**. It is a trade policy instrument through which developed countries grant unilateral tariff concessions, i.e. reduce or completely eliminate customs duties on imports of selected products from developing and least developed countries. The scheme is based on the principle of unequal but fair treatment. Its main objective is to promote the economic development and integration of these countries into the global trading environment, without requiring reciprocal benefits from the beneficiary countries (WTO, n.d.).

5.3.1 The creation of the Generalised Scheme of Preferences

The intention to create a trade preference mechanism for less developed countries was first officially presented at the United Nations Conference on Trade and Development (UNCTAD) held in Geneva in 1964. The aim of this initiative was to facilitate access for developing countries to the markets of industrially advanced countries through a preferential tariff regime, particularly for imports of industrial products and semi-finished goods. Based on this vision, the concept of the GSP gradually emerged, which over time became part of the international trade framework. In order to legally apply exceptions to the principle of non-discrimination, the WTO adopted the so-called Enabling Clause in 1979, which provided a legal basis for **the unilateral granting of tariff preferences** to developing countries by developed countries. Based on this clause, developed economies created their **own GSP schemes** (UNCTAD, 2008; WTO, 1979).

Countries that benefit from the GSP are called **beneficiaries**. They can generally be divided into two development groups, as illustrated in Graph 5.4. However, it should be noted that this is a general classification, as each country adapts its schemes individually.

Graph 5.4 General classification of GSP beneficiaries



Source: own processing according to Lipková (2012).

For the purposes of this textbook, we have included the weakest developing countries, or least developed countries, in the first development group, which are completely exempt from import duties in terms of preferential treatment by the EU. The second development group includes developing countries with a "higher" level of development, which have a reduced customs duty rate for preferential imports, although a zero customs duty rate may also apply here.

5.3.2 The EU's Generalised Scheme of Preferences in practice

In the context of the European Union, this is a specific trade regime, the current form of which has been in force since 2012 in the form of Regulation (EU) No 978/2012 of the European Parliament and of the Council. This legislative framework allows the EU to grant preferential benefits to countries that are classified as low-income or lower-middle-income economies according to the World Bank classification and do not have access to the European market under other preferential agreements. Historically, the European Union introduced its Generalised Scheme of Preferences as early as 1971. From the outset, it has played an important role in shaping unilateral trade preferences aimed at poverty reduction and development support. This approach, which is now used by most developed countries, has gradually become a key element of the EU's commitment to using trade as a tool to promote sustainable development (WTO, 2013; European Commission, 2025a).

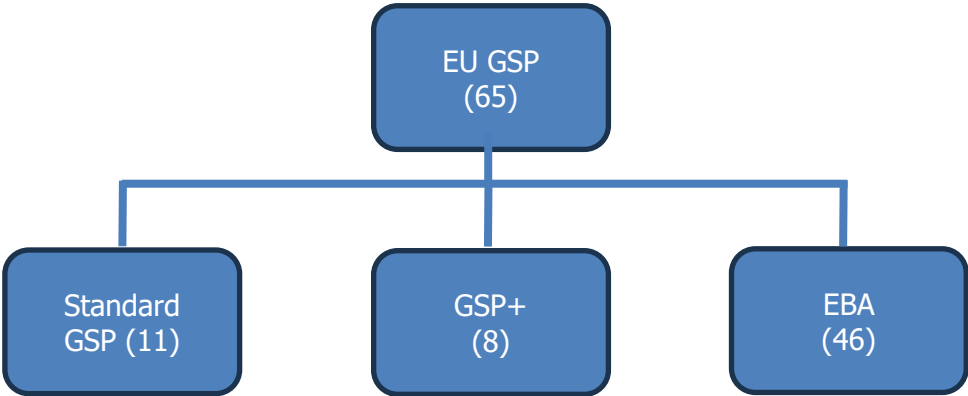
Although the main function of the EU GSP is to support developing countries, the scheme also fulfils **several strategic roles**. In addition to expanding trade opportunities, it creates space for the promotion of **value-oriented trade policy**. In the long term, the EU GSP helps **the economies of partner countries to grow**, thereby reducing their dependence on development aid and increasing their capacity for independent growth. From a geopolitical perspective, the EU's GSP scheme contributes to **strengthening stability** in regions of key strategic importance to the EU, whether in areas related to migration, security policy or energy cooperation. Through the GSP, the EU can also exercise its 'soft power', as by offering trade advantages, it encourages partner countries to **adopt and comply with international standards** in areas such as human rights, working conditions, environmental protection and transparent and accountable governance (European Commission, 2025b).

In addition to its significant political and developmental character, the EU's GSP also plays a key role **in terms of the European Union's economic interests**. This trade instrument

provides **advantages for imports of goods** from developing and least developed countries, which has multiple benefits for the European economy. First and foremost, it provides **stable and favourable access** to a wide range of raw materials, semi-finished products and finished products that are not available in sufficient quantities or at competitive prices within the EU. These raw materials are essential for manufacturing, technological processing and industrial sectors in the Union, particularly in the textile, engineering, electronics and food industries. At the same time, this regime enables European companies **to develop supply and production networks** in partner countries that benefit from the GSP. Thanks to these links, companies can optimise their production costs, diversify their sources and increase their resilience to supply disruptions, thereby ensuring **greater efficiency and flexibility in global markets** (European Commission, 2021b).

Currently (2025), the EU provides preferential access to its market through its Generalised Scheme of Preferences for 65 countries, which are divided into three subschemes (Graph 5.5). As already mentioned, these are countries with a low level of development according to the World Bank classification.

Graph 5.5 Breakdown of the EU GSP into subschemes by number of countries (2025)



Source: own processing.

Due to revisions of the GSP by the European Commission, the number of countries may change. It is therefore necessary to monitor current changes during the study. The QR code below can be used to obtain an updated version of the list of EU GSP beneficiaries.

Figure 5.1 Beneficiaries of the EU Generalised Scheme of Preferences

	https://circabc.europa.eu/ui/group/f243659e-26f5-44d9-8213-81efa3d92dc7/library/83191464-a9b5-4973-a3a9-fe17e57d68e8/details?download=true
<i>The list of beneficiaries of the EU's Generalised Scheme of Preferences is updated regularly.</i>	

Source: Own processing according to the European Commission (2024a).

The individual subschemes of the EU GSP have their own specific rules and conditions that countries must meet in order to benefit from them. It is therefore essential for beneficiaries to

have a detailed knowledge of the individual regulations and codes relating to preferential access to the European market through the GSP, such as product eligibility requirements, classification of products under the correct GSP rate, possibilities for obtaining additional preferences, compliance with rules of origin, compliance with conditions for the transport of goods, administrative preparation (European Commission, 2025a). Each of the subschemes is described in detail below.

5.3.3 Standard GSP

The standard GSP is the first subschemes of the EU's Generalised Scheme of Preferences. Currently (2025), it includes 11 countries that have low or lower-middle incomes according to the World Bank classification.

Table 5.2 Standard GSP beneficiaries (2025)

Congo	Cook Islands
India	Indonesia
Kenya ¹⁰	Micronesia
Nigeria	Niue
Syria	Tajikistan
Vanuatu	---

Source: own processing according to the European Commission (2025c).

These countries are granted tariff reductions on approximately 66% of all existing EU tariff lines. Another very important aspect of this subscheme is the so-called product graduation mechanism. Some countries export competitive products to the EU without taking advantage of preferences and begin to dominate the market. This mechanism divides products into (European Commission, 2025a):

- **sensitive** (customs duties are reduced by 3.5%),
- **non-sensitive** (more favourable or even duty-free imports, except for textiles and agricultural products).

If the average share of imports of certain goods under the GSP Standard exceeds the set limits for three consecutive years – specifically 47.2% for textile products, 17.5% for vegetable products and vegetable oils, and 57% for other goods – the European Union has the right to temporarily exclude these specific products from the preferential treatment system within the subscheme (European Commission, 2025a). The limits are calculated as a percentage of the total value of imports of the same products into the EU from all GSP beneficiary countries.

A very important condition for countries benefiting from this scheme is that they do not benefit from **any other preferential trade access to European markets**. If a country starts to use another form of preferential access to the EU market, it will be excluded from the Standard GSP subscheme. It will also **be excluded** if it is classified by the World Bank **as an upper-middle-income or high-income country** for **three consecutive years**. If a country **violates fundamental conventions** or principles relating to human and labour rights, it will also **be excluded** from the subscheme (European Commission, 2024a).

¹⁰ Kenya will gradually have its membership revoked due to its increased status as a lower middle-income country and the planned conclusion of an Economic Partnership Agreement (EPA).

5.3.4 GSP+

The second subscheme of the EU's Generalised Scheme of Preferences is GSP+. This is a **special incentive measure for sustainable development and good governance**. It is often referred to as a legal instrument that operates in parallel with several legal instruments regulating the import of goods into the EU. Currently (2025), only eight countries benefit from GSP+.

Table 5.3 GSP+ beneficiaries (2025)

Bolivia	Cape Verde
Kyrgyzstan	Mongolia
Philippines	Sri Lanka
Uzbekistan	Pakistan

Source: own processing according to the European Commission (2025c).

The main idea behind this subscheme is to reduce customs tariffs (for the same goods as in the standard GSP) to 0% for vulnerable countries with low and lower middle incomes. **The graduation mechanism is not taken into account** in this subscheme. The first essential condition for countries to be beneficiaries of GSP+ is **the implementation of 27 international conventions** on labour and human rights, environmental and climate protection, and good governance. Another condition for inclusion in GSP+ is **the vulnerability criterion**. This means that the country in question must be considered vulnerable due to insufficient export diversification and insufficient integration into international trade. In order to meet this criterion, the ratio of the country's imports to the imports of all countries covered by the GSP must be less than 7.4%. The final condition is **the diversification criterion**. The value of imports of the seven largest "GSP commodity groups" from a given country to the EU must exceed 75% of total "GSP imports" to the EU from that country over a three-year period (European Commission, 2025a).

A country may lose its GSP+ beneficiary status, as in the case of the GSP Standard, if it concludes a new agreement on preferential access to the EU market. Similarly, if the World Bank classifies a country as having a higher level of development than the definition of low or lower middle income, that country will lose its GSP+ membership (European Commission, 2024a).

Strict **monitoring** is also a very important aspect of GSP+. This is based on dialogue with authorities, stakeholders and, last but not least, civil society in beneficiary countries, as well as the organisation of frequent monitoring missions on the ground to check that the country is fulfilling all the commitments and obligations arising from its GSP+ membership. The results of the monitoring, which include reports from the International Labour Organisation and the United Nations, are submitted to the European Parliament and the Council every two years. This process is very important in identifying not only shortcomings and progress, but also constraints that may prevent a country from effectively implementing the conventions. This also opens up space for new proposals for laws and procedures to address challenges (European Commission, 2025a).

5.3.5 EBA – Everything But Arms

The last subscheme of the EU GSP is the special 'Everything But Arms' measure. This measure allows third countries full duty-free and quota-free (unconditional) access to the EU market for all products except arms and ammunition. The EBA initiative was introduced to support

countries classified as least developed countries (LDCs) **by the United Nations (UN)**, which can benefit from the most favourable conditions of all three regimes. Based on these facts, 46 least developed countries were included in the list of beneficiaries in 2025 (European Commission, 2025c).

Table 5.4 EBA beneficiaries (2025)

Afghanistan	Angola	Bangladesh	Benin
Bhutan	Burkina Faso	Burundi	Chad
Djibouti	Eritrea	Ethiopia	Gambia
Guinea	Guinea-Bissau	Haiti	Yemen
South Sudan	Cambodia ¹¹	Kiribati	Comoros
Democratic Republic of the Congo	Laos	Lesotho	Liberia
Madagascar	Malawi	Mali	Mauritania
Myanmar	Mozambique	Nepal	Niger
Rwanda	Sao Tome & Principe	Senegal	Sierra Leone
Central African Republic	Somalia	Sudan	Solomon Islands
Tanzania	Timor-Leste	Togo	Tuvalu
Uganda	Zambia	---	---

Source: own processing according to the European Commission (2025c).

An important difference from the Standard GSP and GSP+ is that a least developed country **is not excluded from the EBA scheme if it also benefits from other preferential advantages**. This means that it can enjoy the benefits for an unlimited period of time until it is excluded from the scheme. In this case, too, **the graduation mechanism does not apply**. If a country is no longer classified as an LDC according to the UN classification, it loses its EBA beneficiary status. However, after formal exclusion from the subscheme, **a three-year transition period** is initiated by the Union, and only after its expiry is the country definitively excluded from the EBA group and ceases to benefit from the advantages. Ultimately, we can say that EBA offers a much more advantageous alternative compared to preferential trade agreements resulting from the relevant agreement (European Commission, 2024a).

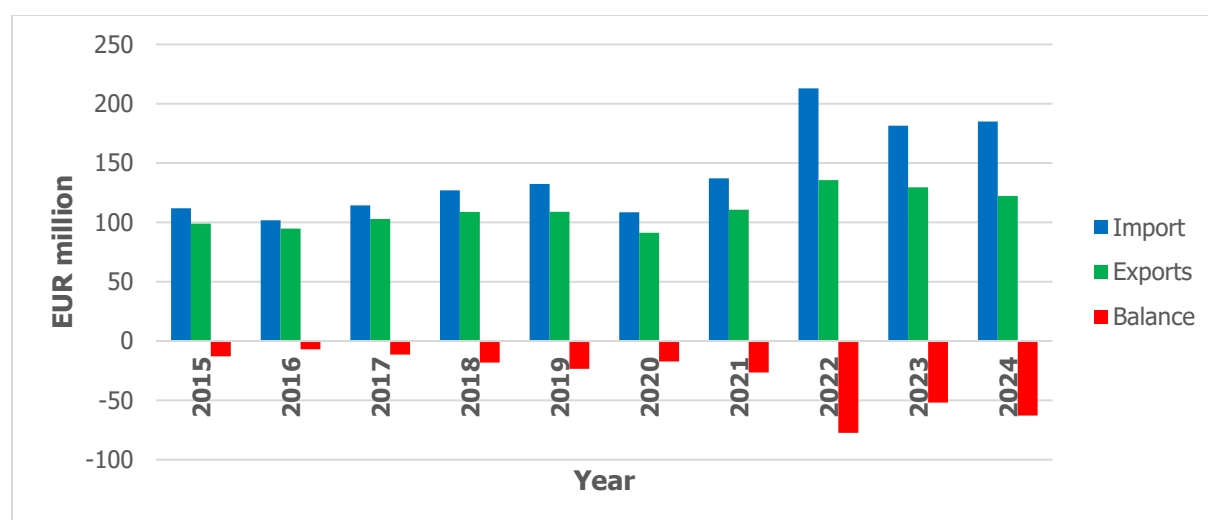
The EU has now reformed certain aspects of the functioning of the GSP as a result of a more effective response to the changing needs and challenges of developing countries and LDCs. Among the new features, it has strengthened the social, labour-environmental and climate dimensions of the scheme. The EU's ability to use trade preferences to create economic opportunities and promote sustainable development has also been strengthened. In view of frequent violations of EU rules, it has further expanded the possibilities for withdrawing EU GSP preferences in cases of serious and systematic violations of the rules, thereby creating a scenario for a new exceptional withdrawal of benefits. Under GSP+, the EU has updated the conventions, incorporating environmental issues. In order to protect the EU internal market, it has adopted changes to better protect its producers in cases of serious market difficulties caused by 'GSP imports' (European Commission, 2021c; European Commission, 2025a).

¹¹ Cambodia's membership of the EBA is currently suspended due to human rights violations, particularly with regard to political participation, freedom of expression and freedom of association.

5.3.6 Trade under the EU GSP

The basic statistical indicators of trade under the EU GSP are shown in Graphs 5.6 and 5.7. Graph 5.6 shows that the long-term development of foreign trade relations between the EU and GSP beneficiaries is in line with the main objective of the EU GSP – to help developing and least developed countries integrate into international trade. This is evidenced by the relatively high value of imports from GSP beneficiary countries and their upward trend (with only minor deviations). EU exports to these countries were lower than imports during the ten-year period under review. The EU therefore had a negative trade balance, with values significantly higher in the last three years than in the previous period.

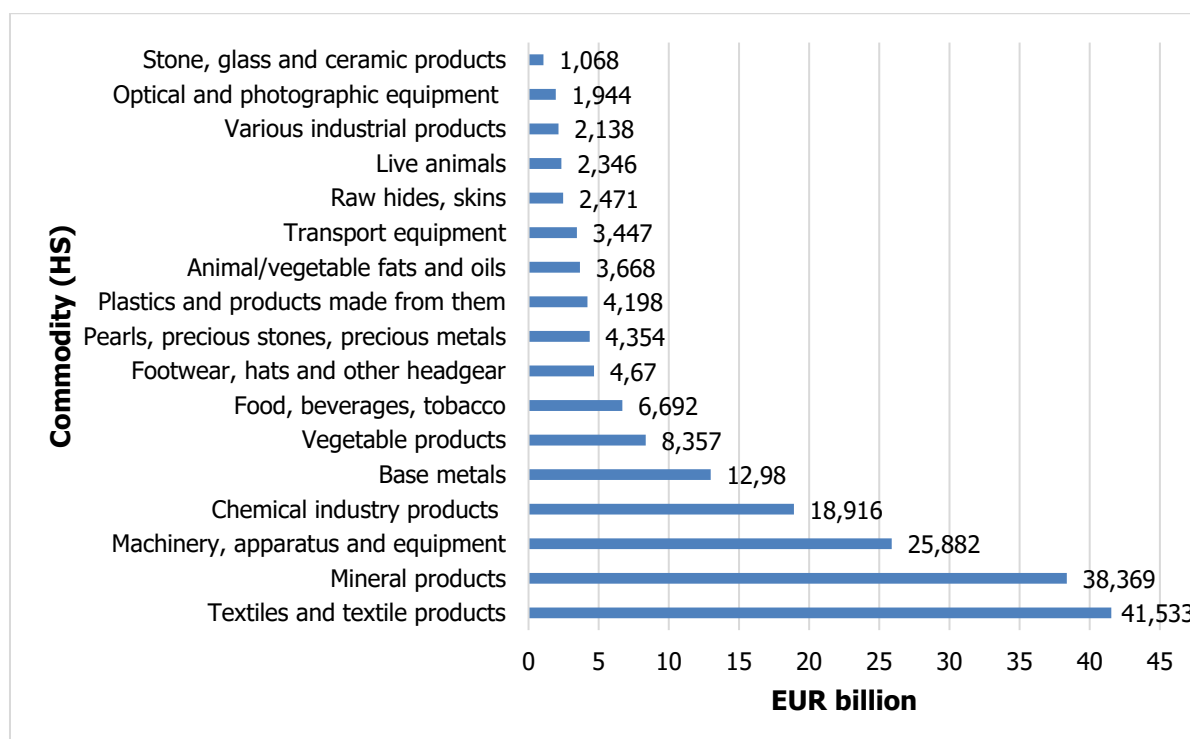
Graph 5.6 Development of the EU's foreign trade with GSP countries



Source: own processing according to the European Commission (2025e).

Indicators of the commodity structure of foreign trade between the EU and GSP countries for 2024 (Graph 5.7), which was the last available data, show that textiles and textile products were the main import commodity to the EU. These were followed by mineral products and machinery, apparatus and equipment. The textile industry has long dominated imports from GSP countries to the EU, as it is well known that this type of industry is the most developed in these countries.

Graph 5.7 Commodity structure of EU imports from GSP countries (2024)



Source: own processing according to the European Commission (2025e).

Summary

In the current changing geopolitical environment, the EU's preferential trade with third countries is an important tool for building mutual relations. Through trade advantages, the EU not only gains access to more affordable goods and strengthens its trade position, but also builds partnerships, enhances stability in strategically important regions, and promotes democratic values, human rights and good governance. The EU uses various preferential agreements and instruments.

A very important part of the EU's preferential trade relations is proving the origin of goods using rules that ensure that the benefits actually go to developing countries and not to other entities, such as other countries through re-export. The rules of origin also include a complex process of cumulation, whereby non-originating materials and goods can be counted as originating within the preferential zone after processing.

The EU currently applies three levels of preferential treatment under the Generalised Scheme of Preferences: Standard GSP, GSP+ (usually for developing countries) and EBA (for least developed countries), which must comply with specific conditions and rules in order to fully benefit from the preferential advantages. The EU's GSP is a 'soft power' tool that the Union uses to influence the direction of partner countries without coercion or compulsion.

Preferential trade relations contribute to the long-term stability of partner economies, reduce their dependence on development aid and promote their integration into world trade. This is also the goal of the EU, which is an example of the successful functioning and development of such relations.

Glossary

Cumulation of origin – a mechanism within the rules of origin that allows materials or production processes from other countries to be taken into account in determining the origin of the final product, provided that these countries are part of the same trade agreement or scheme.

EU GSP – the EU's Generalised Scheme of Preferences, which is a programme of EU countries through which they grant preferential tariffs on imports from developing countries (WTO, n.d.).

GSP Standard – is a subscheme of the EU GSP through which the EU grants reduced customs duties on imports of selected products (66% of the total number of EU tariff lines) from 11 countries. Customs duties vary according to a graduation mechanism (European Commission, 2025a).

GSP+ – is a subscheme of the EU GSP, also known as the special incentive arrangement for sustainable development and good governance. The EU grants preferential or zero customs duties on imports of selected products from 8 countries, provided that the countries comply with 27 conventions and meet diversification and vulnerability criteria.

EBA – is a subscheme of the EU GSP, also known as 'Everything But Arms'. It is a measure for the least developed countries, allowing 46 countries duty-free and quota-free imports of all goods into the EU, except arms and ammunition. It is the most advantageous subscheme within the GSP.

Tasks

1. Form teams within your seminar group. Scan this QR code (university account required), read the case study displayed, and discuss the answers to the accompanying questions.

Figure 5.2 Case study: Pakistan



https://eubask.sharepoint.com/:b:/s/Prpadovtdie/EZfhDI4IXB9OqAq3y_9Rq1EBFtH8X0nFrmNsAsVwULiLLQ?e=NLa5bj

Source: Own processing.

2. What is your opinion on the functioning of the EU GSP and its subschemes? Which subscheme do you think is the most controversial and why? Refer to critical opinions and concerns available online.
3. Decide what type of cumulation is involved in the following cases:
 - A. *A manufacturer in Switzerland produces a machine using materials originating in the EU and exports the final product to Serbia. The final product will have Swiss origin because all the necessary conditions for cumulation have been met (agreements containing identical rules of origin between the EU, Switzerland and Serbia) and the materials used to manufacture the machine originate in this zone and have undergone more than sufficient processing.*

- B. A fabric manufacturer in Turkey imports non-originating cotton fibres from the USA. These fibres are processed into fabric in Turkey. This is a significant manufacturing step, but it is not sufficient to obtain preferential origin because the raw material is non-originating and the processing was not required (double). Turkey exports the fabric to Montenegro, where a manufacturer sews it into a finished T-shirt. Montenegro then exports the T-shirt to the EU. Under normal rules, the T-shirt would not have preferential origin because it was made from non-originating raw material (fibre). However, thanks to cumulation, all processing steps are taken into account and the EU considers these production operations as a whole, as if they had taken place in a single country. The T-shirt has obtained preferential origin.*
4. Make recommendations for improving the effectiveness of EU preferential relations and individual instruments.

Recommended reading

Eur-lex (2012). *Regulation (EU) No 978/2012 of the European Parliament and of the Council of 25 October 2012*, Retrieved August 1, 2025, from <https://eur-lex.europa.eu/legal-content/SK/ALL/?uri=CELEX%3A32012R0978>

UNCTAD (2021). *Generalised System of Preferences. Handbook on the Scheme of the European Union*. Retrieved August 1, 2025, from https://unctad.org/system/files/official-document/itcdtsbmisc25rev5_en.pdf

6 References

Chapter 1

Arana, A.G. (2017). *The European Union's policy towards Mercosur: Responsive Not Strategic*. Manchester University Press. Retrieved July 4, 2025, from <https://doi.org/10.7228/manchester/9780719096945.001.0001>

CIRCABC (2024). *The upgraded EU-Mercosur agreement – what is new compared to the 2019 agreement*. Retrieved July 8, 2025, from <https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/86fb1930-16ed-4ac6-af25-5e0ad0d0c816/details?download=true>

Commission of the European Communities (1978). *Latin America and the European Community*. Retrieved July 3, 2025, from https://aei.pitt.edu/8234/1/31735055282101_1.pdf.

Demarest (2025). *MERCOSUR expands National List of Exceptions to the Common External Tariff*. Retrieved July 16, 2025, from <https://www.demarest.com.br/en/mercotel-amplia-a-lista-nacional-de-excecoes-a-tarifa-externa-comum/>

Embassy of India in Peru (2025). *Andean Community*. Retrieved July 21, 2025, from <https://www.eoilima.gov.in/page/andean-community/>

Eur-lex (2006). *Opinion of the European Economic and Social Committee on EU-Andean Community relations*. Retrieved July 18, 2025, from <https://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2006:309:0081:0090:EN:PDF>

Eur-lex (2020). *Interregional Framework Cooperation Agreement between the European Community and Mercosur*. Retrieved July 8, 2025, from <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=LEGISSUM:r14013&frontOfficeSuffix=%2F>

Eur-lex (2025). *Rozšířená rámcová dohoda medzi EÚ a Čile*. Retrieved July 7, 2025, from <https://eur-lex.europa.eu/SK/legal-content/summary/eu-chile-advanced-framework-agreement.html?fromSummary=07>.

European Commission (2024). *Questions and answers on the EU-Mercosur partnership agreement*. Retrieved July 7, 2025, from https://ec.europa.eu/commission/presscorner/detail/en/qanda_24_6245

European Commission (2025a). *Mercosur*. Retrieved July 7, 2025, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/mercotel_en

European Commission (2025b). *EU-Colombia-Peru-Ecuador Trade Agreement*. Retrieved July 21, 2025, from <https://trade.ec.europa.eu/access-to-markets/en/content/eu-colombia-peru-ecuador-trade-agreement>

European Commission (2025c). *EU-Central America Association Agreement*. Retrieved July 23, 2025, from <https://trade.ec.europa.eu/access-to-markets/en/content/eu-central-america-association-agreement>

European Commission (2025d). *Central America*. Retrieved July 23, 2025, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/central-america_en

European Commission (2025e). *Negotiators conclude on modernised Global Agreement with Mexico*. Retrieved July 24, 2025, from https://ec.europa.eu/commission/presscorner/detail/en/ip_25_248

European Commission (2025f). *Questions and answers on the EU's Global Agreement with Mexico*. Retrieved July 24, 2025, from https://ec.europa.eu/commission/presscorner/detail/en/qanda_25_249

European Commission (2025g). *EU-Chile Advanced Framework Agreement*. Retrieved July 24, 2025, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/chile/eu-chile-agreement_en

European Commission (2025h). *EU-Chile Interim Trade Agreement enters into force*. Retrieved July 24, 2025, from https://ec.europa.eu/commission/presscorner/detail/en/ip_25_374

European Council (2024). *EU-Andean Countries: Council greenlights the conclusion of the trade agreement with Colombia, Peru and Ecuador*. Retrieved July 18, 2025, from <https://www.consilium.europa.eu/en/press/press-releases/2024/10/14/eu-andean-countries-council-greenlights-the-conclusion-of-the-trade-agreement-with-colombia-peru-and-ecuador/>

Eurostat (2025). *International trade of EU and non-EU countries since 2002 by SITC*. Retrieved July 24, 2025, from https://ec.europa.eu/eurostat/databrowser/view/ds-059331__custom_17580062/default/table?lang=en

García, M.J. – Arana, A.G. (2022). *Latin America – European Union relations in the twenty-first century*. Manchester: Manchester University Press.

HZA (2024). *Zoll: Handelsabkommen EU-Andengemeinschaft in Kraft*. Retrieved July 21, 2025, from <https://www.hza-seminare.de/zoll-news/700/zoll-handelsabkommen-eu-andengemeinschaft-in-kraft>

Jarrín, M.T. – Aramayo, L.G.D. (2023). *EU – MERCOSUR Interregionalism. Diplomatic and Trade Relations*. Springer.

Mercosur (2024). *Bolivia has deposited the instrument of ratification of the protocol of accession to MERCOSUR*. Retrieved July 7, 2025, from <https://www.mercosur.int/pt-br/a-bolivia-depositou-o-instrumento-de-ratificacao-do-protocolo-de-adesao-ao-mercosul/>

Sánchez, F.O. (2016). The Central American Customs Union: Challenges for Progressing Toward Economic Integration. *Revista Relaciones Internacionales*, N. 89.1, pp. 211-226, doi: <http://dx.doi.org/10.15359/ri.89-1.10>

Szegedy-Maszák, I. (2009). Association / Free Trade Agreement – Bi-Regional Partnership Between European Union and Andean Community. *Revista de Derecho* (32). Retrieved July 4, 2025, from <https://scispace.com/pdf/association-free-trade-agreement-bi-regional-partnership-nadtw1st7r.pdf>

World Bank (2025). *World Bank Group Country Classification by Income Level*. Retrieved June 19, 2025, from <https://blogs.worldbank.org/en/opendata/world-bank-country-classifications-by-income-level-for-2024-2025>

WTO (1964). *Central American Common Market*. Retrieved July 21, 2025, from https://www.wto.org/gatt_docs/English/SULPDF/90770208.pdf

WTO (2025). *Regional Trade Agreements database*. Retrieved July 3, 2025, from <https://rtais.wto.org/UI/PublicShowRTAIDCard.aspx?rtaid=151>.

Chapter 2

Access2Markets (2025). *Pravidlá pôvodu v revidovanom paneuro- stredomorskom dohovore*. Retrieved May 15, 2025, from <https://trade.ec.europa.eu/access-to-markets/sk/content/pravidla-povodu-v-revidovanom-paneuro-stredomorskom-dohovore>

Archive of European Integration (1977). *European Parliament Working Document*. Retrieved May 15, 2025, from <https://aei.pitt.edu/96476/1/1977-78.77.99.pdf>

Assem, H., Elewa, A. (2025). CBAM and Exporting Sectors in MENA. In *Economic Research Forum 31st Annual Conference Youth Demographic Dividend & Migration In Mena: Challenges & Opportunities In Uncertain Times*. Economic Research Forum, Egypt.

Berahab, R. (2022). *Infrastructure: Unlocking the MENA Region's Economic Take-off*. Retrieved May 16, 2025, from <https://www.ispionline.it/en/publication/infrastructure-unlocking-mena-regions-economic-take-36745>

Brown. M. (2022). *The Sevenths Member State. Algeria, France, and the European Community*. 368 s., ISBN 9780674251144.

Caruso. G., Geneve. J. (2015). Trade and History: The Case of EU – Algeria Relations. *International Law Journal*. Retrieved May 14, 2025, from <https://www.bu.edu/ilj/2015/02/17/trade-and-history-the-case-of-eu-algeria-relations/>

C&D Services (2025). *Dohovor o panero-stredomorských preferenčných pravidlách pôvodu – podstatné prínosy a vylepšenia revidovaného znenia pre zjednodušenie pravidiel pôvodu*. Retrieved May 15, 2025, from <https://www.cdservices.sk/l/dohovor-o-paneuro-stredomorskych-preferencnych-pravidlach-povodu-podstatne-prinosy-a-vylepsenia-revidovaneho-znenia-pre-zjednodusenie-pravidiel-povodu/>

Cotrell. A. J., Dougherty. J. E. (1957). Algeria: A Case Study in the Evolution of a Colonial Problem. *U.S. Naval Institute Proceedings*, vol. 83/7/653 Retrieved May 14, 2025, from <https://www.usni.org/magazines/proceedings/1957/july/algeria-case-study-evolution-colonial-problem>

Delhoulle. S., Eriksson. D., Esteve. I., Smith. B. (2025). *EU Partially suspended Sanktion Targeting Syria*. Retrieved May 15, 2025, from <https://sanctionsnews.bakermckenzie.com/eu-partially-suspends-sanctions-targeting-syria/>

Eagle, R. (2024). What does kosher mean. *Medical New Today*. Retrieved May 16, 2024, from <https://www.medicalnewstoday.com/articles/what-is-koshe>

EEAS (2025). *European Neighbourhood Policy*. Retrieved May 13, 2024, from https://www.eeas.europa.eu/eeas/european-neighbourhood-policy_en

ELF (2021). *MENA – EU Cooperation*. Retrieved May 15, 2025, from <https://liberalforum.eu/wp-content/uploads/2021/07/ELF-Report-MENA-EU.pdf>

Eardley, N. (2014). *What is halal meat?* Retrieved May 17, 2025, from <https://www.bbc.com/news/uk-27324224>

EU Neighbours South (2021). *Southern Neighbourhood: EU proposes New Agenda for the Mediterranean*. Retrieved May 15, 2025, from <https://south.euneighbours.eu/news/southern-neighbourhood-eu-proposes-new-agenda-mediterranean/>

EUR-Lex (1974). *Council decision*. Retrieved May 14, 2025, from <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:31974D0353>

Europe Information Development (1982). *Cooperation Agreements Between the EEC and the Maghreb Countries*. Retrieved May 14, 2025, from <https://aei.pitt.edu/7755/1/7755.pdf>

European Commission (2025a). *European Union, Trade in goods with Tunisia*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_tunisia_en.pdf

European Commission (2025b). *European Union, Trade in goods with Syria*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_syria_en.pdf

European Commission (2025c). *European Union, Trade in goods with Occupied Palestinian Territory*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_occupied-palestinian-territory_en.pdf

European Commission (2025d). *European Union, Trade in goods with Morocco*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_morocco_en.pdf

European Commission (2025e). *European Union, Trade in goods with Lebanon*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_lebanon_en.pdf

European Commission (2025f). *European Union, Trade in goods with Jordan*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_jordan_en.pdf

European Commission (2025g). *European Union, Trade in goods with Israel*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_israel_en.pdf

European Commission (2025h). *European Union, Trade in goods with Egypt*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_egypt_en.pdf

European Commission (2025i). *European Union, Trade in goods with Algeria*. Retrieved May 13, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/country/details_algeria_en.pdf

European Commission (2025j). *NDICI Global Europe*. Retrieved May 15, 2025, from <https://ec.europa.eu/info/funding-tenders/opportunities/portal/screen/programmes/ndici>

European Union (1993). *EC/Israel Relations*. Retrieved May 14, 2025, from https://ec.europa.eu/commission/presscorner/detail/en/memo_93_38

European Union (2025a). *Southern Neighbourhood*. Retrieved May 13, 2025, from https://north-africa-middle-east-gulf.ec.europa.eu/what-we-do/southern-neighbourhood_en

European Union (2025a). *Trade and Economic Security. Southern Neighborhood*. Retrieved May 13, 2025, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/southern-neighbourhood_en

European Union (2025c). *Carbon Border Adjustment Mechanism*. Retrieved May 13, 2025, from https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en

European Parliament (2025). *The European Neighbourhood Policy*. Retrieved May 13, 2025, from <https://www.europarl.europa.eu/factsheets/en/sheet/170/the-european-neighbourhood-policy>

European Union (2021). *Towards a renewed Partnership with the Southern Neighbourhood*. Retrieved May 13, 2024, from https://north-africa-middle-east-gulf.ec.europa.eu/system/files/2021-02/renewed_partnership_southern_neighbourhood_en.pdf

Fogaš, A. (2013). *Vzťahy EÚ s krajinami Blízkeho východu*. Retrieved May 14, 2025, from <https://www.unipo.sk/public/media/27054/1->

VZ%C5%A4AHY%20E%C3%9A%20S%20KRAJINAMI%20BL%C3%8DZKEHO%20V%C3%9DCHODU.pdf

Ghoneim, A. F. (2024). EU Climate Policy: Potential Effects on the Exports of Arab Countries. *Economic Research Forum*. Retrieved May 15, 2025, from <https://theforum.erf.org.eg/2024/09/10/eu-climate-policy-potential-effects-on-the-exports-of-arab-countries/>

halal4web (2025). *Guide to Understanding Halal Food*. Retrieved May 17, 2025, from <https://www.halalrc.org/images/Research%20Material/Literature/Guide%20to%20Halal%20Foods.pdf>

Hanzel, M. (2024). *Postavenie Palestíny v medzinárodnom obchode v kontexte konfliktu s Izraelom*. Diplomová práca. Bratislava, 2024, 80 s. Obchodná fakulta EU BA.

Micaleff, A. H. (2025). *Trade in the Great Sea: The Future of EU – Southern Neighbourhood Trade Relations*. Retrieved May 13, 2025, from <https://ecipe.org/publications/future-of-eu-southern-neighbourhood-trade-relations/>

Pavia, A. (2024). Beyond the Mediterranean: EU Policy on North Africa Migration. In Elitsoy, Z. A. a kol. (2024). *The Future of EU – MENA Relations*. Woodrow Wilson International Center for Scholars. Retrieved May 15, 2025, from <https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/Future-Euro-MENA-Final.pdf>

Sidlo, K.W. (2024). *The Future of EU – Southern Neighbourhood trade relations. The FTA´s are dead, long live the (DC)FTA´s?* Retrieved May 17, 2025, from <https://www.euromesco.net/wp-content/uploads/2024/05/7.-Article-Katarzyna-Sidlo.pdf>

Toukan, D., M. (2024). Improving The Effectiveness of EU Democracy Assistance in the MENA: Supporting Civil Society in Jordan. In Elitsoy, Z. A. a kol. (2024) *The Future of EU – MENA Relations*. Woodrow Wilson International Center for Scholars. Retrieved May 15, 2025, from <https://www.wilsoncenter.org/sites/default/files/media/uploads/documents/Future-Euro-MENA-Final.pdf>

Chapter 3

ASEAN (2023). *ASEAN Statistical Yearbook 2023*. Vol. 19. Retrieved July 16, 2025, from <https://www.aseanstats.org/publication/asean-statistical-yearbook-2023/>

ASEAN (2024). *ASEAN Key Figures 2024*. December 2024. Retrieved July 22, 2025, from <https://www.aseanstats.org/publication/asean-statistical-yearbook-2023/>

ASEAN (2025). *Economic Community*. Retrieved July 11, 2025, from <https://asean.org/our-communities/economic-community/>

Asvapromtada, S. (2021). The ASEAN–EU Relations and the ASEAN Regional Integration. In: Chand, B., Danner, L.K. (eds). *New Challenges and Opportunities in European-Asian Relations*. Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-68632-1_5

EUR-LEX. (1980). *Cooperation Agreement between the European Economic Community and Indonesia, Malaysia, the Philippines, Singapore and Thailand - member countries of the Association of South-East Asian Nations - Protocol concerning Article 1 of the Agreement*. Retrieved July 21, 2025, from [https://eur-lex.europa.eu/legal-content/SK/TXT/HTML/?uri=CELEX:21980A0307\(01\)](https://eur-lex.europa.eu/legal-content/SK/TXT/HTML/?uri=CELEX:21980A0307(01))

European Commission (2025a). *EU and Singapore sign landmark digital trade agreement*. Retrieved July 22, 2025, from https://ec.europa.eu/commission/presscorner/detail/en/ip_25_1152

European Commission (2025b). *Association of South East Asian Nations (ASEAN)*. Retrieved July 20, 2025, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/association-south-east-asian-nations-asean_en

European Commission (2025c). *Myanmar (Burma)*. Retrieved July 20, 2025, from https://policy.trade.ec.europa.eu/eu-trade-relationships-country-and-region/countries-and-regions/myanmar_en

European Commission (2025d). *Overview of FTA and Other Trade Negotiations*. Retrieved July 20, 2025, from <https://circabc.europa.eu/rest/download/10ca1b54-d672-430b-aed4-8b25b4b9c2ee>

European Commission (2025e). *European Union, Trade in goods with ASEAN (Association Of South-East Asian Nations)*. Retrieved July 21, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/region/details_asean-association-of-south-east-asian-nations_en.pdf

Goulard, S. (2025). Impacts of the 2020 EU-ASEAN Strategic Partnership – an analysis. *Economic and Regional Studies*, 18(1), 120-125. <https://doi.org/10.2478/ers-2025-0003>

HKTDC Research (2024). *ASEAN: Market Profile*. Retrieved July 21, 2025, from <https://research.hktdc.com/en/article/Mzk5MzcxNjEz>

Hsieh, P. L. (2022). The roadmap to the ASEAN-EU FTA in the post-pandemic era. *Legal Issues of Economic Integration*, 49(2): 125-148. Retrieved July 21, 2025, from https://ink.library.smu.edu.sg/sol_research/3997

Hwee, Y. L. (2023). Geopolitics, Geoeconomics and the EU Trade Policy: The Relationship with ASEAN (Association of Southeast Asian Nations) as a Test Case. In: Quirico, O., Kwapisz Williams, K. (eds). *The European Union and the Evolving Architectures of International Economic Agreements*. Springer, Singapore. https://doi.org/10.1007/978-981-99-2329-8_3

Li, Z. (2024). Revisiting the Regional Integration of ASEAN: A Comparison with the EU. *Transactions on Social Science, Education and Humanities Research*, 5, 432-437. <https://doi.org/10.62051/748j7210>

Mahaseth, H. (2022). The Use of The ASEAN Way In Resolving Disputes. *Modern Diplomacy*. Retrieved July 10, 2025, from <https://moderndiplomacy.eu/2022/06/22/the-use-of-the-asean-way-in-resolving-disputes/>

Páldi, Z. (2024). The EU's Ties in the ASEAN Region from the Perspective of Trade. *Eurázsia Szemle*, 4(1), 94-111. Retrieved July 10, 2025, from <https://eurazsiaszemle.com/eurazsia-szemle-volume-iv-issue-1/>

Wikimedia Commons (2025). *ASEAN countries capitals-en.svg*. Retrieved July 21, 2025, from https://commons.wikimedia.org/wiki/File:ASEAN_countries_capitals-en.svg#/media/File:ASEAN_countries_capitals-en.svg

Wong, J. (2024). *Repairing the EU-ASEAN disconnect in trade relations*. Retrieved July 21, 2025, from <https://www.friendsofeurope.org/insights/critical-thinking-repairing-the-eu-asean-disconnect-in-trade-relations/>

Zubaľová, Ľ. – Drieníková, K. (2024). *Obchodná politika EÚ – Afrika, Karibik a Tichomorje a indicko-tichomorský región*. Praha: Leges, 164 s.

Chapter 4

Byiers, B., & Medinilla, A. (2024). *The EU's Carbon Border Adjustment Mechanism and developing countries: Threats, opportunities and strategic responses* (Discussion Paper No. 380). ECDPM. Retrieved from <https://ecdpm.org/application/files/4817/3210/5775/EU-Carbon-Border-Adjustment-Mechanism-Developing-Countries-Threats-Opportunities-Strategic-Responses-ECDPM-Discussion-Paper-380-2024.pdf>

Climate Trace (2025). *Comparison Tool*. Retrieved from <https://climatetrace.org/compare/>

European Commission, Directorate General for Climate Action (2025a). About the EU ETS. Retrieved from https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/about-eu-ets_en

European Commission, Directorate General for Climate Action (2025b). *ETS2 for buildings, road transport and additional sectors*. Retrieved from https://climate.ec.europa.eu/eu-action/eu-emissions-trading-system-eu-ets/ets2-buildings-road-transport-and-additional-sectors_en

European Commission, Directorate-General for Communication (2025). *General publications Omnibus I*. Retrieved from https://commission.europa.eu/publications/omnibus-i_en?prefLang=sk

European Commission, Directorate-General for Taxation and Customs Union (2025). *Carbon Border Adjustment Mechanism (CBAM)*. Retrieved from [https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en#:~:text=The%20Carbon%20Border%20Adjustment%20Mechanism%20\(CBAM\)%20is,encourage%20cleaner%20industrial%20production%20in%20non%20DEU%20countries.](https://taxation-customs.ec.europa.eu/carbon-border-adjustment-mechanism_en#:~:text=The%20Carbon%20Border%20Adjustment%20Mechanism%20(CBAM)%20is,encourage%20cleaner%20industrial%20production%20in%20non%20DEU%20countries.)

European Council, Council of the European Union (2022). *Fit for 55: how does the EU intend to address the emissions outside of the EU?* Retrieved from <https://www.consilium.europa.eu/en/infographics/fit-for-55-cbam-carbon-border-adjustment-mechanism/>

European Council, Council of the European Union (2025). *Fit for 55*. Retrieved from <https://www.consilium.europa.eu/en/policies/fit-for-55/>

European Union (2024). *Systém EÚ na obchodovanie s emisiami*. Retrieved from <https://eur-lex.europa.eu/legal-content/SK/TXT/?uri=LEGISSUM:l28012>

Európska komisia (2024). *Správa komisie Európskemu parlamentu a rade o fungovaní európskeho trhu s uhlíkom v roku 2023*. Retrieved from <https://eur-lex.europa.eu/legal-content/SK/TXT/PDF/?uri=CELEX:52024DC0538>

Európsky parlament (2021). *Dovozné clo na uhlík: zabránenie výrobným podnikom, aby obchádzali pravidlá ohľadne emisií uhlíka*. Retrieved from <https://www.europarl.europa.eu/topics/sk/article/20210303STO99110/ako-zabranit-vyrobnym-podnikom-aby-obchadzali-pravidla-ohladne-emisii-uhlika>

Eurostat (2001). *Glossary: Carbon dioxide equivalent*. Eurostat – Statistics Explained. Retrieved from https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:Carbon_dioxide_equivalent

Finančná správa SR (2025). Retrieved from <https://www.financnasprava.sk/sk/podnikatelia/clo-obchodny-tovar/dovoz/uhlikove-clo> 25. 4. 2025

ICAP (2023). *EÚ prijíma prelomové reformy systému obchodovania s emisiami a nové politiky na splnenie cieľa do roku 2030*. Retrieved from <https://icapcarbonaction.com/en/news/eu-adopts-landmark-ets-reforms-and-new-policies-meet-2030-target>

ICAP (2025a). *Emissions trading worldwide: Status report 2025*. International Carbon Action Partnership. Retrieved from https://icapcarbonaction.com/system/files/document/250612_icap_sr25_june-updates.pdf

ICAP (2025b). *Terms of Use and Documentation Notes Allowance Price Explorer*. Retrieved from <https://icapcarbonaction.com/en/terms-use-and-documentation-notes-allowance-price-explorer>

IETA (2024). *International reaction to the EU Carbon Border Adjustment Mechanism*. Retrieved from https://ieta.b-cdn.net/wp-content/uploads/2024/04/IETA_INTL-REACTION-TO-CBAM-REPORT.pdf

Lowe, S. (2021). *The EU's carbon border adjustment mechanism: How to make it work for developing countries* (Policy Brief). Centre for European Reform. Retrieved from <https://www.cer.eu/publications/archive/policy-brief/2021/eus-carbon-border-adjustment-mechanism-how-make-it-work>

Maliszewska, M., Chepeliev, M., Fischer, C., Jung, E. (2025a). *How developing countries can measure exposure to the EU's carbon border adjustment mechanism*. Retrieved from <https://blogs.worldbank.org/en/trade/how-developing-countries-can-measure-exposure-eus-carbon-border-adjustment-mechanism>

Maliszewska, M., Fischer, C., Jung, E., & Chepeliev, M. (2025b). *Carbon Border Adjustment Mechanism (CBAM) Exposure Indices: Methodological note*. The World Bank. Retrieved from <https://documents1.worldbank.org/curated/en/099062625130529813/pdf/P180609-04492401-4572-40c4-8b3e-13d5006fcce9.pdf>

Manthey, E., Patterson, W. (2023). *How the EU's carbon border tax will affect the global metals trade*, In THINK economic and financial analysis, ING. Retrieved from <https://think.ing.com/articles/how-will-the-eus-carbon-border-tax-affect-global-metals-trade/>

MŽP SR (2025). Retrieved from <https://www.minzp.sk/klima/cbam/rychly-sprievodca.html>

Nariadenie Európskeho parlamentu a Rady (EÚ) 2023/956 z 10. mája 2023. Retrieved from <https://eur-lex.europa.eu/legal-content/SK/TXT/?uri=CELEX:32023R0956>

QRGenerator.cz (2025). *QRGenerator*. Retrieved September 23, 2025, from <https://qrgenerator.cz/>

Tandon, S., & Le Merle, K. (2024). *Evaluating the impact of CBAM on developing countries: The EU'S New Approach to multilateralism and trade*. Policy study. Foundation for European Progressive Studies. Retrieved from <https://feps-europe.eu/wp-content/uploads/2024/11/Impact-of-CBAM.pdf>

Vykonávacie nariadenie Komisie (EÚ) 2023/1773 zo 17. augusta 2023. Retrieved from <https://eur-lex.europa.eu/legal-content/SK/ALL/?uri=CELEX:32023R1773>

Vykonávacie nariadenie Komisie (EÚ) 2024/3210 z 18. decembra 2024. Retrieved from <https://www.slov-lex.sk/pravo-eu/1edf2545-f931-47dc-90f2-be4f070bf85a>

Vykonávacie nariadenie Komisie (EÚ) 2025/486 zo 17. marca 2025. Retrieved from <https://www.slov-lex.sk/pravo-eu/a7552532-9b29-4537-b76c-adb5cf353dad>

World Bank (2025). *State and Trends of Carbon Pricing 2025*. Washington, DC: World Bank. DOI: 10.1596/978-1-4648-2255-1, Retrieved from

<https://openknowledge.worldbank.org/bitstreams/152de0c2-e2be-49d6-aec1-3be8ebad4f74/download>

World Bank Group (2025a). *CBAM Exposure Indexes*. Retrieved from <https://www.worldbank.org/en/data/interactive/2023/06/15/relative-cbam-exposure-index>

World Bank Group (2025b). *State and Trends of Carbon Pricing Dashboard*. Retrieved from <https://carbonpricingdashboard.worldbank.org/>

Závěšický, J. (2025). *CBAM v roce 2025: Co přináší nový režim uhlíkového cla v EU?* ASITIS. Retrieved from <https://asitis.cz/cbam-v-roce-2025-co-prinasi-novy-rezim-uhlikoveho-cla-v-eu/>

Chapter 5

European Commission (2021a). *Rules of Origin for Goods*. Retrieved July 27, 2025, from https://taxation-customs.ec.europa.eu/customs/international-affairs/origin-goods/non-preferential-rules-origin_en

European Commission (2021b). *Towards a Stronger EU Generalised Scheme of Preferences*. Retrieved July 28, 2025, from https://ec.europa.eu/commission/presscorner/detail/en/fs_21_4803

European Commission (2021c). *Commission proposes new EU Generalised Scheme of Preferences to promote sustainable development in low-income countries*. Retrieved July 30, 2025, from https://policy.trade.ec.europa.eu/news/commission-proposes-new-eu-generalised-scheme-preferences-promote-sustainable-development-low-income-2021-09-22_en

European Commission (2024a). *Generalised Scheme of Preferences*. Retrieved July 28, 2025, from https://policy.trade.ec.europa.eu/development-and-sustainability/generalised-scheme-preferences_en

European Commission (2025a). *Generalised Scheme of Preferences*. Retrieved July 28, 2025, from <https://gsphub.eu/about-gsp>

European Commission (2025b). *Three Questions about the GSP to MEP Saskia Bricmont*. Retrieved July 28, 2025, from <https://gsphub.eu/news/interview-bricmont>

European Commission (2025c). *List of GSP beneficiary countries as of 01 January 2025 according to Annex II, III, and IV of the GSP Regulation (EU) 978/2012*. Retrieved July 28, 2025, from <https://circabc.europa.eu/ui/group/f243659e-26f5-44d9-8213-81efa3d92dc7/library/83191464-a9b5-4973-a3a9-fe17e57d68e8/details?download=true>

European Commission (2025d). *Preferential trade. Guidance on the Rules of Origin*. Retrieved July 30, 2025, from https://taxation-customs.ec.europa.eu/document/download/8b2da278-ec14-4707-814b-11041a9cc825_en?filename=Guidance%20March%202025.pdf&prefLang=sk

European Commission (2025e). *European Union, Trade in goods with GSP*. Retrieved July 30, 2025, from https://webgate.ec.europa.eu/isdb_results/factsheets/region/details_gsp_en.pdf

Gwardzińska, E a Chowaniec, J. (2022) Application of the European Union (EU) nonpreferential rules of origin for goods as a measure to extend the scope of trade restrictions. *World Customs Journal*, 16(1), 37-48. Retrieved July 30, 2025, from <https://www.worldcustomsjournal.org/article/116459-application-of-the-european-union-eu-non-preferential-rules-of-origin-for-goods-as-a-measure-to-extend-the-scope-of-trade-restrictions.pdf>

Kleimann, D. (2020). The Legitimacy of 'EU-only' Preferential Trade Agreements. *Law and Practice of the Common Commercial Policy*, 461–485. https://doi.org/10.1163/9789004393417_021

Lipková, Ľ. et al. (2012). *Medzinárodné hospodárske vzťahy*. Bratislava: Sprint Dva.

Lowe, S. (2016). *Explaining Cumulative Rules of Origin*. Retrieved July 29, 2025, from <https://medium.com/@SamuelMarcLowe/explaining-cumulative-rules-of-origin-2c13fb4dfca1>

UNCTAD (2008). *Generalized System of Preferences. Handbook on the scheme of the European Community*. Retrieved July 29, 2025, from https://unctad.org/system/files/official-document/itcdtsbmisc25rev3_en.pdf

WTO (1979). *Differential and more favourable treatment reciprocity and fuller participation of developing countries. Decision of 28 November 1979*. Retrieved July 30, 2025, from https://www.wto.org/english/docs_e/legal_e/enabling_e.pdf

WTO (2013). *Special and differential treatment provisions*. Retrieved July 28, 2025, from https://www.wto.org/english/tratop_e/devel_e/dev_special_differential_provisions_e.htm

WTO (s.a.). *Glossary*. Retrieved July 29, 2025, from https://www.wto.org/english/thewto_e/glossary_e/gsp_e.htm

Book title:	EU Foreign Trade Policy in Relation to Developing and Emerging Regions
Authors:	Zuzana Kittová, Kristína Drieniková, Henrich Juhás, Lucia Khúlová, Ľubica Zubaľová
Reviewers:	doc. PhDr. Marián Šuplata, PhD. Ing. Barbora Družbacká, PhD.
Proofreading:	Mgr. Martina Halás Vančová, MSc., PhD.
Number of pages:	83 pp.
Edition:	First
Range in copyright sheets:	5.8
Number of copies:	100 pcs
Publishing category:	University textbook
Year of publication:	2025
Publisher:	The College of European and Regional Studies Žižkova tř. 1632/5b, 370 01 České Budějovice Czech Republic, e-mail: info@vsers.cz, www.vserts.cz

ISBN 978-80-7556-168-8