

# Ex-post evaluation of the implementation of the Trade Agreement between the EU and its Member States and Colombia, Peru and Ecuador

(TRADE/2019/C3/C04, Contract No. SI2.826253)

## Civil Society Dialogue meeting

Webex, 20 April 2021

## Presentation of evaluation interim report

Consortium led by

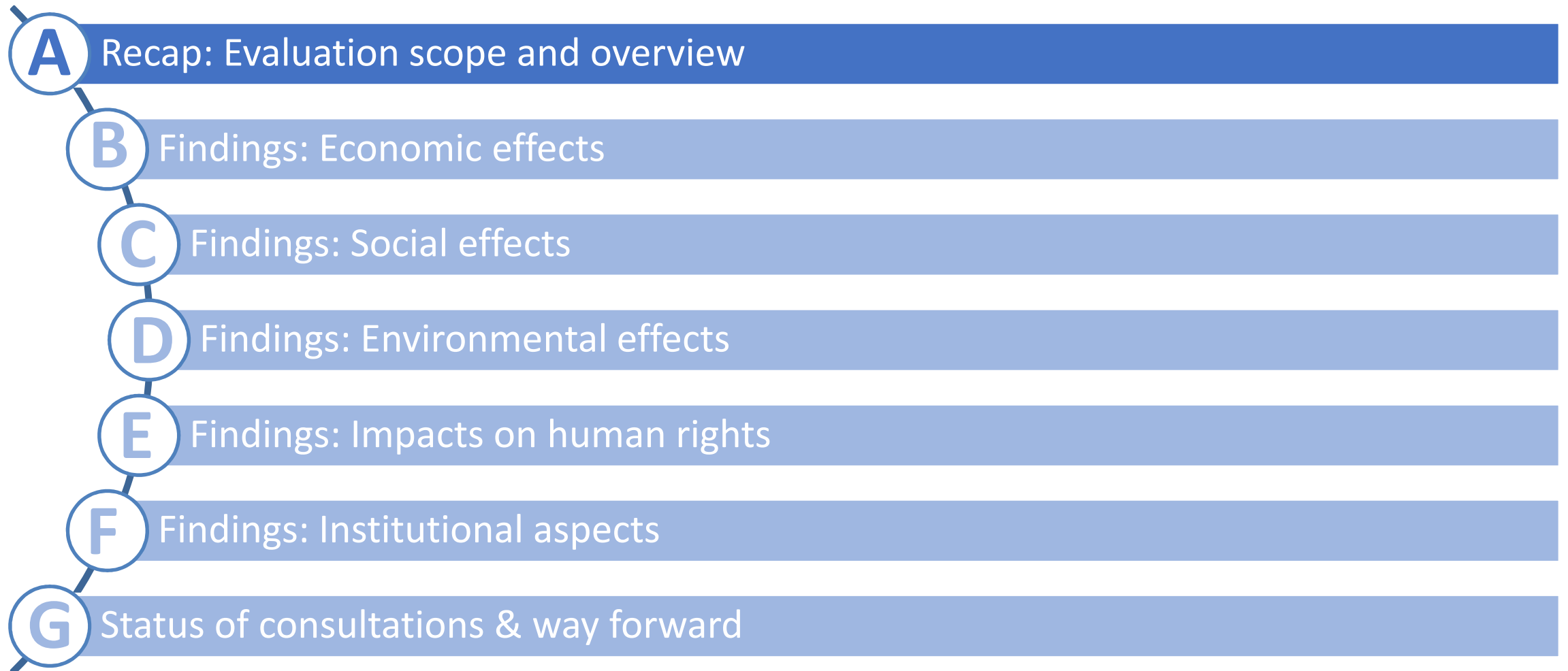


**bkp** ECONOMIC ADVISORS

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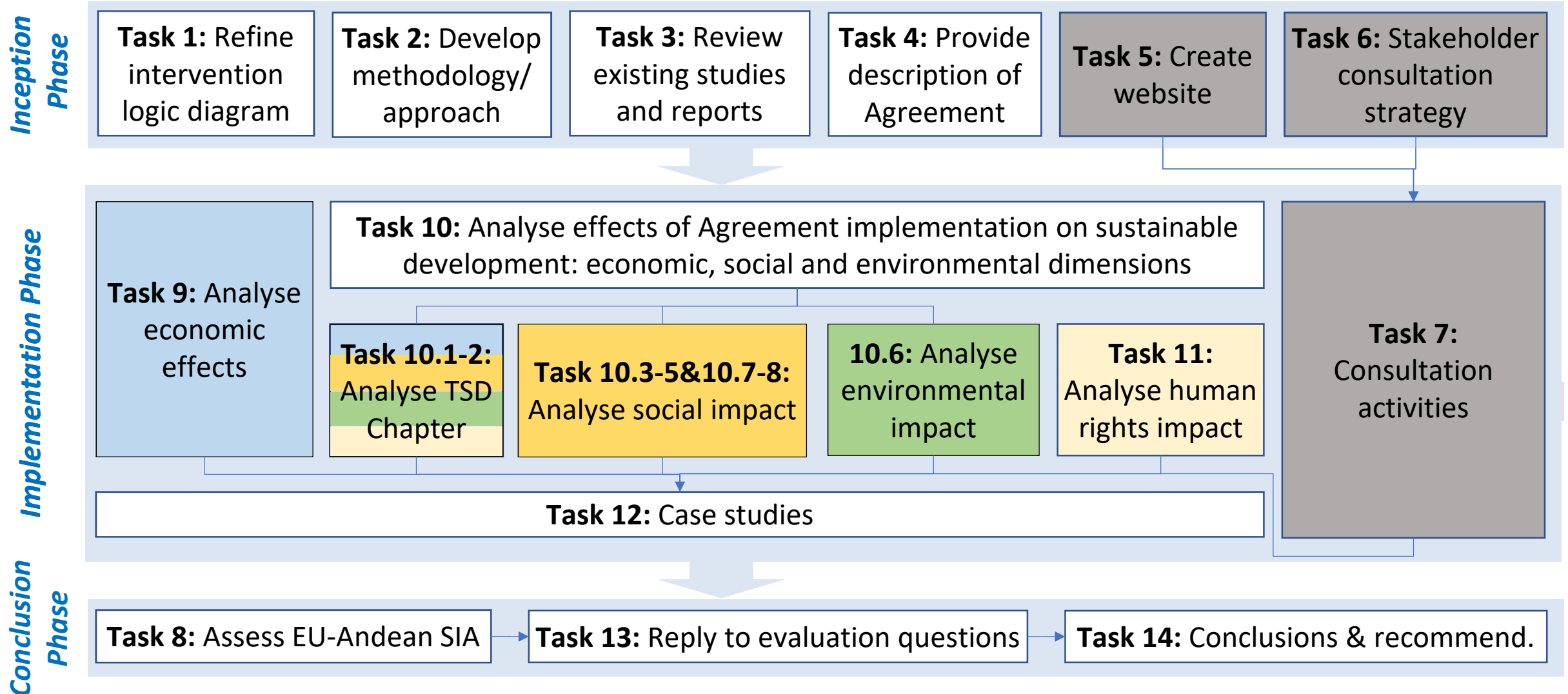
<b>A</b>	Recap: Evaluation scope and overview
<b>B</b>	Findings: Economic effects
<b>C</b>	Findings: Social effects
<b>D</b>	Findings: Environmental effects
<b>E</b>	Findings: Impacts on human rights
<b>F</b>	Findings: Institutional aspects
<b>G</b>	Status of consultations & way forward

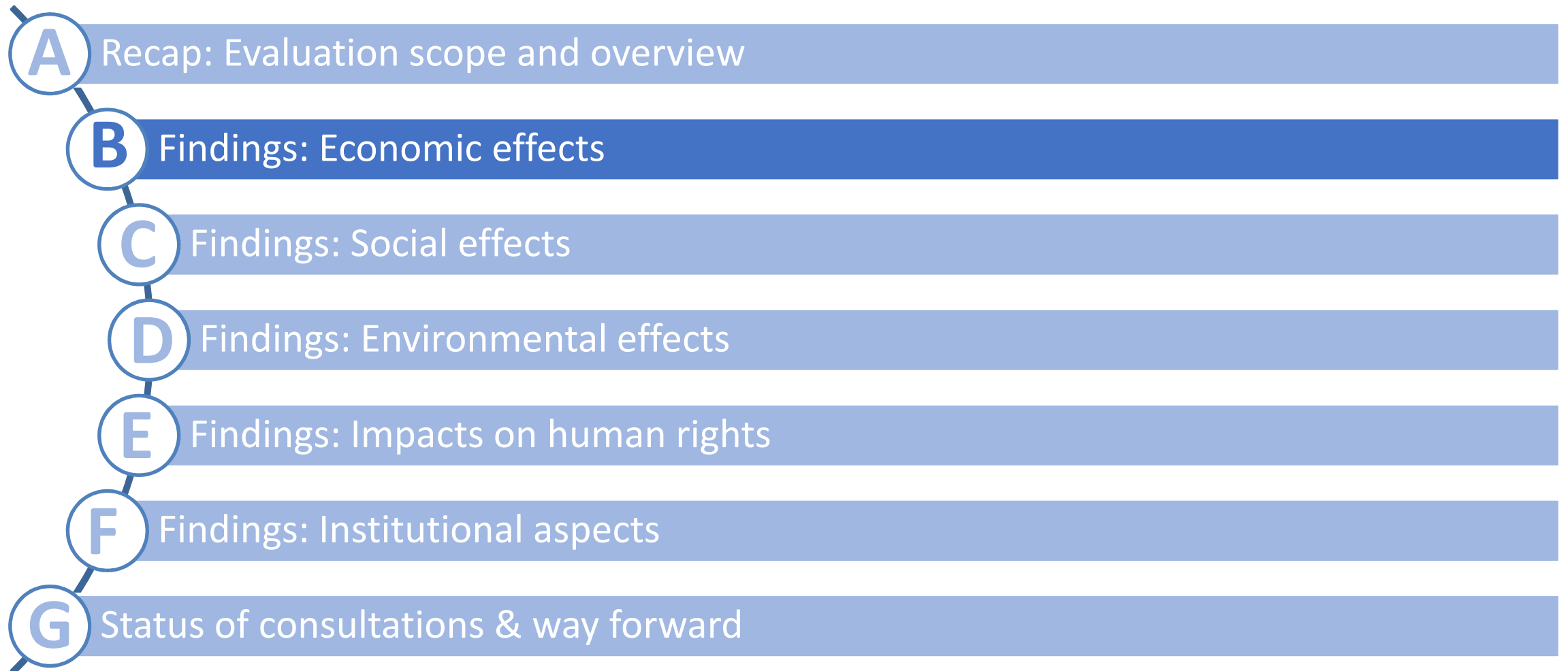


# Evaluation objectives and scope

- **Purpose of the evaluation:** Analyse impact of implementation of the Agreement on sustainable development in its **economic, social** and **environmental** dimensions, as well as on **human rights including labour rights**. Evaluate the performance of the **institutional setup**
- **Scope:**
  - **Types of impact:** see above
  - **Criteria:** effectiveness, impact, efficiency, relevance, coherence
  - **Geographically:** impact in Colombia, Peru, Ecuador, EU (some 3<sup>rd</sup> country/global effects)
  - **Time:**
    - Since start of application (2013 for COL, PER; 2017 for ECU) until 2019/2020;
    - Comparison period (for before/after comparison): 5 years prior to start of application
  - **Groups affected:** whole economy, by sector, gender, workers, consumers, vulnerable population groups

# Overview of evaluation tasks





# Note on methodology

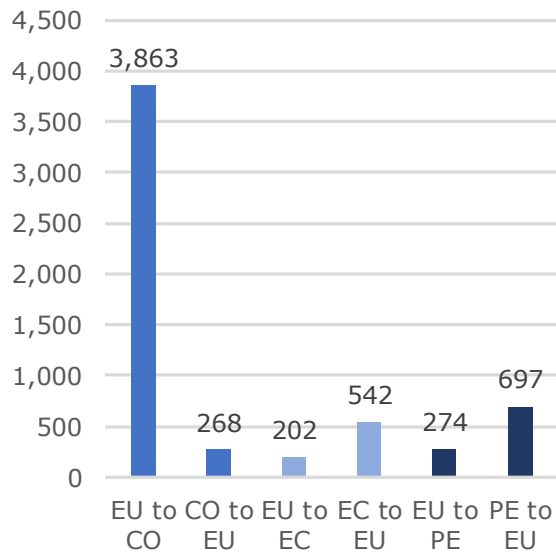
- Remember: Purpose of the evaluation is to look at the effects of the Agreement only:
  - Descriptive trade statistics only provide a starting point/context – are affected by many factors not related to Agreement
  - Economic modelling has been used to isolate the economic effects of the Agreement, where possible:

- Scenarios:
      - Actual situation (Agreement in place) = “baseline”: tariffs as per the Agreement
      - Counterfactual situation (Agreement NOT in place): MFN tariffs in place
    - Calculation of effects until 2020; only tariff changes considered
    - 59 sectors distinguished (13 agri; 30 non-agri goods; 16 services)
- Non-tariff issues and their effects have been addressed (mostly) qualitatively

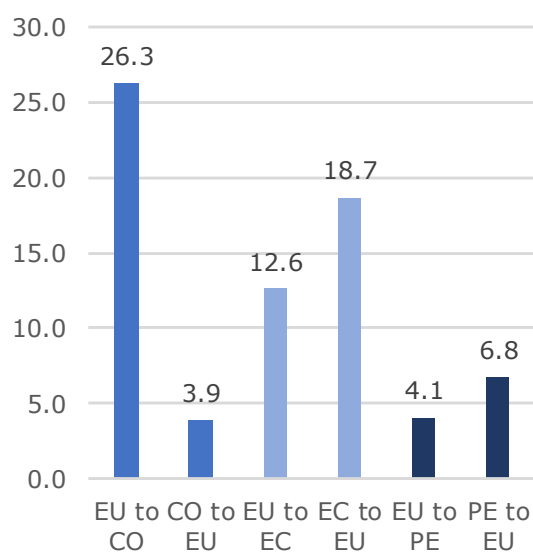
# Modelling results:

## Agreement effects on Parties' overall trade

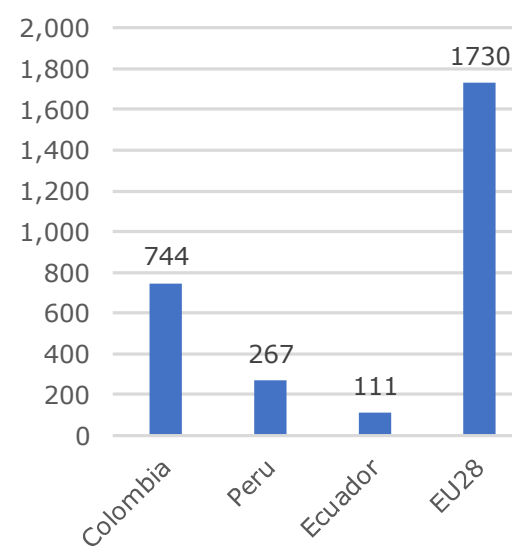
Changes in bilateral exports (2020 with FTA vs. no FTA)  
(USD M)



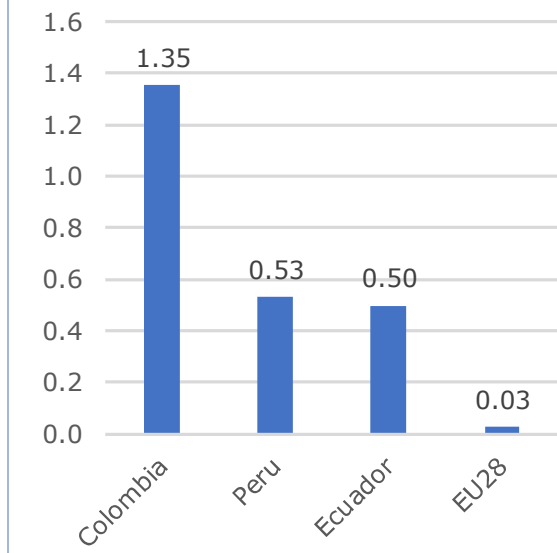
(%)



Changes in total exports (2020 with FTA vs. 2020 without FTA)  
(USD M)



(%)



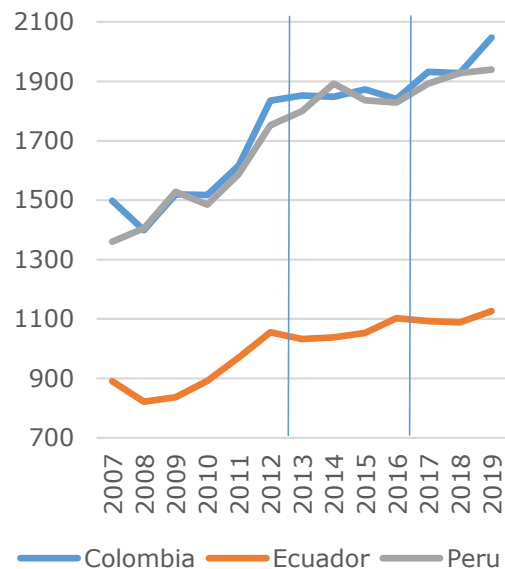
### Key takeaways

- Increase in **bilateral exports** in both directions, outlier Colombia (limited increase in bilateral exports)
- Increase in **total exports** for all Parties, for Colombia especially strong compared to all other Parties
- Remember: only tariff changes reflected. Total effects (including reduced non-tariff barriers) likely to be larger

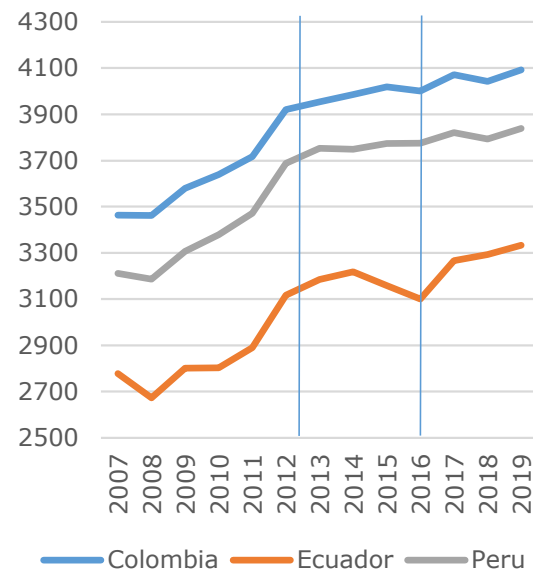


# Diversification of trade

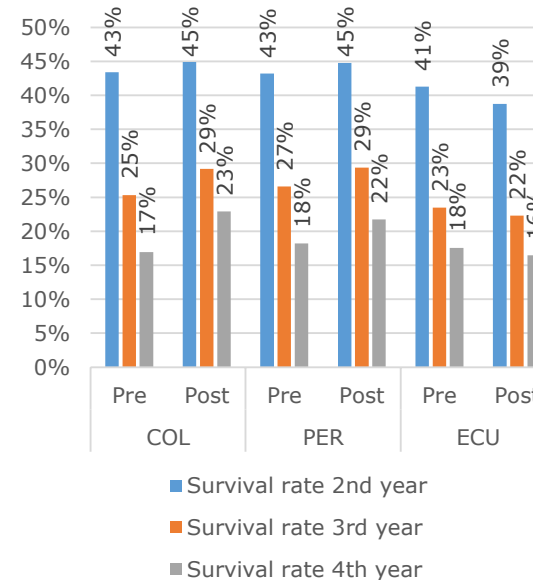
a) Number of products exported: partners -> EU



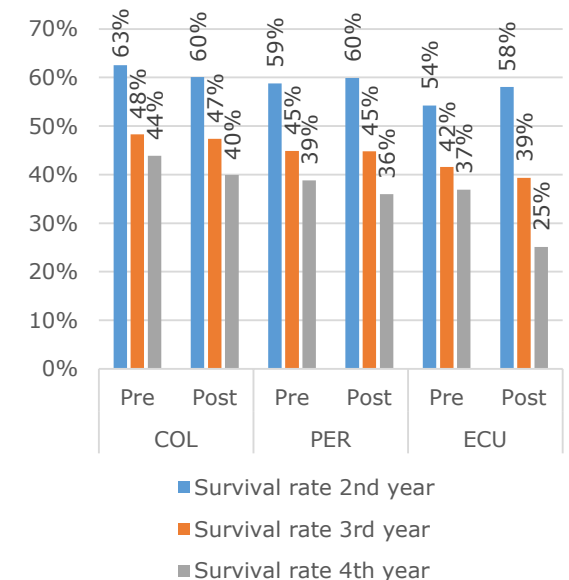
b) Number of products exported: EU -> partners



c) Survival rates of new exports by partners before/after Ag.



d) Survival rates of new EU exports to partners before/after Ag.

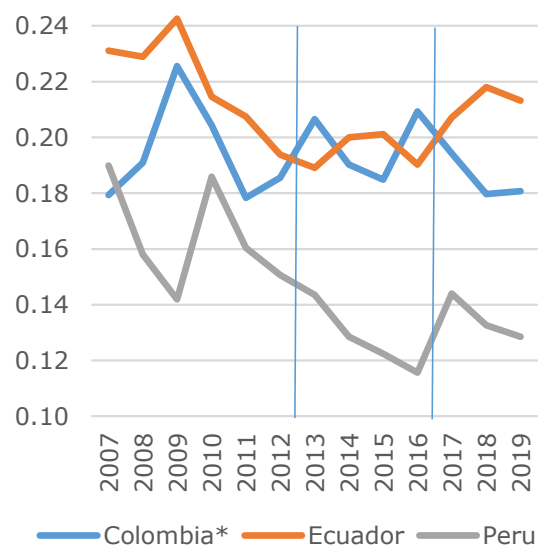


## Key takeaways

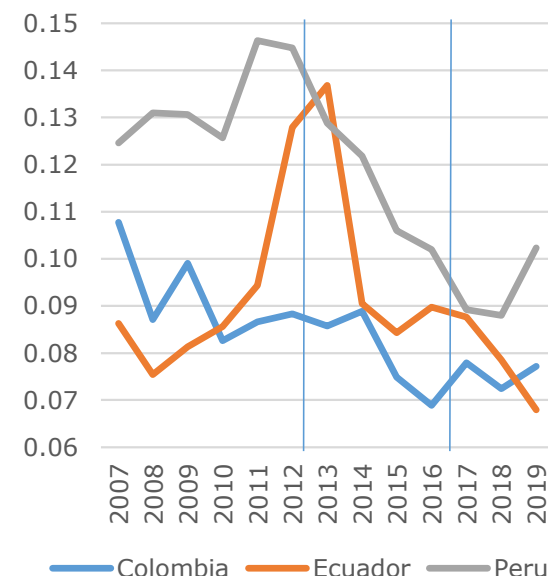
- Exports more diversified than before the Agreement: more products exported (a) (b), apparently more exporters involved
- But post Agreement: lower increase in number of new products exported each year (a) (b), limited change in total and average values of new exports, and survival rate (c) (d)

# Concentration of exports and SME effects

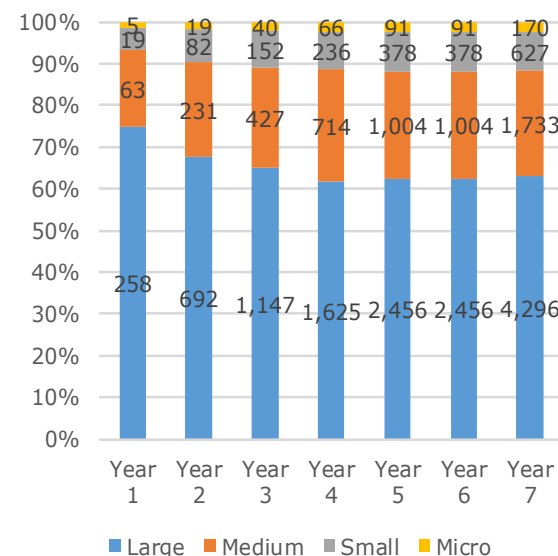
a) HHI of partner exports to EU28 by value (at HS chapter level)



b) HHI of EU28 exports to partners by value (at HS chapter level)



c) Value of new exports to EU from Peru, since Agreement (USD M, %)



d) Other information on SME effects:

- Increasing use of invoice declarations for exports from ECU
- Positive feedback from stakeholders (public and private) in partner countries
- Significant TA provided
- Apparently limited effects of Agreement provisions aimed at SMEs (e.g. involvement in public procurement)

## Key takeaways

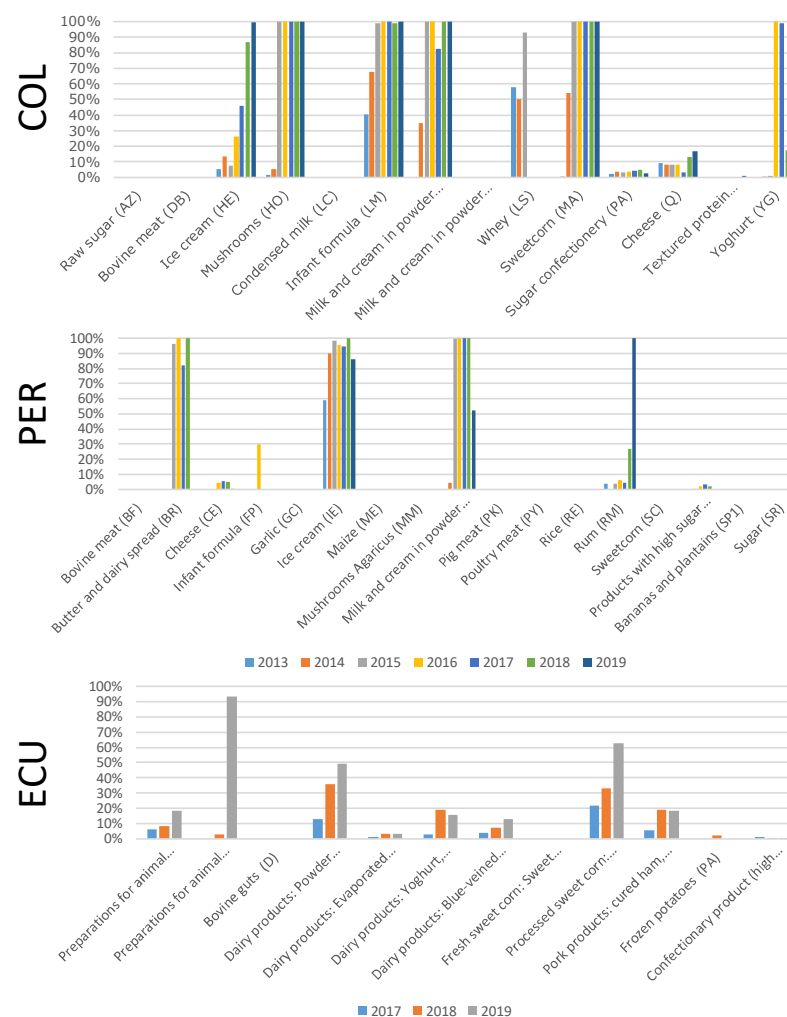
- Export deconcentration since Agreement for EU, some in Peru, but not Colombia or Ecuador (a) (b)
- Limited data on SME involvement/effects, but available information shows positive impacts (c) (d)

# Effectiveness of tariff rate quotas (TRQs)

a) Use of TRQs granted by EU (% of quota)

	2013	2014	2015	2016	2017	2018	2019	2020
<b>CO</b>								
AV0-MM Mushrooms of the genus Agaricus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AV0-SC Sweetcorn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AV0-SP Other sugar confectionary & food pr	0.0	1.3	1.2	1.5	1.5	1.2	1.7	1.1
BF Boneless bovine meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CM Concentrated milk, sweetened	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RM Rum	0.0	0.0	0.0	0.0	0.0	58.8	0.0	0.0
SR Cane sugar	67.8	79.4	89.6	96.2	91.8	61.4	89.8	100.0
YT Yoghurt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>PE</b>								
BF Bovine meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BK Buttermilk etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
BR Butter, dairy spreads etc.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CE Cheese and curd	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
GC Garlic	0.0	0.0	0.0	53.8	54.2	0.0	3.8	9.0
IE Ice cream	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ME Maize	0.7	2.9	1.1	6.1	11.1	14.9	8.6	10.0
MM Mushrooms of the genus Agaricus	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MP1 Milk powder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MP2 Milk concentrate-not powder	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PK Pork meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PY Poultry meat	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RE Rice	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RM Rum	0.0	0.0	0.0	7.0	0.0	5.7	0.0	0.0
SC Sweetcorn	18.0	69.1	79.9	87.3	90.0	92.6	87.0	100.0
SP Other sugar confectionary & food prepar	0.0	0.0	0.0	0.1	0.3	0.0	0.4	0.7
SR Sugar	100.0	100.0	3.1	99.8	100.0	8.9	16.6	17.8
YT Yoghurt	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EC</b>								
GC Garlic					0.0	0.0	0.0	1.5
MC Manioc starch					0.0	0.0	0.0	0.3
MM Mushrooms of the genus Agaricus					0.0	0.0	0.0	0.0
MZ Maize					0.0	0.0	0.0	0.0
RI Rice					0.0	0.3	0.1	0.1
RM Rum					0.0	0.0	0.0	0.0
SC1 Sweetcorn preserved					0.0	0.7	1.0	0.0
SC2 Sweetcorn frozen					3.3	9.5	6.7	21.0
SP Sugar and sugar products					1.3	0.6	0.1	0.1
SR Cane sugar					3.8	7.8	9.0	8.7

b) Use of TRQs granted by Andean partners (% of quota)

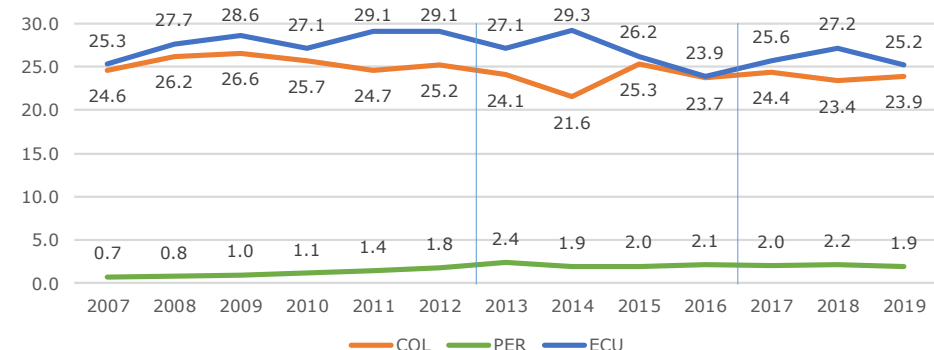


## Key takeaways

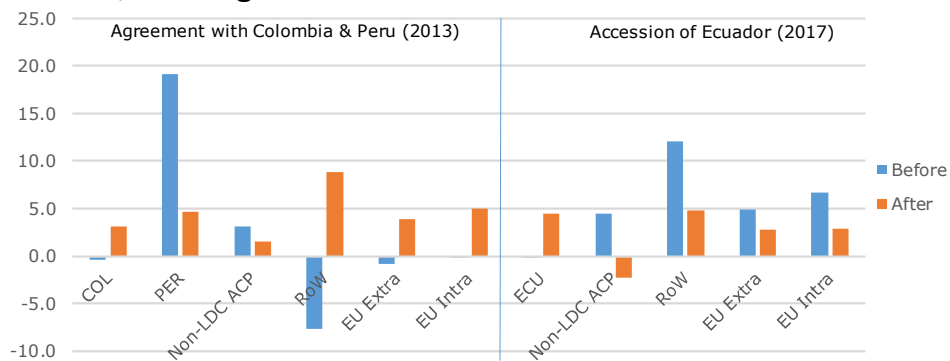
- **Use by partners of EU TRQs:**
  - low for most products – “bets” on trade not yet fulfilled (small exporters, cost of TRQ admin?)
  - Sugar (CO, PE), sweet corn (PE): TRQs have worked “managing” increases
- **Use by EU of partner TRQs:**
  - Most use in CO, limited in PE, increasing in EC
  - Issues with admin practice of TRQs in partners (esp. ECU)

# Banana stabilisation mechanism

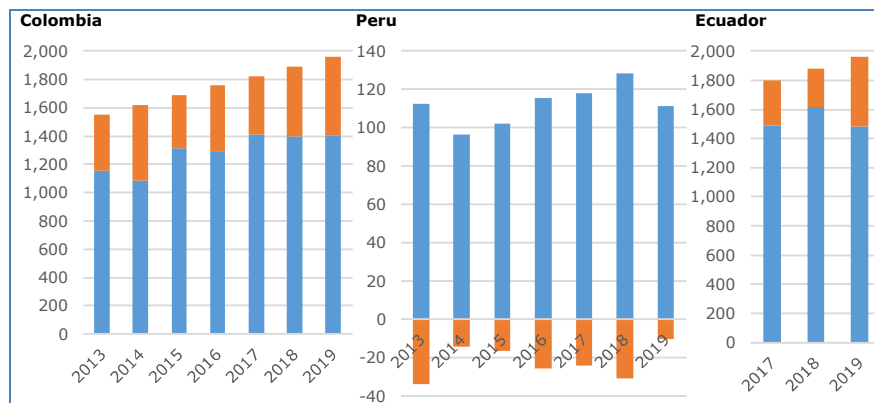
a) Share of EU banana imports from partners in total extra-EU banana imports (in tonnes), 2007-2019 (%)



b) Av annual growth rates of EU28 imports of fresh bananas, before/after Agreement



c) Import volumes and differences to trigger values



d) Effect of banana preferences for COL & PER, PE model results (situation without Agreement vs. with Agreement)

	Change in EU imports (%)	Change in output (%)	Change in producer surplus (USD M)	Change in tax revenue (USD M)	Change in consumer surplus (USD M)	Net welfare effects (USD M)
Belize	1.5	0.6	0.6	0.0	-0.2	0.4
Cameroon	2.7	0.4	2.8	0.1	-1.9	1.0
<b>Colombia</b>	<b>-15.7</b>	<b>-3.9</b>	<b>-84.8</b>	<b>-0.1</b>	<b>42.0</b>	<b>-43.0</b>
Costa Rica	2.0	0.5	8.5	0.0	-4.1	4.4
Cote d'Ivoire	1.6	0.6	1.8	-0.1	-0.6	1.1
Dominican Republic	2.0	0.5	3.4	0.0	-1.7	1.7
<b>Ecuador</b>	<b>2.7</b>	<b>0.4</b>	<b>14.1</b>	<b>-0.6</b>	<b>-9.1</b>	<b>4.3</b>
<b>EU</b>	<b>0.8</b>	<b>0.8</b>	<b>0.2</b>	<b>71.9</b>	<b>-68.0</b>	<b>4.1</b>
Ghana	4.5	0.1	0.8	0.0	-0.7	0.0
Guatemala	3.9	0.2	0.0	0.0	0.0	0.0
Nicaragua	0.0	0.0	0.0	0.0	0.0	0.0
Panama	1.4	0.6	1.5	0.0	-0.4	1.1
<b>Peru</b>	<b>-8.9</b>	<b>-4.5</b>	<b>-5.4</b>	<b>-0.2</b>	<b>1.3</b>	<b>-4.3</b>
Suriname	2.6	0.4	0.8	0.1	-0.5	0.3
RoW	4.9	0.0	1.1	0.0	-1.1	0.0
<b>Total</b>						<b>-28.8</b>

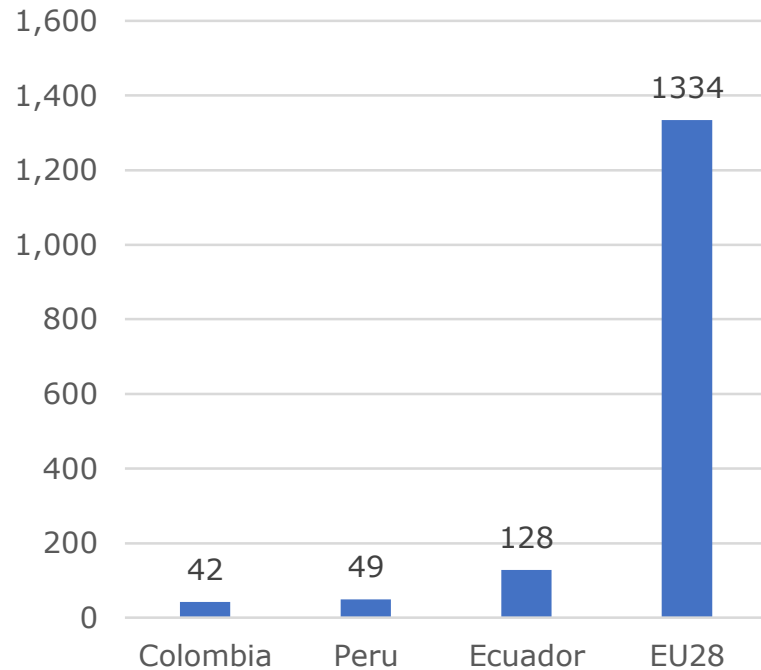
## Key takeaways

- Agreement has led to increase in banana imports from, and output in, partners (d)
- The increase in imports was not different from overall import performance (a) (b)
- COL and ECU did not reach triggers
- PER did reach triggers, but has low and stagnating market share – activation of mechanism not required

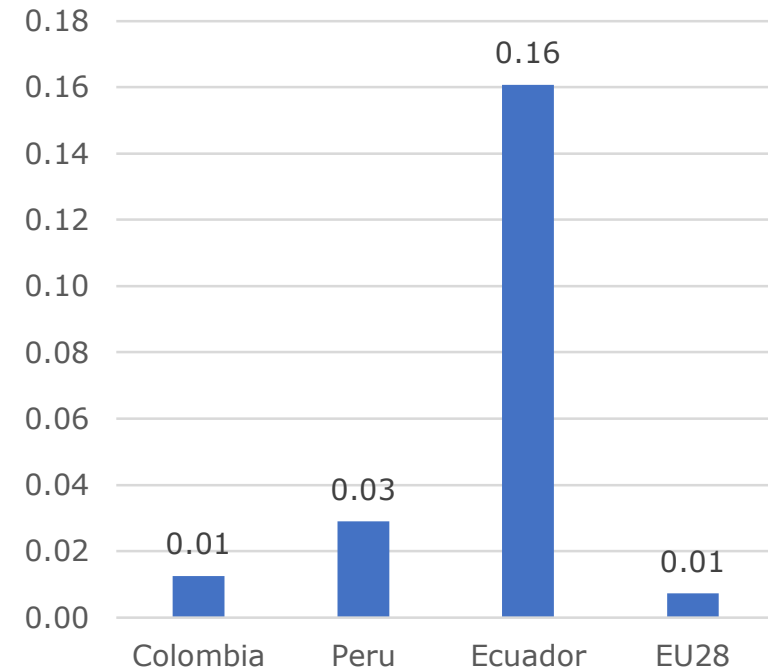
# Modelling results:

## Macroeconomic impact of Agreement

a) Changes in GDP (at initial market prices) caused by the Agreement (2020, USD M)



b) Changes in GDP (at initial market prices) caused by the Agreement (2020, USD M)



### Key takeaways

- Limited impact of Agreement on Parties' GDP, except positive impact in Ecuador

# Sectoral impacts of Agreement:

## Changes in output (compared to no Agreement)

Sector	EU		CO		EC		PE	
	USD M	%	USD M	%	USD M	%	USD M	%
1 Paddy rice	0	0.00	0	0.00	1	0.24	2	0.23
2 Wheat	14	0.02	0	-0.18	0	-1.39	-3	-0.22
3 Cereal grains nec	1	0.00	0	-0.10	5	2.14	2	0.10
4 Vegetables, fruit, nuts	-279	-0.22	46	0.87	27	0.82	55	1.06
5 Oil seeds	7	0.03	-1	-0.22	-2	-1.42	2	0.39
6 Sugar cane, sugar beet	0	0.00	-2	-0.17	-3	-0.49	2	0.24
7 Plant-based fibers	1	0.03	0	0.08	-3	-1.19	2	0.41
8 Crops nec	-2	0.00	8	0.54	-7	-1.29	-26	-0.34
9 Bovine cattle, sheep and goats	5	0.01	-6	-0.25	0	-0.14	0	-0.04
10 Animal products nec	18	0.02	-10	-0.29	-1	-0.22	-2	-0.05
11 Wool, silk-worm cocoons	3	0.11	0	-1.15	0	-4.72	1	0.26
12 Forestry	3	0.01	0	0.01	0	-0.01	0	0.02
13 Fishing	-1	0.00	0	0.00	3	0.30	2	0.06
14 Coal	-1	0.00	3	0.05	0	-0.13	0	-0.07
15 Oil	-1	0.00	6	0.03	-3	-0.03	-1	-0.02
16 Minerals nec	0	0.00	0	0.01	0	0.03	-24	-0.10
17 Bovine meat products	7	0.01	-5	-0.16	1	0.09	6	0.21
18 Meat products nec	40	0.02	-12	-0.30	-1	-0.07	3	0.06
19 Vegetable oils and fats	22	0.03	-3	-0.15	-17	-1.56	29	0.86
20 Dairy products	6	0.00	-4	-0.06	0	0.01	11	0.16
21 Processed rice	-1	-0.03	-1	-0.04	0	-0.05	-1	-0.06
22 Sugar	-5	-0.02	-2	-0.12	-2	-0.48	5	0.14
23 Other food products	-422	-0.06	48	0.38	179	4.09	226	1.86
24 Beverages and tobacco products	40	0.01	-8	-0.11	-2	-0.13	-1	-0.01
25 Textiles	66	0.04	21	0.64	-15	-1.67	27	0.29
26 Wearing apparel	54	0.05	-2	-0.04	6	0.60	47	0.45
27 Leather products	25	0.04	6	0.32	-10	-1.47	-3	-0.10
28 Wood products	25	0.01	5	0.17	-11	-0.62	-5	-0.07
29 Paper products, publishing	153	0.03	0	0.00	-10	-1.08	-21	-0.41
30 Petroleum, coal products	62	0.01	4	0.03	-2	-0.04	13	0.09

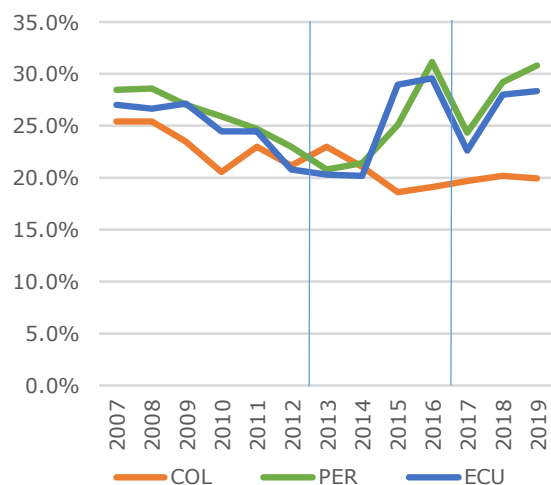
Sector	EU		CO		EC		PE	
	USD M	%	USD M	%	USD M	%	USD M	%
31 Chemical products	143	0.02	136	0.90	-16	-1.35	558	1.56
32 Basic pharmaceutical products	221	0.06	-40	-1.19	-8	-0.66	-16	-0.94
33 Rubber and plastic products	120	0.03	39	0.39	-6	-1.43	2	0.02
34 Mineral products nec	90	0.03	11	0.06	2	0.10	-3	-0.03
35 Ferrous metals	274	0.06	8	0.15	0	-0.42	-5	-0.26
36 Metals nec	42	0.01	21	1.72	-2	-2.09	-147	-0.72
37 Metal products	416	0.06	-24	-0.45	3	0.54	-4	-0.08
38 Computer, electronic and optic	260	0.04	3	0.38	-2	-0.76	-14	-0.40
39 Electrical equipment	225	0.04	9	0.34	-2	-1.12	-13	-0.40
40 Machinery and equipment nec	752	0.07	-30	-0.62	0	-0.06	-31	-0.35
41 Motor vehicles and parts	1184	0.11	-13	-0.21	-40	-4.15	-16	-0.23
42 Transport equipment nec	67	0.02	23	1.30	0	0.16	-6	-0.23
43 Manufactures nec	160	0.03	-20	-0.20	3	0.10	-10	-0.25
44 Electricity	75	0.01	10	0.14	-2	-0.18	2	0.04
45 Gas manufacture, distribution	-14	-0.02	9	0.48	-1	-0.55	-10	-0.20
46 Water	22	0.01	-1	-0.01	0	-0.01	1	0.01
47 Construction	641	0.02	47	0.03	113	0.68	44	0.09
48 Wholesale & retail trade	334	0.01	42	0.05	46	0.34	12	0.06
49 Accommodation, Food and serv.	91	0.01	-27	-0.11	-4	-0.12	-1	-0.01
50 Transport nec	83	0.01	8	0.03	9	0.16	6	0.04
51 Water transport	20	0.01	2	0.23	-1	-0.14	-3	-0.16
52 Air transport	14	0.01	22	0.37	1	0.09	-5	-0.14
53 Warehousing and support act.	32	0.01	17	0.21	-9	-0.44	-2	-0.04
54 Communication	218	0.01	24	0.07	-7	-0.15	0	0.00
55 Financial services nec	6	0.00	9	0.05	4	0.11	2	0.03
56 Insurance	-17	0.00	6	0.08	-1	-0.12	-5	-0.16
57 Real estate activities	83	0.01	3	0.01	1	0.03	1	0.01
58 Business services nec	226	0.01	55	0.12	2	0.02	-2	-0.01
59 Public Services	120	0.00	-17	-0.02	23	0.10	-9	-0.02
<b>Total</b>	<b>5726</b>	<b>0.01</b>	<b>422</b>	<b>0.06</b>	<b>236</b>	<b>0.17</b>	<b>672</b>	<b>0.14</b>

### Key takeaways

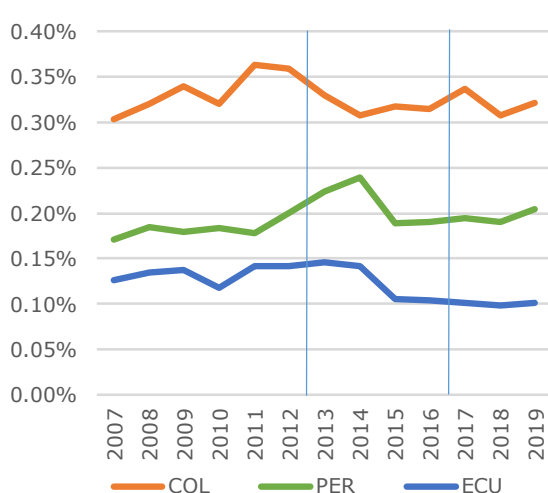
- Sectors where a Party has a comparative advantage benefit, and vice versa:
  - EU: most manufacturing sectors benefit; agricultural sectors contract – limited impact: mostly  $\leq \pm 0.1\%$ , fruit & veg -0.2%
  - Partners: fruit & vegetables, other food products benefit, also chemicals (COL & PER), vegetable oils and fats (PER); machinery, equipment, some other manufacturing sectors contract – impact higher, mostly  $\leq \pm 2\%$  (some up to  $\pm 5\%$ ): smaller size of economies and higher degree of liberalisation.
- Stakeholders: increased machinery imports from EU contribute to higher competitiveness of using sectors, esp. agri-food

# Services trade and investment effects

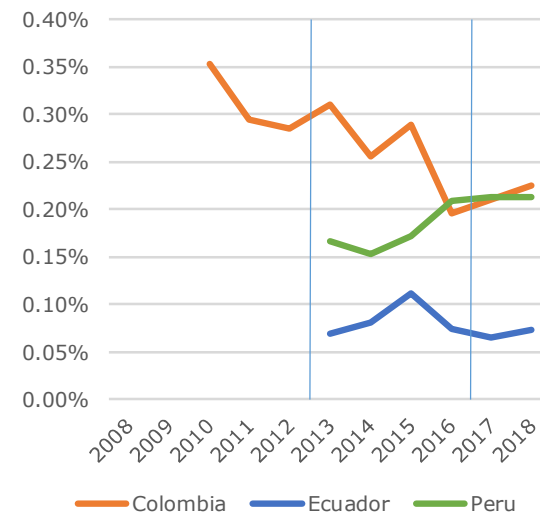
a) Share of EU28 in total commercial services exports by partners



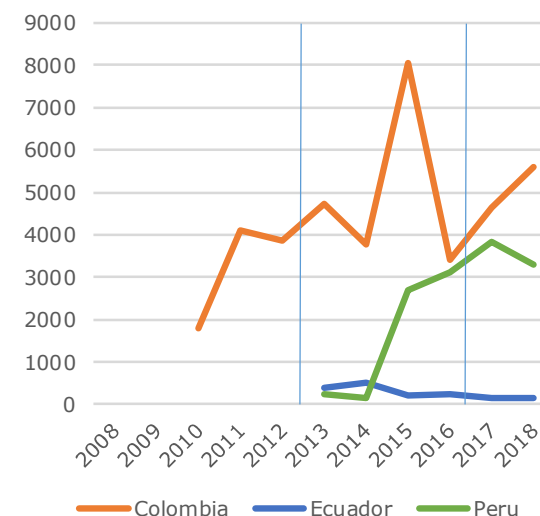
b) Share of partners in EU28's total commercial services exports



c) Share of EU FDI stocks in partners in total EU outward FDI stocks



d) Partner FDI stocks in EU (EUR million)



## Key takeaways

- Some increase in bilateral services trade importance for PER, not for other Parties (a) (b)
- Sectoral composition of services trade has not changed: partners: travel, transport, other business services; EU more diversified  
⇒ Limited changes in services trade and services sectors; also limited role in Agreement implementation (no Committee)
- High volatility of bilateral FDI; except EU <-> PER declining or stagnating trend (c) (d)  
⇒ Investment: no liberalization, depressing effect on market-seeking FDI due to trade liberalization; some concern by EU investors over residence/visa policies in COL

# Impact of non-tariff issues on bilateral trade

- Issues raised by Parties (short selection):
  - Andean: EU standards on pesticides and maximum residue limits (esp. concern over Green Deal, Farm to Fork); labelling regarding palm oil; slow process for obtaining GI protection and non-agricultural GIs
  - EU: Direct transportation requirement; administrative requirements and procedures in the Andean partner countries; government procurement at sub-central level in Colombia; weaknesses in enforcing GI protection
- Impact of these irritants?
  - Stakeholders: “implementation of the Agreement, and the flow of goods between the Parties, work generally very well, and market access barriers are limited”

## Key takeaways

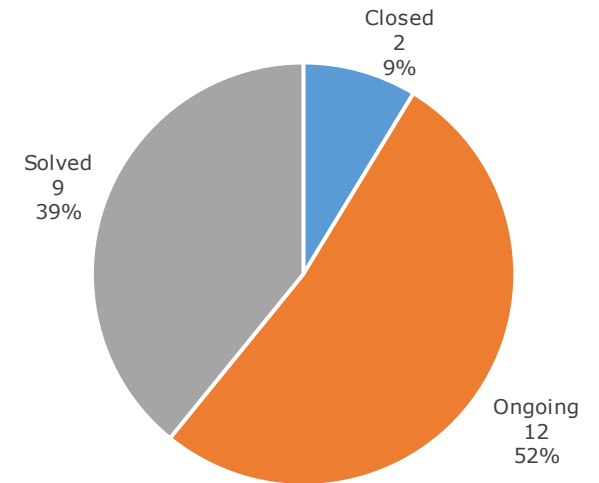
- Despite a number of issues and irritants raised by the Parties, so far no indication that these would have invalidated the benefits of the Agreement
- More could be done to facilitate trade, e.g. activate e-commerce, authorized exporter schemes, digital trade documentation



# Effectiveness of addressing and solving non-tariff issues

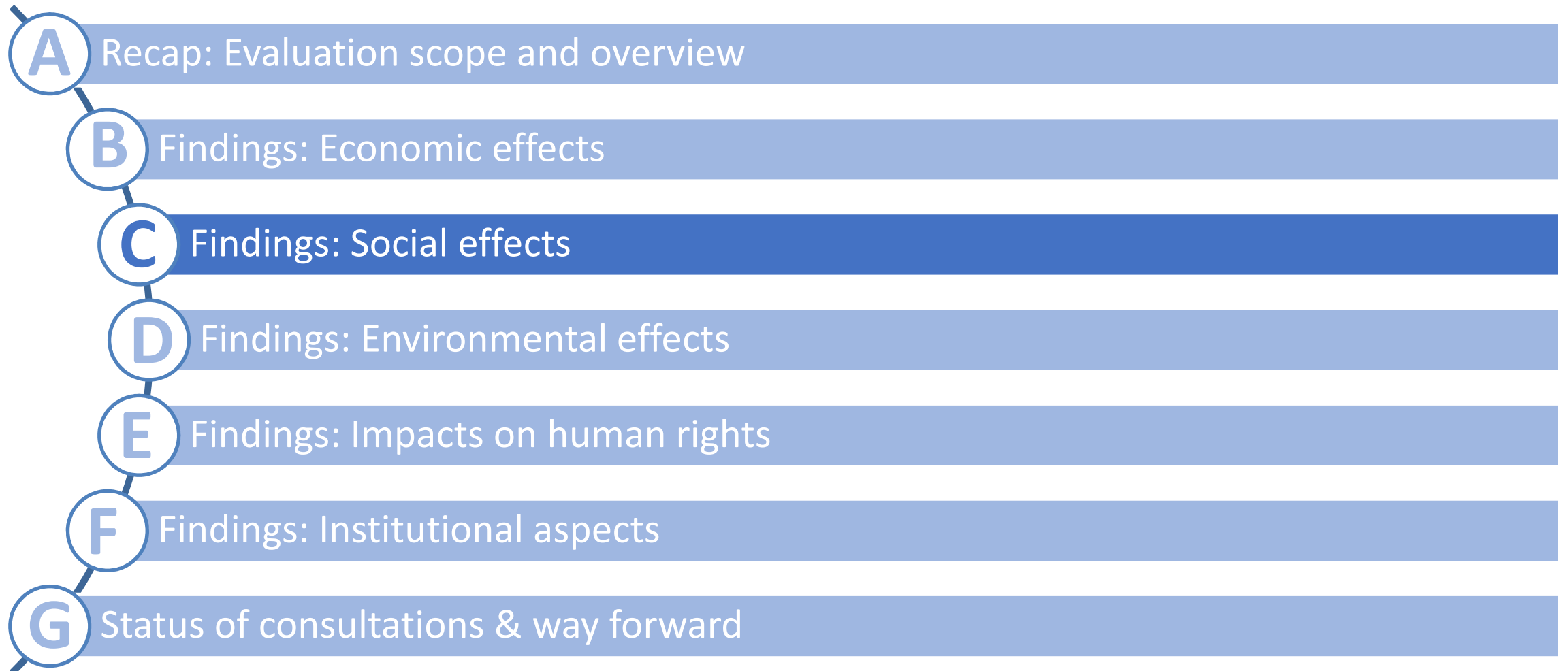
- Most issues raised in Sub-committees concern specific products with limited potential impact on overall bilateral trade
- Many issues take years to resolve with slow/limited progress (e.g. government procurement in Colombia)
- No formal disputes have been raised (yet) under the Agreement (but at the WTO: EU complaint against Colombian anti-dumping duties on frozen potatoes)

Outcome of market access issues discussed at the Sub-committees on Agriculture and Market Access, 2014-2020

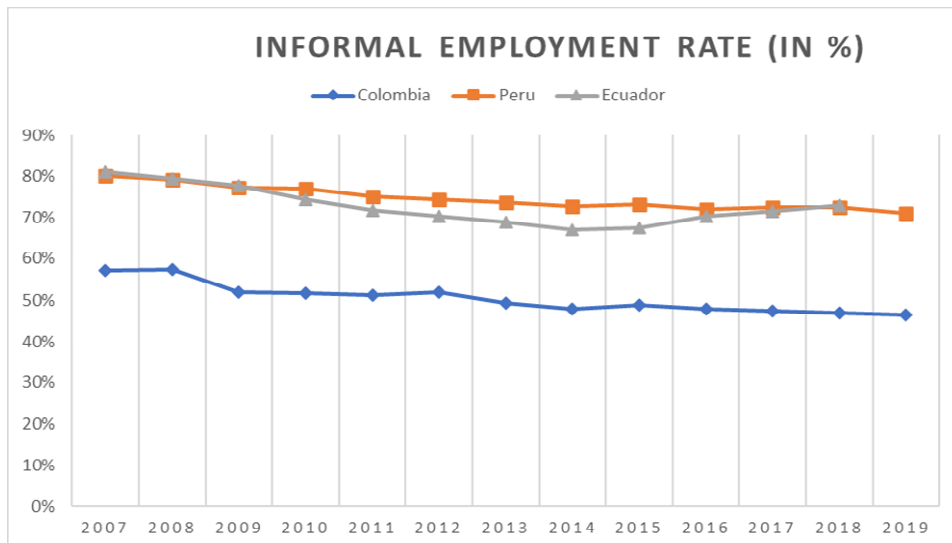
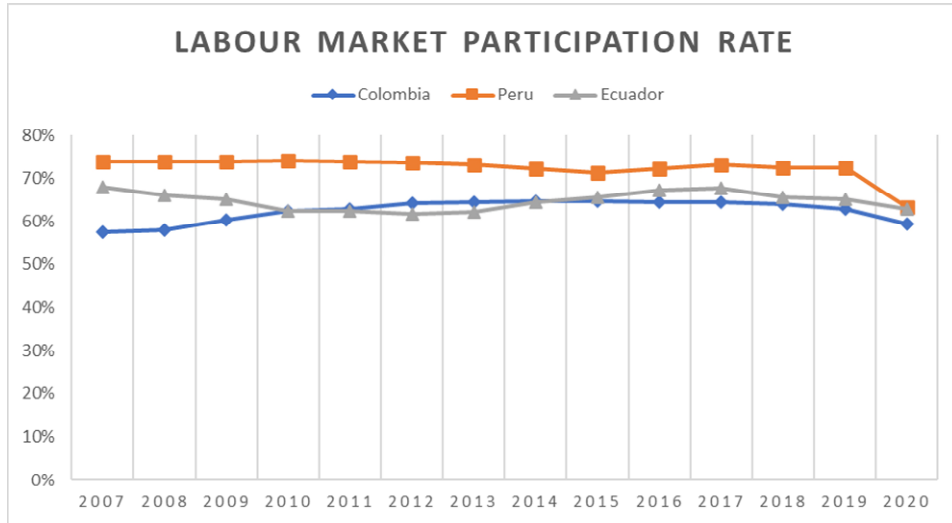


## Key takeaways

- Limited effectiveness of addressing issues where these concern different interpretations of the Agreement – but some issues have been solved
- Parties value the technical discussions that take place with the objective of improving market access conditions, esp. also discussions on contemplated regulatory changes



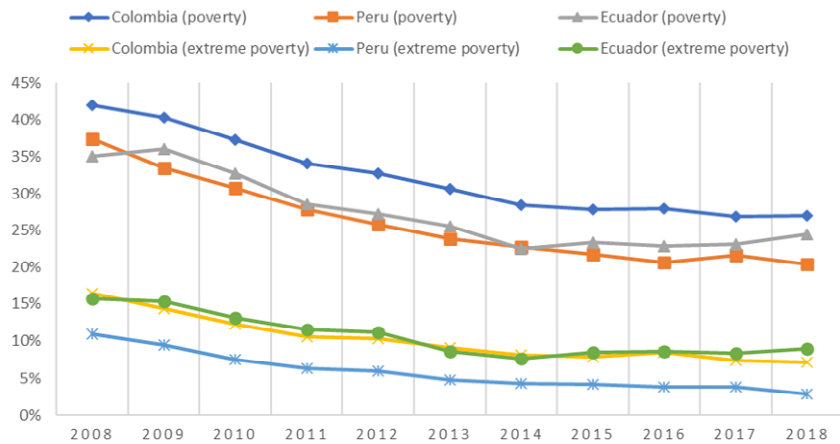
# Observations regarding situation in Colombia, Peru and Ecuador are as follows:



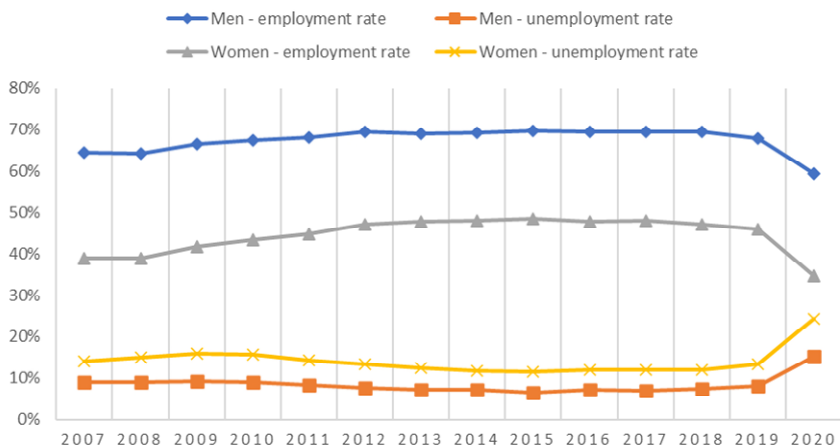
- **Labour market participation rate** improved in Colombia (5ppts), but decreased in Peru (1ppt) and Ecuador (3ppts).
- The **unemployment rate** fell in Peru (1.5ppt) and Ecuador (1.2ppt) and in Colombia fell and then returned to 2007 level.
- **Agriculture and fisheries**, accounts for 18.6% (CO) to 28.3% (EC) of the total employment, followed by **trade** (ca. 18%), **industry** (from 9% in PE to 11.7 % in EC), **transport** (ca. 8%) **construction** (from 6% in PE to 7.1% in CO) and **hospitality** (from 6.3% in EC to 7.8% in PE).
- The rate of **informal employment** decreased overall by 8-10 ppts in all countries, both for men and women.
- The share of population **living in poverty** decreased in all countries (from 12 ppts in ECU to 22 ppts in PER) and those living in **extreme poverty** decreased by around 7 ppts in all three countries.

# Observations regarding situation in Colombia, Peru and Ecuador are as follows (continuation):

POVERTY AND EXTREME POVERTY LEVELS



MEN AND WOMEN ON THE LABOUR MARKET IN COLOMBIA



- **Gender gaps** remain in participation and unemployment rate and different sectorial shares in employment between men and women mean different impacts of the Agreement for each gender.
- The number of **working children** aged 5-17 years decreased in all three countries (the largest absolute fall, by 1.3 million in Peru).
- The number of **migrant workers** and **refugees** from Venezuela increased from a few thousands in 2015 to **506,000** (Ecuador), **1.3 million** (Peru) and **2.3 million** (Colombia) in 2019.
- The **unemployment rate of young people** ranges from 10.7% in PE to 18.1% in CO (2-3 times higher than among older workers). **Informal employment** among youth is at 42% (EC) to 79% (PE)
- Diverse trends of **trade union membership**, notably in private sector (increase in CO, decrease in PE and low level in EC).
- The rate of workers in **adequate employment** increased in PE and decreased in EC. Increase in **health care** and **social security** coverage (PE and EC). Fall in **accidents at work** (CO).

# Identified impacts of the Agreement are overall limited:

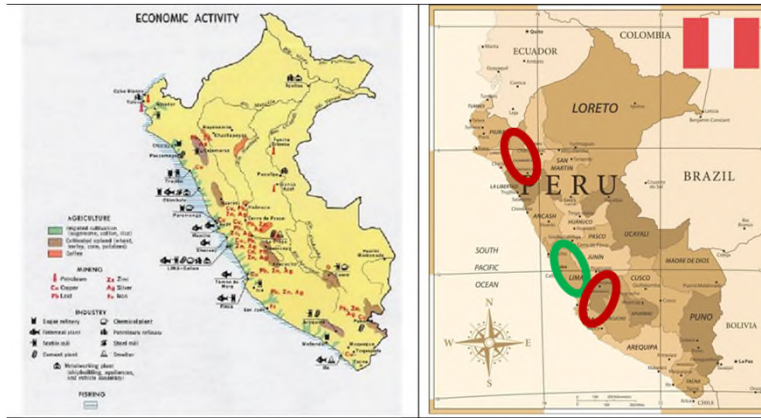
Sector	Employment reallocation across sectors (%)							
	EU		CO		EC		PE	
	Unskilled	Skilled	Unskilled	Skilled	Unskilled	Skilled	Unskilled	Skilled
1 Paddy rice	-0.01	-0.02	0.21	0.20	0.59	0.57	0.37	0.36
2 Wheat	0.01	0.01	-0.04	-0.05	-1.30	-1.32	-0.12	-0.13
3 Cereal grains nec	0.00	-0.01	0.09	0.08	2.75	2.74	0.23	0.22
4 Vegetables, fruit, nuts	-0.24	-0.24	1.19	1.18	1.22	1.21	1.30	1.29
5 Oil seeds	0.01	0.01	-0.06	-0.07	-1.33	-1.34	0.55	0.55
6 Sugar cane, sugar beet	-0.02	-0.02	0.01	0.00	-0.26	-0.28	0.39	0.38
7 Plant-based fibers	0.02	0.02	0.25	0.24	-1.07	-1.08	0.57	0.56
8 Crops nec	-0.01	-0.02	0.74	0.73	-1.20	-1.21	-0.25	-0.26
9 Bovine cattle, sheep and goats	0.00	0.00	-0.07	-0.08	0.16	0.15	0.08	0.07
10 Animal products nec	0.00	0.00	-0.12	-0.13	0.07	0.05	0.07	0.06
11 Wool, silk-worm cocoons	0.10	0.10	-1.11	-1.12	-5.10	-5.12	0.39	0.39
12 Forestry	0.01	0.01	0.04	0.03	-0.07	-0.08	0.03	0.02
13 Fishing	-0.01	-0.01	-0.02	-0.03	2.01	2.00	0.21	0.20
14 Coal	-0.01	-0.01	0.15	0.14	-0.53	-0.54	-0.13	-0.13
15 Oil	-0.01	-0.01	0.12	0.11	-0.21	-0.22	-0.07	-0.08
16 Minerals nec	0.00	0.00	0.04	0.03	0.10	0.09	-0.19	-0.19
17 Bovine meat products	0.00	0.00	-0.18	-0.22	-0.15	-0.21	0.19	0.15
18 Meat products nec	0.02	0.01	-0.33	-0.37	-0.29	-0.34	0.04	0.00
19 Vegetable oils and fats	0.02	0.02	-0.18	-0.22	-1.76	-1.82	0.84	0.80
20 Dairy products	0.01	0.01	0.09	0.06	0.10	0.07	0.24	0.22
21 Processed rice	-0.04	-0.04	-0.07	-0.11	-0.29	-0.35	-0.10	-0.14
22 Sugar	-0.03	-0.03	-0.15	-0.19	-0.51	-0.57	0.11	0.07
23 Other food products	-0.07	-0.07	0.35	0.31	3.89	3.83	1.84	1.80
24 Beverages and tobacco products	0.00	0.00	-0.15	-0.19	-0.33	-0.39	-0.04	-0.07
25 Textiles	0.04	0.04	0.61	0.57	-1.86	-1.93	0.28	0.23
26 Wearing apparel	0.04	0.04	-0.05	-0.10	0.40	0.34	0.39	0.35
27 Leather products	0.03	0.03	0.29	0.24	-1.66	-1.72	-0.11	-0.15
28 Wood products	0.01	0.00	0.13	0.08	-0.87	-0.94	-0.08	-0.12
29 Paper products, publishing	0.02	0.02	-0.04	-0.09	-1.13	-1.19	-0.41	-0.45
30 Petroleum, coal products	0.00	0.00	-0.05	-0.09	-0.27	-0.33	0.03	-0.01
31 Chemical products	0.00	0.00	0.84	0.80	-1.59	-1.66	1.52	1.48
32 Basic pharmaceutical products	0.05	0.04	-1.25	-1.30	-0.90	-0.96	-0.99	-1.04
33 Rubber and plastic products	0.02	0.02	0.37	0.33	-1.55	-1.62	0.01	-0.03
34 Mineral products nec	0.02	0.02	0.01	-0.04	-0.11	-0.18	-0.06	-0.10
35 Ferrous metals	0.05	0.05	0.09	0.05	-0.70	-0.77	-0.29	-0.33
36 Metals nec	0.01	0.01	1.66	1.62	-2.34	-2.41	-0.75	-0.80
37 Metal products	0.05	0.05	-0.50	-0.54	0.40	0.34	-0.09	-0.13
38 Computer, electronic and optic	0.04	0.03	0.37	0.33	-0.94	-1.01	-0.43	-0.47
39 Electrical equipment	0.04	0.03	0.30	0.26	-1.28	-1.34	-0.42	-0.46
40 Machinery and equipment nec	0.06	0.06	-0.66	-0.70	-0.21	-0.27	-0.36	-0.41
41 Motor vehicles and parts	0.10	0.10	-0.24	-0.29	-4.30	-4.36	-0.23	-0.28
42 Transport equipment nec	0.02	0.01	1.27	1.23	0.02	-0.05	-0.22	-0.26
43 Manufactures nec	0.02	0.02	-0.24	-0.29	-0.17	-0.23	-0.26	-0.30
44 Electricity	0.00	0.00	0.07	0.03	-0.37	-0.43	-0.03	-0.08
45 Gas manufacture, distribution	-0.03	-0.03	0.70	0.68	-1.00	-1.03	-0.34	-0.36
46 Water	0.00	0.00	-0.02	-0.07	-0.18	-0.25	-0.01	-0.05
47 Construction	0.01	0.01	-0.03	-0.08	0.40	0.33	0.11	0.06
48 Wholesale & retail trade	0.00	0.00	-0.02	-0.08	0.13	0.04	0.02	-0.04
49 Accommodation, Food and serv.	0.00	0.00	-0.18	-0.24	-0.47	-0.55	-0.04	-0.09
50 Transport nec	0.00	0.00	-0.04	-0.10	-0.19	-0.27	0.03	-0.03
51 Water transport	-0.01	-0.01	0.15	0.09	-0.52	-0.60	-0.19	-0.25
52 Air transport	0.00	-0.01	0.29	0.23	-0.30	-0.38	-0.17	-0.22
53 Warehousing and support act.	-0.01	-0.01	0.12	0.06	-0.83	-0.91	-0.08	-0.14
54 Communication	0.00	0.00	0.02	-0.03	-0.31	-0.38	-0.03	-0.08
55 Financial services nec	-0.01	-0.01	0.00	-0.04	-0.04	-0.10	0.00	-0.05
56 Insurance	-0.01	-0.01	0.04	-0.01	-0.34	-0.40	-0.14	-0.19
57 Real estate activities	0.01	0.01	0.06	0.11	0.24	0.31	-0.07	-0.11
58 Business services nec	0.00	0.00	0.07	0.03	-0.14	-0.20	-0.06	-0.11
59 Public Services	-0.01	-0.01	-0.02	-0.07	-0.02	-0.09	-0.02	-0.06

- **Employment increase in sectors benefitting from tariff reductions:** vegetables, fruits and nuts - all, textiles – CO & PE, and fishing - EC.
- **In agriculture, an increase is estimated for vegetables, fruits and nuts sector (up to 1.3%), vegetable oils and fats (PE), cereals (EC).**
- Stakeholders have indicated **possible negative impacts for small producers in dairy sector** competing with imports from the EU.
- **Increase in industry employment** is likely to be limited and include sectors of **food products** (1.8% in PE, 3.9% in EC), **chemical prod.** (0.8% in CO, 1.5% in PE), and **textiles** (0.3% in PE, 0.6% in CO).
- **Limited job reductions** or slower growth are estimated for **pharmaceuticals** (CO, PE), and **electric and electronic equipment** (PE, EC), **rubber and plastics** (EC), **machinery and equipment** (CO).
- **Changes in services are very limited**, with a slower growth in hotels and restaurants, and a job reduction or a slower growth in utilities (gas - all), transport (all, although different modes), insurance (PE) and communication (EC)



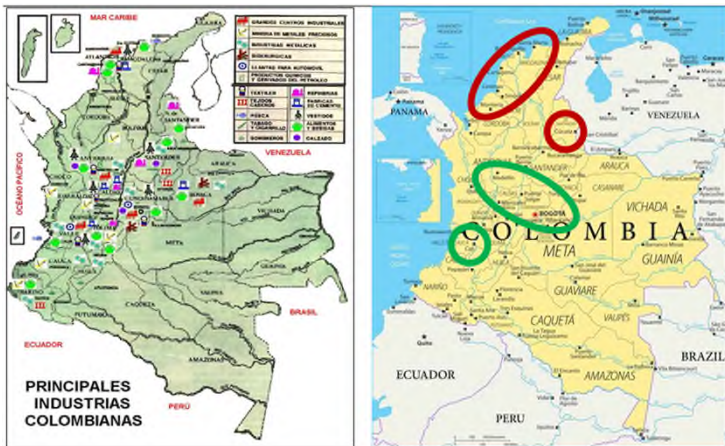
# Identified impacts of the Agreement are overall limited:

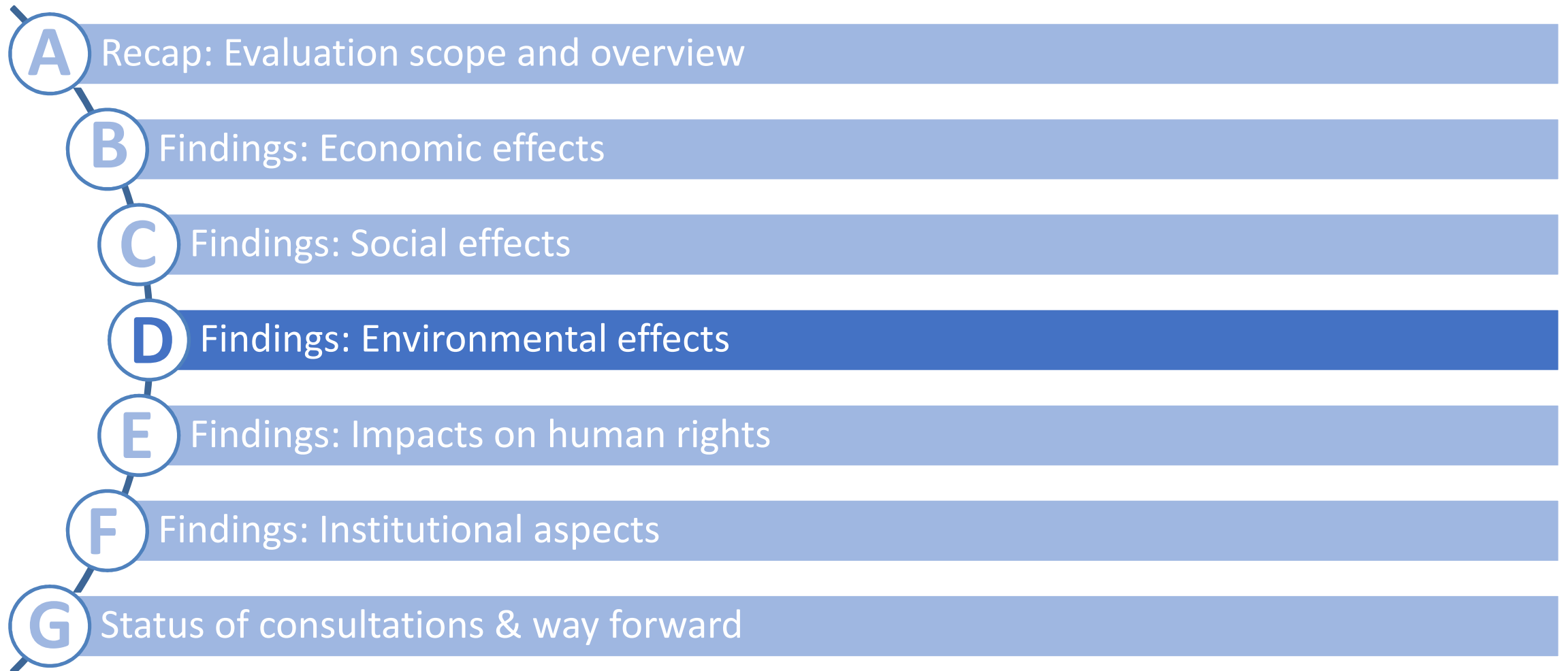
## Economy and levels of informality in Peru



- In CO & PE departments trading with EU had **lower levels of informality** prior to the FTA's entry into force and reduced them further. They have more diversified economy and are more competitive. In EC, dep. that benefit from tariff reduction, have high and low levels of informality.
- No direct link has been identified between the FTA and **child labour**, however, as children work e.g. in cultivation of coffee, cocoa, avocado, blueberries, and asparagus (PE), banana and flowers (EC), coffee (CO) products involving child labour may (through value chains) be exported to the EU. Low incomes from sales may prolong the use of child labour.
- No impacts or very limited ones for **migrants** and most of **working youth** and **disabled persons** (employed in services sectors).
- The number of **trade unions** influenced by macroeconomic events and legislation. In agriculture, through employment growth, FTA might have contributed to preservation of the special regime (PE and EC).
- Changes in **working conditions** are attributable to actions taken by the Government (e.g. law, inspection) rather than to the Agreement.

## Economy and levels of informality in Colombia



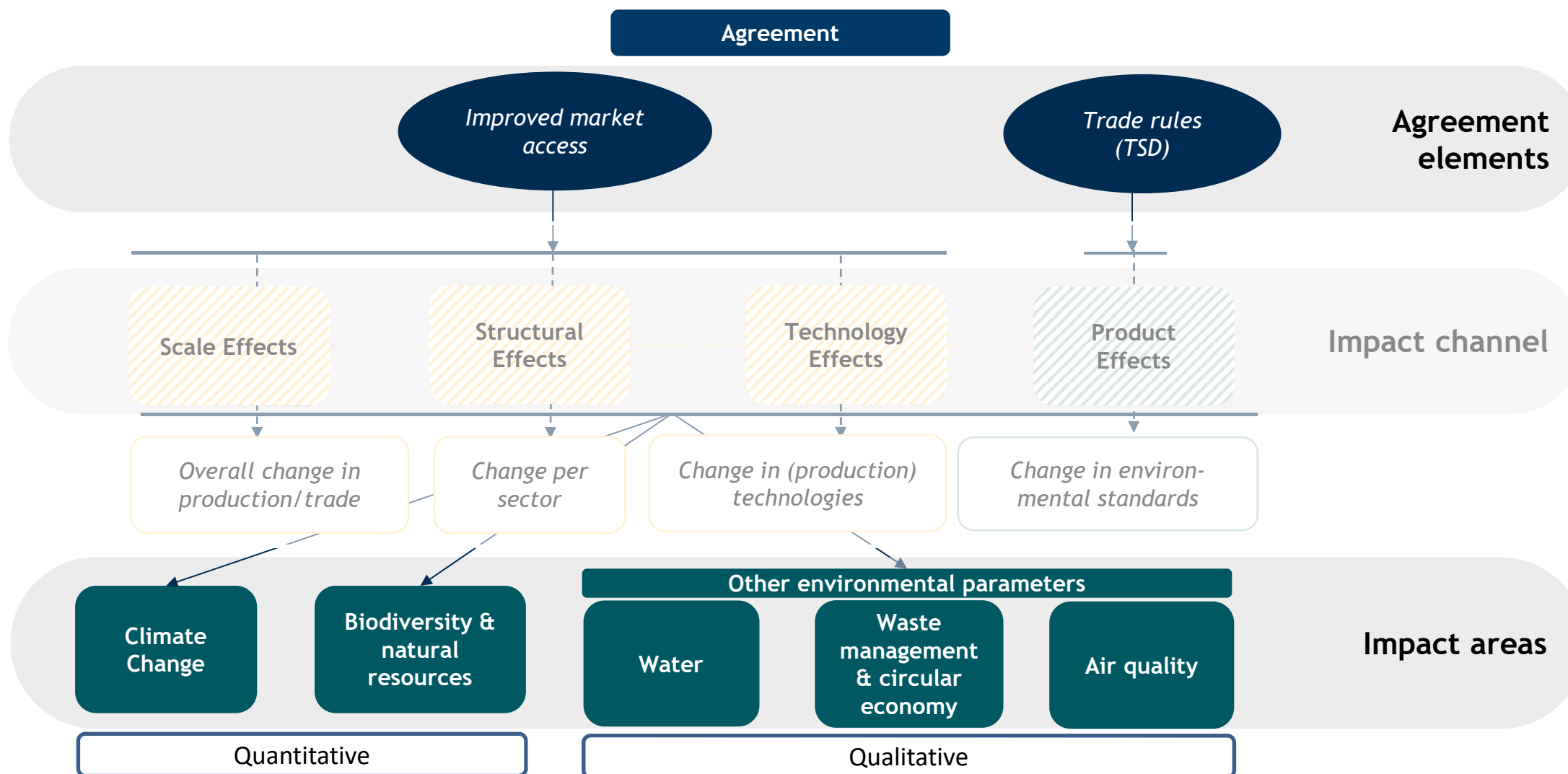


# Introduction - Role in evaluation

- Role of the environmental analysis in the overall evaluation:
  - Contribute to evaluation questions:
    - EQ 1B: What has been the **impact** of the Agreement?
    - EQ 3: Has the Agreement had **unintended consequences** (positive or negative), and if so, which ones?
    - EQ 7: To what extent has the Agreement been **coherent with EU trade and development policies** – and in particular, with the EU's commitment to sustainable development in trade policies as a contribution attainment of the SDGs?



# Our methodology



# Practical methodological steps

## Steps

## Status

1. **Impact screening and scoping** – gather information on any (1) environmental pressure and threat, and (2) potential impacts of the Agreement to identify priority areas for further investigation and to bring focus in the analysis
2. **Baseline development** – explore trends and developments in environmental *governance* and *performance* around the period of the Agreement (roughly 2010-2020), regardless of the causal relation between the Agreement and these developments
3. **Quantitative environmental analysis** – assess the causal link between the Agreement and environmental performance, combining economics modelling results with quantitative environmental tools (GHG emission analysis and land use change modelling)
4. **Qualitative environmental analysis** – complement (and fill gaps in) the quantitative analysis based using qualitative research methods (causal chain analysis, based on literature, stakeholder input, economic modelling results and statistics)
5. **Case studies** – deep dive into specific topics
6. **Answer evaluation questions** (using the results of the analytical steps described above)



# Results – impact screening and scoping (1/3)

Identified priority areas all Andean countries.

## Potential impacts of the Agreement on:

1. **Land conversion and water availability through the horticulture** – Due to Agreement's positive impact on output in the horticulture sector and existing environmental pressures (crops differ per country).
2. **Promotion of sustainable and organic products** – Agreement may have improved the (export) position for sustainable and organic products
3. **Climate change through economic changes** – The positive impacts on economic outputs may be related to negative impacts related to GHG emissions, while the TSD chapter may have a positive impact
4. **Improvement and (effective) implementation of environmental standards** – the Agreement may have (indirectly) changed environmental standards.

# Results – impact screening and scoping (2/3)

Identified priority areas individual countries.

Potential impacts of the Agreement on:

1. **Industrial waste in Colombia** – Economic modelling shows a positive impact on various electronics products, which may lead to pressures in the field of waste (water). Also, potential positive impact through circular economy.
2. **Shrimp farming in Ecuador** - Agreement's positive impact on the economic output of 'fishing' that may be related to negative effects (e.g., on mangrove ecosystems). Also, potential positive impact on the promotion of sustainable fishing practices.
3. **Industrial pollution in Peru** - Agreement's output changes in various industrial sectors (i.e., wearing apparel and chemical products) that have historically been related to soil and water pollution.

# Results – impact screening and scoping (3/3)

## Scoped out (per country)

### Potential impacts of the Agreement on:

- **All Andean countries:** Pressures due to mining due to coal and minerals extraction
- **Colombia:** Pressures on biodiversity due to trade in threatened species
- **Ecuador:** Industrial pollution & circular economy
- **Peru:** forest products, fish resources, urban air pollution

# Results – quantitative analysis on GHG emissions

## Results of quantitative GHG analysis:

- **How?** Link the Agreement induced output change at sector level (58 sectors) in all countries (globally) to sectoral emissions to estimate the FTA induced change in **gross** GHG emissions (excluding LULUCF)
- **Findings –increased emissions in the EU and Andean countries, global decrease**

Agreement-induced emissions (excl. LULUCF) in 2020 per country in Mton CO<sub>2</sub> (eq)

Country / Region	CO <sub>2</sub>	CH <sub>4</sub>	N <sub>2</sub> O
Colombia	0.099	-0.058	-0.010
Ecuador	0.001	-0.005	0.003
Peru	0.033	0.005	0.007
EU28	0.327	0.034	-0.009
RoW	-1.569	-0.275	-0.119
World	<b>-0.450</b>	<b>-0.206</b>	<b>-0.086</b>

- **Potential reason (not validated yet):**
  - Increased production in Andean countries and EU, decreased production in rest of the world. Lower emission intensity of EU industry (compared to rest of the world) leads to overall decline in GHG emissions.
- **This analysis does NOT include LULUCF (see next steps)**

# Results – quantitative analysis on land use change

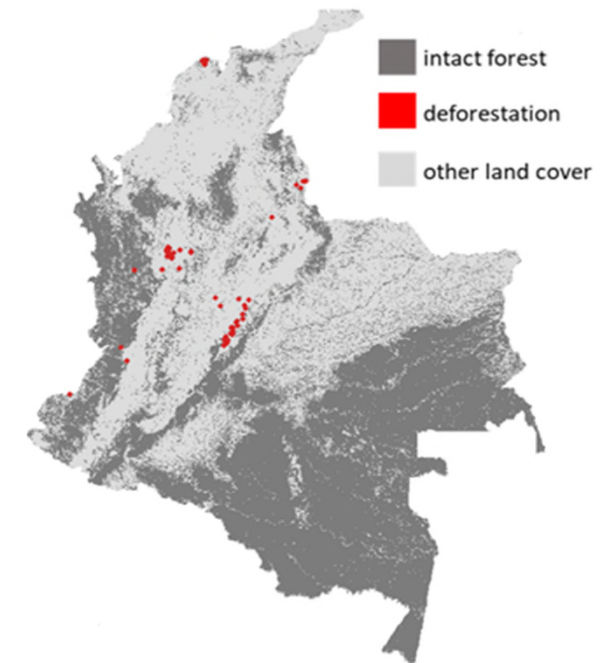
## Results of quantitative land use change analysis:

- **How?** Spatial analysis on Agreement-induced output changes in the agricultural sector

- **Findings:**

Country	Agreement driven cropland change (ha)	Cropland change resulting in deforestation (%)	Agreement induced deforestation (ha)	Total (net) cropland change (ha)
COL	10,766	34.5%*	3,500-4,000 ha	+273,200

- It is estimated that the Agreement resulted in a net increase in cropland areas in **Colombia** (considering all crops produced). It is estimated that this increase resulted in **3,500 to 4,000 hectares of land being permanently deforested**. This corresponds to roughly **0.5% of total deforestation** driven by agriculture observed over the period of the Agreement. It is unlikely that this deforestation occurred in the most (biodiverse) intact areas in Colombia.
- For **Ecuador** and **Peru**, there is no evidence to conclude that the Agreement resulted in permanent deforestation.



# Results – quantitative analysis on land use change

1. **Finalise qualitative environmental analysis** – complement (and fill gaps in) the quantitative analysis based using qualitative research methods (causal chain analysis, based on literature, stakeholder input, economic modelling results and statistics)
2. **Case studies** – deep dive into specific topics (e.g. biodiversity and sustainable agriculture)
3. **Answer evaluation questions** (using the results of the analytical steps described above)







# Human rights in the Agreement






- **Human rights clause (Art.1)**

- Democratic principles & fundamental human rights interpreted in accordance with the international human rights treaties binding on the Parties
- Article 8(1) specifies that obligations under the Agreement are positive obligations
- No specific mechanism to monitor implementation of the human rights clause

- **Title IX of the Agreement – the TSD Chapter**

- Article 269 – commitment to promote and effectively implement core labour standards—parties reaffirm *already existing obligations*
- Article 277(1)&(2) – commitment to uphold levels of protection
- Article 277(3)&(4) – Parties' right to regulate
- Sub-Committee on Trade and Sustainable Development & Domestic Advisory Groups
- No specific enforcement mechanism under the TSD Chapter

# Methodological steps

Steps	Status
<b>1. Human rights baseline analysis</b> <ul style="list-style-type: none"><li>▫ <i>Overview of international human rights obligations</i> – ratification status of core international/ regional human rights conventions + core ILO conventions</li><li>▫ <i>Overview of pre-existing conditions of stress</i> – explore developments in human rights from 2008(2012) to 2019</li></ul>	
<b>2. Screening and scoping</b> <ul style="list-style-type: none"><li>▫ Identify what specific rights could have been affected by what specific trade measures of the Agreement and how</li><li>▫ Assess the kind of impact (direct/indirect) and the scale of the impact (minor/major)</li><li>▫ Where possible, indicate what population group(s) this impact can affect</li></ul>	
<b>3. Detailed assessment (quantitative and qualitative) of selected human rights</b> <ul style="list-style-type: none"><li>▫ Define framework of applicable entitlements and duties related to the selected rights</li><li>▫ Scan national legislation and implementation practice with respect to the selected rights</li><li>▫ Assess the impact on selected rights through causal chain analysis, based on economic modelling, stakeholder inputs, etc.</li></ul>	
<b>4. Case studies</b> <ul style="list-style-type: none"><li>▫ Analyse in detail specific topics</li></ul>	
<b>5. Conclusions and policy recommendations</b>	

# Results:

## Baseline analysis - *overview of international obligations*

	Core international human rights treaties																		Fundamental ILO conventions							Governance							
	CAT - Convention against Torture...	Optional Protocol (OP)-CAT	ICCPR – International Covenant on Civil and Political Rights	ICCPR-OP1	ICCPR-OP2	CPED – Protection of All Persons from Enforced Disappearance	CEDAW – Elimination of All Forms of Discrimination against Women	OP-CEDAW	ICERD – Elimination of All Forms of Racial Discrimination	ICESCR – Int Covenant on Economic, Social and Cultural Rights	ICESCR-OP	ICMW – Protection of the Rights of All Migrant Workers...	CRC – Rights of the Child	OP-CRC-AC - Armed Conflict	OP-CRC-SC - Sale of children, child prostitution and child pornography	OP-CRC-IC - communications procedure	CRPD - Rights of Persons with Disabilities	OP-CRPD	C029 – Forced Labour	C087 – Freedom of Association and Protection of the Right to Organise	C098 – Right to Organise and Collective Bargaining	C100 – Equal Remuneration	C105 – Abolition of Forced Labour	C111 – Discrimination (Employment and Occupation)	C138 - Minimum Age	C182 – Worst Forms of Child Labour	C081 – Labour Inspection	C122 – Employment Policy	C129 – Labour Inspection (Agriculture)	C144 – Tripartite Consultation (International Labour Standards)	C155 – Occupational Safety and Health	C169 – Indigenous and Tribal Peoples	
Colombia	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✗	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓	
Ecuador	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓
Peru	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✓	✗	✓
EU (no of EU members having ratified)	27	23	27	27	27	13	27	25	27	27	8	0	27	27	26	15	27	21	27	27	27	27	27	27	27	27	27	27	26	21	25	16	4

### Key takeaways

- All main human rights conventions are ratified by all Parties

# Results:

## Baseline analysis - *pre-existing conditions of stress*

### Colombia

Armed conflict  
Discrimination  
Anti-union violence  
Low trade union activity  
Violence against HRD  
Labour rights violations  
High level of informality  
Lack of consultations on FPIC  
Forced evictions

### Peru

Discrimination  
Low trade union activity  
High # of short-term contracts  
Labour rights violations  
High level of informality  
Child labour  
High levels of poverty  
Lack of systematic consultation to seek FPIC  
Adverse effects of extractive industries

### Ecuador

Discrimination  
Low trade union activity  
Labour rights violations  
High poverty levels  
High level of informality  
Lack of consultations on FPIC  
Adverse effects of extractive industries & agribusiness

### European Union

Discrimination  
Use of personal data  
Migrants' rights

# Results: Screening and scoping - Colombia

Human Right	References in the Agreement	Kind of effect	Scale of effect	Potentially affected population groups
Freedom from discrimination	TSD Chapter	Direct	Minor	Women working in agricultural sectors Workers in informal sectors
Freedom from slavery and forced labour	TSD Chapter	Direct	Minor	Vulnerable population groups in Colombia
Children's rights (child labour)	TSD Chapter	Direct	Minor	Children in Colombia
Freedom of association, incl. the right to form and join trade unions	TSD Chapter	Direct	Minor	Workers in general, esp. in informal sectors
Right to social security	TSD Chapter	Indirect	Minor	Workers in general
Right to work, right to just and favourable conditions of work	TSD Chapter	Direct	Minor	Workers in general, workers from affected sectors
Right to privacy and protection of personal data	Title III Trade in goods - Chapter 1 on market access (Arts. 22 & 33) Title IV Trade in services, establishment and electronic commerce - Chapter 5 on regulatory framework	Direct	Minor	Population of Colombia in general
Right to adequate food	Title III Trade in goods - Chapter 5 on SPS measures; and Chapter 1 on market access (Art. 33)	Direct/ indirect	Minor	Population of Colombia in general
Right to an adequate standard of living	Title III Trade in goods - Chapter 1 on market access (Arts. 22 & 33) Title IV Trade in services, establishment and electronic commerce - Chapter 2 on Establishment	Direct	Minor	Workers from affected sectors, small scale producers
Right to the enjoyment of the highest attainable standard of physical and mental health	Title VI on Intellectual Property - Chapter 3 on provisions concerning intellectual property rights (Art. 230(4) on patents) Title III Trade in goods - Chapter 1 on market access (Art. 22) and Chapter 5 on SPS measures	Direct/ indirect	Minor	Population of Colombia, affected communities
Rights of indigenous peoples (R to self-determination; R to food, R to health, R to water, R to maintain, control, protect and develop their traditional knowledge, land rights)	Title VI on Intellectual Property - Chapter 2 on protection of biodiversity and traditional knowledge (Art.201) Title IV Trade in services, establishment and electronic commerce - Chapter 2 on Establishment	Direct & indirect	Minor	Indigenous communities in Colombia
Right to participate in public affairs	TSD Chapter	Direct	Minor	Population of Colombia in general
Right to education	Title III Trade in goods - Chapter 1 on market access (Art. 22)	Indirect	Minor	Population of Colombia in general
Right to access information	TSD Chapter	Direct	Minor	Population of Colombia in general
Right to water	--	Direct	Minor – local/sectoral effects to be researched	Affected communities in Colombia

# Results: Screening and scoping - Peru

Human Right	References in the Agreement	Kind of effect	Scale of effect	Potentially affected population groups
Freedom from discrimination	TSD Chapter	Direct	Minor	Women working in agricultural sectors Workers in informal sectors
Freedom from slavery and forced labour	TSD Chapter	Direct	Minor	Vulnerable population groups in Peru
Children's rights (child labour)	TSD Chapter	Direct	Minor	Children in Peru, esp. in rural areas
Freedom of association, incl. the right to form and join trade unions	TSD Chapter	Direct	Minor, possibly major in agriculture	Workers in agriculture, esp. in informal sectors
Right to social security	TSD Chapter	Indirect	Minor	Workers in general
Right to work, right to just and favourable conditions of work	TSD Chapter	Direct	Minor	Workers in general, workers from affected sectors
Right to privacy and protection of personal data	Title III Trade in goods - Chapter 1 on market access (Arts. 22 & 33) Title IV Trade in services, establishment and electronic commerce - Chapter 5 on regulatory framework	Direct	Minor	Population of Peru in general
Right to adequate food	Title III Trade in goods - Chapter 5 on SPS measures; and Chapter 1 on market access (Art. 33)	Direct/ indirect	Minor	Population of Peru in general
Right to an adequate standard of living	Title III Trade in goods - Chapter 1 on market access (Arts. 22 & 33) Title IV Trade in services, establishment and electronic commerce - Chapter 2 on Establishment	Direct	Minor	Workers from affected sectors
Right to the enjoyment of the highest attainable standard of physical and mental health	Title VI on Intellectual Property - Chapter 3 on provisions concerning intellectual property rights (Art. 230(4) on patents) Title III Trade in goods - Chapter 1 on market access (Art. 22) and Chapter 5 on SPS measures	Direct/ indirect	Minor	Population of Peru, affected communities
Rights of indigenous peoples (R to self-determination; R to food, R to health, R to water, R to maintain, control, protect and develop their traditional knowledge, land rights)	Title VI on Intellectual Property - Chapter 2 on protection of biodiversity and traditional knowledge (Art.201) Title IV Trade in services, establishment and electronic commerce - Chapter 2 on Establishment	Direct & indirect	Minor	Indigenous communities in Peru
Right to participate in public affairs	TSD Chapter	Direct	Minor	Population of Peru in general
Right to education	Title III Trade in goods - Chapter 1 on market access (Art. 22)	Indirect	Minor	Population of Peru in general
Right to access information	TSD Chapter	Direct	Minor	Population of Peru in general
Right to water	--	Direct	Minor – local/sectoral effects to be researched	Affected communities in Peru

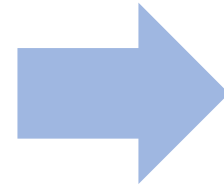
# Results: Screening and scoping - Ecuador

Human Right	References in the Agreement	Kind of effect	Scale of effect	Potentially affected population groups
Freedom from discrimination	TSD Chapter	Direct	Minor	Women working in agricultural sectors Workers in informal sectors
Freedom from slavery and forced labour	TSD Chapter	Direct	Minor	Vulnerable population groups in Ecuador
Children's rights (child labour)	TSD Chapter	Direct	Minor	Children in Ecuador, esp. in rural areas
Freedom of association, incl. the right to form and join trade unions	TSD Chapter	Direct	Minor	Workers in affected sectors
Right to social security	TSD Chapter	Indirect	Minor	Workers in general
Right to work, right to just and favourable conditions of work	TSD Chapter	Direct	Minor	Workers in affected sectors
Right to privacy and protection of personal data	Title III Trade in goods - Chapter 1 on market access (Arts. 22 & 33) Title IV Trade in services, establishment and electronic commerce - Chapter 5 on regulatory framework	Direct	Minor	Population of Ecuador in general
Right to adequate food	Title III Trade in goods - Chapter 5 on SPS measures; and Chapter 1 on market access (Art. 33)	Direct/ indirect	Minor	Population of Ecuador in general
Right to an adequate standard of living	Title III Trade in goods - Chapter 1 on market access (Arts. 22 & 33) Title IV Trade in services, establishment and electronic commerce - Chapter 2 on Establishment	Direct	Minor	Workers from affected sectors
Right to the enjoyment of the highest attainable standard of physical and mental health	Title VI on Intellectual Property - Chapter 3 on provisions concerning intellectual property rights (Art. 230(4) on patents) Title III Trade in goods - Chapter 1 on market access (Art. 22) and Chapter 5 on SPS measures	Direct/ indirect	Minor	Population of Ecuador, affected communities
Rights of indigenous peoples (R to self-determination; R to food, R to health, R to water, R to maintain, control, protect and develop their traditional knowledge, land rights)	Title VI on Intellectual Property - Chapter 2 on protection of biodiversity and traditional knowledge (Art.201) Title IV Trade in services, establishment and electronic commerce - Chapter 2 on Establishment	Direct & indirect	Minor	Indigenous communities in Ecuador
Right to participate in public affairs	TSD Chapter	Direct	Minor	Population of Ecuador in general
Right to education	Title III Trade in goods - Chapter 1 on market access (Art. 22)	Indirect	Minor	Population of Ecuador in general
Right to access information	TSD Chapter	Direct	Minor	Population of Ecuador in general
Right to water	--	Direct	Minor – local/sectoral effects to be researched	Affected communities in Ecuador

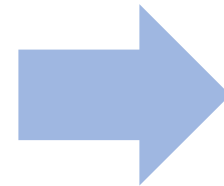


# Results: *rights selected for detailed assessment*

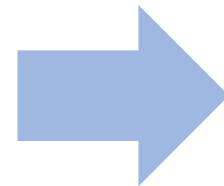
- Based on the screening and scoping exercise:
  - Overall mixed minor impact
  - Possible impact in specific areas on the right to water needs to be investigated further in COL/PER/ECU
  - Possible impact in agriculture on freedom of association needs to be investigated for PER
- Based on the baseline analysis:
  - Sensitivities with respect to the freedom of association – freedom of association for COL/PER/ECU
- Based on the inputs from the stakeholders:



**Right to water**



**Freedom of association,  
including the right to join  
and form trade unions**



**Children's rights (child  
labour)**

# Further analysis

## Steps

## Status

### 1. Detailed assessment (quantitative and qualitative) of selected human rights:



- Define framework of applicable entitlements and duties related to the selected rights
- Scan national legislation and implementation practice with respect to the selected rights
- Assess the impact on selected rights through causal chain analysis, economic modelling, stakeholder inputs, etc.)

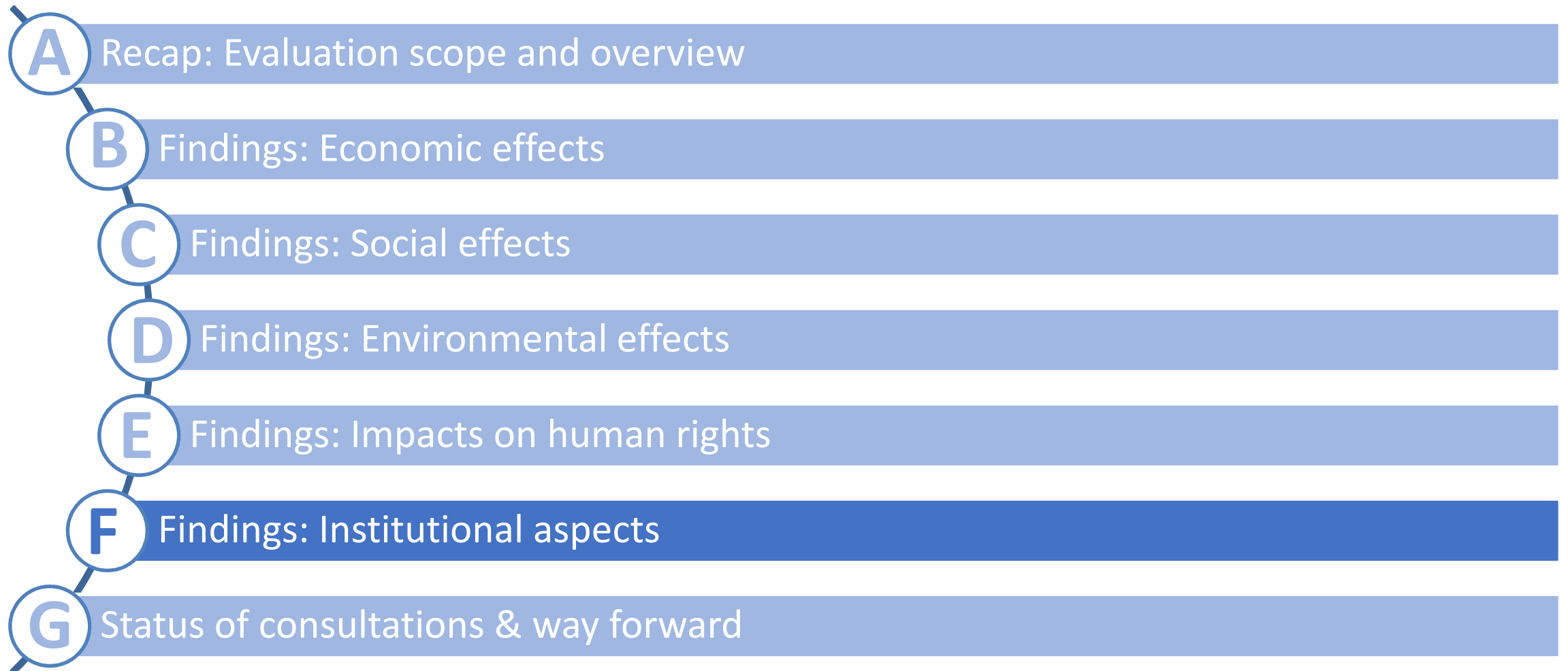
### 2. Case studies:



- analyse in detail specific topics

### 3. Conclusions and policy recommendations





# Trade Committee & 8 Sub-committees manage the Agreement

## Trade Committee

### Sub-committee on Market Access

### Sub-committee on Agriculture

### Sub-committee on Customs, TF and RoO

### Sub-committee on Tech. Obstacles to Trade

### Sub-committee on SPS

### Sub-committee on Gov. Procurement

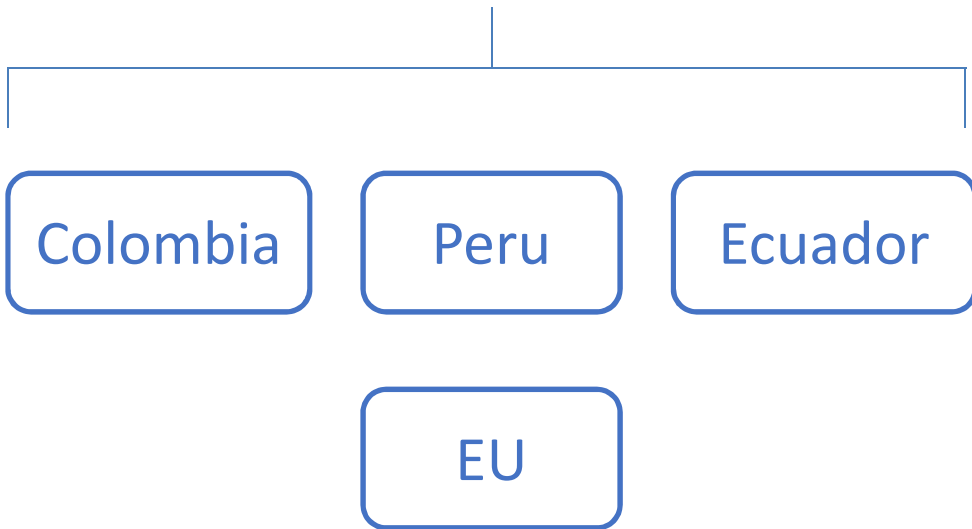
### Sub-committee on Intellectual Property

### Sub-committee on TSD

- **Meetings are held annually.** Trade Committee adopted Rules of procedure and the list of arbitrators (dispute settlement).
- The Parties discuss **trade flows**, tariff and TRQ management, **new policies** and **legislation**, and cooperation activities.
- **Market access barriers** have been discussed, and out of 23, twelve remain open, nine have been resolved, and two closed.
- Meetings provide space to ask for and to **provide advice on technical aspects**, e.g., the use of certain documents, customs procedures, and rules of origin and raising problems to solve.
- More can be done to introduce **measures facilitating trade**.
- Cooperation on **SPS measures** helped to solve some issues.
- Issues with application of **Gov Procurement** chapter have been identified. Problems persist despite being addressed by Parties
- Protection for additional **Geographic Indications** (GIs) has been granted, with other requests being processed yet.

# Trade and Sustainable Development Title involves the Parties

## Contact Points of the Parties



Sub-Committee on Trade and Sustainable Development

- **Contact Points** established in DG TRADE and Trade Ministries represent an effective element of the institutional structure.
- They facilitate preparation for TSD Sub-committee meetings, ensure follow-up, provide a channel for bilateral engagement, and discussion on cooperation, and a link for escalation to TC.
- **TSD Sub-committee** holds meetings annually, with procedural decisions being taken at the first one.
- At each meeting the Parties discussed steps taken to **implement provisions** of the Title, as well as **cooperation activities**.
- When needed, **issues were raised**, e.g. about establishment of civil society advisory groups / consultative mechanisms or civil society complaints submitted to the Parties.
- **Some progress** has been achieved in addressing problems, but more needs to be done.
- Increasing trust and **transparency**, incl. publication of reports.

# ...and their civil society representatives

Domestic Advisory Groups (DAGs) or  
civil society domestic consultative  
mechanism

Colombia

Peru

Ecuador

EU

Annual meetings with  
TSD Sub-committee

- **DAGs / civil society mechanisms** of each Party hold their meetings (1-4 a year) to discuss implementation and prepare for the annual meeting, however, conditions of their operation vary significantly between the Parties.
- **Discussions** focus often on process and a limited number of well-known, serious problems, not using the whole scope of TSD
- **Annual meetings** (currently, DAG-to-DAG, technical workshop, TSD Sub-committee and open session) have been held each year since 2014 and provide forum to discuss implementation.
- **Conditions for participation** have improved with the EU funding
- **DAG-to-DAG meetings** and work on joint recommendations have been affected by the lack of agreement between members from different sub-groups (business, trade unions, and NGOs).
- Civil society aims at providing **recommendations to the Parties** at the annual meetings and asks them to ensure follow-up. It stresses that the Parties should treat it more seriously and act.



# Status of consultations

- All consultations virtual
- Consultation means and activities:
  - Pillar 1: **Meetings with EU civil society (CSD meetings)**;
  - Pillar 2: **Online public consultation**: ongoing until 06.05.21
  - Pillar 3: **Targeted consultation tools**
    - Virtual workshops for partner country stakeholders: COL 02 & 05 March; ECU 11 & 12 March; PER 17 & 18 March
    - Online survey for businesses in the EU and partner countries: in parallel with OPC
    - Interviews and meetings with stakeholders: 90 planned (30 EU; partners 20 each); current ≈60
  - Pillar 4: **Meetings with EU institutions**: ISG; meetings with EP, EESC, EU DAG;
  - Pillar 5: **Digital engagement** with stakeholders: website, Twitter, email newsletters



# Way forward

- Remaining tasks:
  - Completion of overall analysis (as indicated in interim report)
  - Completion of consultations
  - Case studies
  - Responses to evaluation questions and comparison with SIA findings
  - Recommendations
- Schedule:
  - Draft final report: end May 2021
  - ISG & CSD meetings: June 2021
  - Final report: July 2021

# Ex-post evaluation of the implementation of the Trade Agreement between the EU and its Member States and Colombia, Peru and Ecuador



<http://www.fta-evaluation.eu>



[fta-evaluation@bkp-advisors.com](mailto:fta-evaluation@bkp-advisors.com)



[@BKPEconAdvisors](https://twitter.com/BKPEconAdvisors)

**ANNEX**

# Economic impacts - Modelling results:

## Agreement effects on Parties' bilateral trade by sector

Sector	EU to CO		CO to EU		EU to EC		EC to EU		EU to PE		PE to EU		Sector	EU to CO		CO to EU		EU to EC		EC to EU		EU to PE		PE to EU	
	USD M	%	USD M	%	USD M	%	USD M	%	USD M	%	USD M	%		USD M	%	USD M	%	USD M	%	USD M	%	USD M	%	USD M	%
1 Paddy rice	0	1.3	0	4271.0	0	11.2	0	-19.1	0	4.2	0	7504.6	31 Chemical products	251	29.1	33	36.1	11	5.2	3	25.9	31	7.6	218	103.1
2 Wheat	0	52.1	0	383.8	0	5.2	0	-7.5	0	2.0	0	364.4	32 Basic pharmaceutical products	185	29.1	1	4.6	10	7.1	0	-1.7	57	32.9	0	8.2
3 Cereal grains nec	3	34.3	0	-0.2	0	20.1	0	-0.5	0	0.7	0	1.4	33 Rubber and plastic products	54	28.4	11	45.1	8	41.1	1	45.7	6	4.5	1	38.8
4 Vegetables, fruit, nuts	8	19.0	64	49.5	2	47.9	126	25.7	0	3.4	74	32.2	34 Mineral products nec	41	33.7	1	18.2	5	54.6	0	30.7	2	4.7	2	16.5
5 Oil seeds	0	2.2	0	-0.9	0	25.6	0	-5.6	0	8.4	0	-3.7	35 Ferrous metals	91	26.5	1	2.1	5	8.8	0	-0.1	2	1.1	0	0.9
6 Sugar cane, sugar beet	0	0.6	0	96.3	0	4.3	0	-8.8	0	2.3	0	77.6	36 Metals nec	23	44.0	2	6.5	2	21.0	0	-1.7	0	0.6	55	3.4
7 Plant-based fibers	0	20.9	0	-0.7	0	32.8	0	-5.0	0	8.9	0	-0.6	37 Metal products	210	45.5	0	11.6	7	14.9	0	17.0	6	2.9	0	8.6
8 Crops nec	12	39.2	18	11.9	1	5.4	19	27.5	1	6.0	-12	-2.0	38 Computer, electronic and optic	334	49.3	1	15.2	3	3.7	0	9.8	2	1.2	1	6.3
9 Bovine cattle, sheep and goats	1	23.8	0	-0.7	0	18.3	0	-5.3	0	6.7	0	-2.5	39 Electrical equipment	212	46.8	1	26.1	8	17.2	0	16.9	9	2.3	0	20.9
10 Animal products nec	0	6.2	0	-0.1	0	32.8	0	-1.2	0	0.7	0	1.0	40 Machinery and equipment nec	801	38.9	1	14.7	17	8.2	1	10.2	28	2.3	1	11.9
11 Wool, silk-worm cocoons	1	116.9	0	149.6	1	383.5	0	-13.4	2	111.6	3	29.5	41 Motor vehicles and parts	974	122.1	2	32.1	18	32.9	0	38.8	6	1.2	1	22.4
12 Forestry	2	11.0	0	1.5	0	1.7	0	-2.5	0	3.6	0	-1.2	42 Transport equipment nec	139	6.3	2	16.6	13	58.5	0	11.6	1	1.4	1	17.2
13 Fishing	0	9.9	0	1.5	0	25.2	0	7.7	0	2.3	2	3.1	43 Manufactures nec	166	49.9	1	5.3	8	36.2	11	13.1	21	18.3	2	15.9
14 Coal	0	1.1	2	0.1	0	-0.1	0	-0.4	0	0.1	0	0.0	44 Electricity	0	-0.9	1	2.0	0	-0.9	0	-0.4	0	0.3	0	-0.5
15 Oil	0	0.0	0	0.1	0	21.2	0	0.0	0	0.2	0	-0.3	45 Gas manufacture, distribution	0	-0.9	3	1.1	0	0.6	0	-0.8	0	0.3	-6	-0.4
16 Minerals nec	5	8.2	0	0.5	0	1.3	0	-1.0	1	3.0	2	0.1	46 Water	0	-1.1	0	2.2	0	2.0	0	-3.5	0	0.7	0	-1.3
17 Bovine meat products	0	-0.1	0	0.0	0	3.7	0	-7.0	0	1.2	0	-3.6	47 Construction	0	-0.8	0	1.6	0	1.6	0	-1.9	1	0.5	0	-0.9
18 Meat products nec	29	120.4	0	510.0	0	12.8	1	186.6	1	20.6	2	211.7	48 Wholesale & retail trade	-4	-0.7	4	1.8	0	1.6	-2	-2.3	1	0.5	0	-0.7
19 Vegetable oils and fats	59	112.8	4	27.2	7	70.4	10	15.8	2	24.5	39	41.2	49 Accommodation, Food and serv.	0	-0.2	0	1.1	0	1.9	-2	-3.5	0	0.5	0	-1.1
20 Dairy products	0	-0.8	0	276.9	0	1.5	2	262.5	0	1.3	2	1281.0	50 Transport nec	-1	-0.4	5	1.1	0	0.9	-3	-1.1	1	0.3	-2	-0.5
21 Processed rice	0	1.7	0	32.4	0	-4.1	0	136.5	0	1.1	0	40.3	51 Water transport	0	0.0	1	0.7	0	0.4	0	-0.5	0	0.3	-1	-0.6
22 Sugar	0	2.3	1	42.1	0	5.0	-1	-81.8	0	1.1	3	581.2	52 Air transport	-1	-0.3	7	0.8	0	0.5	0	-0.6	0	0.2	-2	-0.5
23 Other food products	37	33.6	50	86.6	46	41.4	384	67.7	6	6.5	234	48.5	53 Warehousing and support act.	1	0.1	3	1.7	0	0.7	-4	-2.2	0	0.3	-1	-0.7
24 Beverages and tobacco products	17	19.9	3	11.6	5	21.7	0	1.1	5	11.9	1	6.9	54 Communication	-3	-0.8	7	1.7	0	1.3	-6	-2.2	2	0.4	-1	-0.8
25 Textiles	36	53.3	7	104.4	4	34.7	1	59.6	15	48.8	5	42.6	55 Financial services nec	-2	-0.7	1	1.6	0	1.4	-1	-2.5	0	0.5	0	-0.9
26 Wearing apparel	80	153.0	15	130.4	1	94.6	11	30.6	14	122.5	75	124.5	56 Insurance	-2	-0.6	0	1.6	1	1.2	0	-2.3	1	0.4	-1	-1.0
27 Leather products	28	146.2	4	22.3	3	744.1	3	11.6	5	88.3	3	25.9	57 Real estate activities	0	-0.7	3	1.8	0	1.1	-1	-2.3	0	0.2	0	-0.8
28 Wood products	9	12.3	0	8.2	2	29.0	0	-0.5	3	10.6	0	-0.9	58 Business services nec	-8	-0.7	5	1.7	0	1.2	-1	-2.3	3	0.4	-2	-0.8
29 Paper products, publishing	79	32.8	0	6.4	9	18.0	0	-2.4	38	18.2	0	-0.5	59 Public Services	-3	-0.5	2	1.7	1	1.5	-9	-2.6	1	0.4	-2	-0.9
30 Petroleum, coal products	2	20.9	1	0.3	1	4.9	0	3.4	0	0.1	2	21.0	Total	3863	26.3	268	3.9	202	12.6	542	18.7	274	4.1	697	6.8

### Key takeaways

- Benefits for sectors with comparative advantage:
  - EU exports: manufactures (31-43) – but export increases across almost all good sectors (note however dairy!)
  - Partner exports: vegetables & fruits (4), other food products (23), apparel (26), chemicals (31)
  - Services sector effects (44-59): only general equilibrium effects (only tariff liberalization in model!)

# Economic impacts

## Government revenue impact of Agreement

Impact of the Agreement on the Parties' government revenues, 2020

	EU	Colombia	Peru	Ecuador
<b>(1) Tariff revenue effects</b>				
<b>Change in tariff revenues (USD million)</b>	<b>-424</b>	<b>-771</b>	<b>-44</b>	<b>-28</b>
Tariff revenues change from imports from partner(s)	-424	-525	-43	-28
Tariff revenues change from imports from third countries	0	-246	0	-1
Total taxes on international trade, 2019 (USD million)	26,707	1,325	423	..
<b>Change in tariff revenues (% of trade taxes, 2019)</b>	<b>-1.6</b>	<b>-58.2</b>	<b>-10.3</b>	<b>..</b>
Total revenue, 2019 (USD million)	..	62,658	38,386	35,914.00
<b>Change in tariff revenues (% of total revenues, 2019)</b>	<b>..</b>	<b>-1.2</b>	<b>-0.1</b>	<b>-0.1</b>
<b>(2) Other revenue effects</b>				
Change in GDP resulting from Agreement (%)	0.007	0.012	0.029	0.161
Proportional change in government revenue	..	8	11	58
<b>Total revenue effects</b>				
<b>USD million</b>	<b>..</b>	<b>-763</b>	<b>-33</b>	<b>29</b>
<b>% of total government revenue</b>	<b>..</b>	<b>-1.2</b>	<b>-0.1</b>	<b>0.1</b>

### Key takeaways

- Comparatively large impact on Colombia's government revenues: loss > USD 700 M (1.2% of total government revenue)
  - Result of (a) high level of import diversion from 3<sup>rd</sup> countries to EU; (b) low increase in GDP and hence domestic tax collection)
- Negligible impact in all other Parties

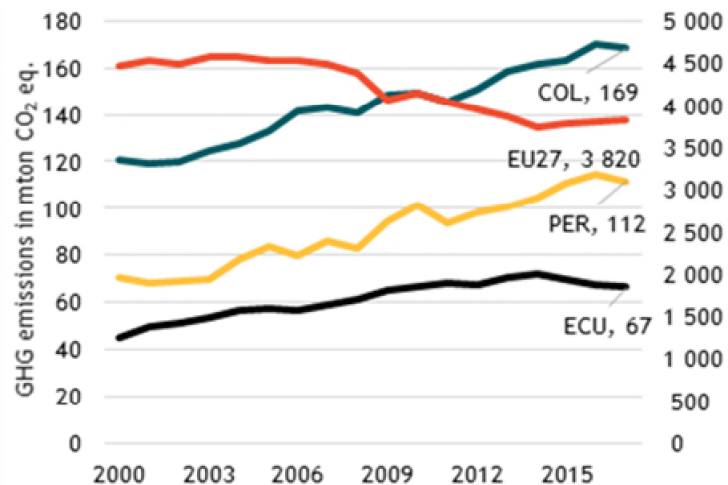
# Environmental impacts

## Results – quantitative analysis on GHG emissions

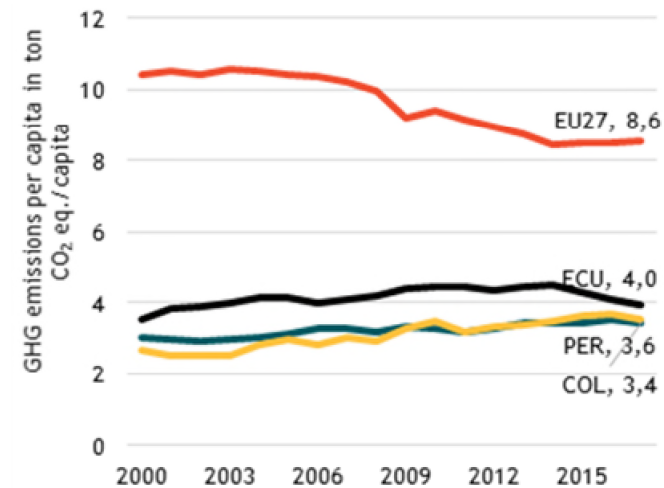
### Baseline GHG emissions:

- GHG emissions in the EU were significantly higher than emissions in the Andean countries, but emissions have been decreasing in the EU, in contrast to emissions in Andean countries.
- This is also the case for emissions per capita.

Gross GHG emissions (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O) in Mton CO<sub>2</sub> eq., excluding LULUCF emissions (EU on secondary axis)



Gross GHG emissions per capita in ton CO<sub>2</sub> eq., excluding LULUCF emissions (right panel)



# Environmental impacts

## Results – quantitative analysis on GHG emissions

### Baseline GHG emissions:

- CO<sub>2</sub> emissions represent the largest share of emissions in all countries, but CO<sub>2</sub> emissions accounted for a much larger share in the EU (83%) than in Andean countries (47-57%). In contrast, CH<sub>4</sub> emissions are higher (30%).
- Compared to the EU, in the Andean countries (including Peru) emissions related to energy use and industrial processes are relatively small, as these sectors are small compared to the agricultural sector.

