



# EUROPEAN FREE TRADE ASSOCIATION

## **EFTA-ECUADOR 1<sup>st</sup> JOINT COMMITTEE MEETING**

*Videoconference, 14 December 2021*

### **REPORT**

#### **Context**

The EFTA States and Ecuador held their first Joint Committee meeting one year after the entry into force of their Comprehensive Economic Partnership Agreement (CEPA). The Joint Committee was preceded by the first meeting of the Sub-Committee on Trade in Goods on 13 December 2021.

Ms Karin Büchel, Minister and head of the Free Trade Agreements/EFTA division at the Swiss State Secretariat for Economic Affairs, acted as the EFTA spokesperson, while Deputy Minister of Foreign Trade, Mr Daniel Legarda, headed the Ecuadorian delegation.

#### **General assessment**

The delegations confirmed the smooth functioning of CEPA and did not identify substantial implementation issues. They explored avenues for further enhancing the understanding of CEPA's operation and economic effects in practice, notably based on analyses of preference utilisation rates starting in 2022. The delegations also held first discussions on issue areas where new developments have occurred since the entry into force of CEPA, including disciplines on domestic regulation in services and on government procurement. In addition, Ecuador and EFTA exchanged thoroughly on the implementation of the trade and sustainable development chapter of the Agreement, with both sides underscoring their commitment to the implementation of the chapter and setting out key national and international labour and environmental policy measures.

#### **Individual agenda items**

The Joint Committee adopted Decision 1 of 2021 establishing its rules of procedure and Decision 2 of 2021 amending Annex I to the Agreement (Rules of Origin and Mutual Administrative Assistance in Customs Matter). The amendment mainly removes the value threshold for Ecuadorian exporters to issue origin declarations. Decision 2 of 2021 will now undergo the Parties' domestic approval procedures.

## EFTA

Ecuador and EFTA engaged in an exchange of information on developments in their respective domestic economies and foreign trade relations. Both sides referred to the disruptions induced by Covid-19 and underscored the importance of keeping borders open for international trade and investment. The Parties also informed each other on their respective agendas for free trade negotiations.

On trade in goods, the Joint Committee received an oral report on the Sub-Committee on Trade in Goods of 13 December 2021, which had been equally constructive. In the Sub-Committee, the EFTA States had presented their systems for approved exporters to Ecuador. EFTA had additionally referred to its proposal for an updated annex on trade facilitation. In both committees, the delegations furthermore agreed on the usefulness and importance of assessing preference utilisation rates under CEPA and to continue exchanging data on a yearly basis. Experts on both sides will resume contact in 2022 when first results of their respective analyses for CEPA are expected.

On services, given a reference in the Agreement to prospective new, multilaterally developed disciplines on services domestic regulation, the delegations had a preliminary discussion on the recently concluded negotiations under the corresponding Joint Statement Initiative at the WTO. Regarding government procurement, Switzerland informed the Ecuadorian delegation about the entry into force of the revised Government Procurement Agreement at the beginning of 2021 and its intention to update commitments under CEPA accordingly.

The exchange on the implementation of the trade and sustainable development chapter of CEPA covered a wide range of items. The EFTA States and Ecuador highlighted their latest labour market developments as well as their key measures and policy frameworks to foster dialogue between the social partners, fight against forced and child labour, and promote inclusiveness and gender equality on the labour market. The parties discussed cooperation on fisheries crime and forest management, set out their respective strategies to reduce carbon emissions, and placed emphasis on the importance of trade in environmental goods and services, the circular economy, and biodiversity strategies. EFTA submitted questions on issues pertaining amongst others to freedom of association, tripartite consultation processes, and regulations for carbon-intensive industries in Ecuador. In its answers, Ecuador touched, inter alia, on its plans to reform its system for the recognition of trade unions and its cooperation with different international organisations such as the International Labour Organization and the Bretton Woods institutions. Ecuador touched also upon the main features of its national ecological transition plan, launched by the President in September 2021. The Joint Committee will continue to monitor the implementation of the trade and sustainable development chapter.