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PROPOSAL

From:	Secretary-General of the European Commission, signed by Ms Martine DEPREZ, Director
date of receipt:	29 June 2026
To:	Ms Thérèse BLANCHET, Secretary-General of the Council of the European Union
No. Cion doc.:	COM(2026) 340 final
Subject:	Proposal for a COUNCIL DECISION on the conclusion of the Comprehensive Economic Partnership Agreement between the European Union and Indonesia

Delegations will find attached document COM(2026) 340 final.

Encl.: COM(2026) 340 final



EUROPEAN
COMMISSION

Brussels, 29.6.2026
COM(2026) 340 final

2026/0182 (NLE)

Proposal for a

COUNCIL DECISION

**on the conclusion of the Comprehensive Economic Partnership Agreement between the
European Union and Indonesia**

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

• Reasons for and objectives of the proposal

Indonesia is the EU's 30th largest trading partner for goods globally and the EU's fifth trading partner in the ASEAN in 2025, while the EU is Indonesia's fourth largest trading partner, accounting for 6% of its total trade. Bilateral trade between the two partners amounted to EUR 28.9 billion in 2025, with EU exports worth EUR 10.2 billion and EU imports worth EUR 18.7 billion. Indonesia exports to the EU include mainly agricultural products, base metals, chemicals, machinery and appliances, fats and oils as well as footwear. The EU's exports to Indonesia are largely dominated by industrial products, including machinery and appliances, transport equipment and chemical products. Bilateral trade in services between the EU and Indonesia amounted to EUR 9.3 billion in 2024, with EU exports amounting to EUR 5.8 billion and imports amounting to EUR 3.5 billion. In 2024, the EU's foreign direct investment stock in Indonesia amounted to EUR 24.7 billion, while Indonesia's FDI stock in the EU was EUR 1.3 billion.

Indonesia, a WTO member since 1995, currently enjoys trade preferences with the EU under the Generalised Scheme of Preferences ("GSP"), of which it is the second largest beneficiary. In 2024, 44% of its exports to the EU were eligible for reduced tariffs under the GSP. Indonesia will however graduate out of the GSP on 1 January 2027, due to its upper-middle income status over the last 3 years.

On 23 April 2007, the Council authorised the Commission to enter into negotiations for a Free Trade Agreement with ASEAN countries. The objective at the time was to negotiate a region-to-region free trade agreement. The authorisation however provided for the possibility of bilateral negotiations in the event that it was not possible to reach agreement to negotiate jointly, and where such bilateral negotiations were politically acceptable and economically meaningful.

On 8 May 2009, the Commission reported to the Article 133 Committee – as it was known at the time- on the difficulties encountered in the EU-ASEAN negotiations, which both sides had agreed to pause. The Article 133 Committee asked the Commission to explore the prospects of individual bilateral negotiations with a number of ASEAN countries and in December 2009 the Council endorsed this approach.

Indonesian President Susilo Bambang Yudhoyono and European Commission President José Manuel Barroso decided in late 2009 to examine how commercial relations between the EU and Indonesia could be deepened. They tasked a Vision Group with representatives from Indonesia and the EU to produce recommendations on how to take relations to the next level. The Vision Group recommended on 4 May 2011 "the conclusion of a Comprehensive Economic Partnership Agreement (CEPA) between the EU and Indonesia, based on a free trade area and building on enhanced market access, capacity building and facilitation of trade and investment". Important consideration was given to Indonesia's large potential in terms of size, current and expected growth rates, the shift of its economy towards manufacturing exports, emerging services, increasing openness and macro-economic stability. The complementarity between the EU's and Indonesia's economies, with the EU exporting very different products to Indonesia than Indonesia to Europe, also played a significant role.

The EU and Indonesia carried out a joint scoping exercise to determine the scope and the level of ambition of a future trade agreement. This exercise was concluded in April 2016, demonstrating that negotiations could lead to a trade agreement in both sides' interest.

On 13 July 2016, the Council authorised the Commission to start bilateral FTA negotiations with Indonesia. The negotiations for a Comprehensive Economic Partnership Agreement ("CEPA" or the "Agreement") between the EU and Indonesia were officially launched on 19 July 2016. The first negotiating round took place in Brussels from 20-21 September 2016. The negotiations were supported by a Trade Sustainability Impact Assessment. Following a nine-year negotiation process and 19 rounds of negotiations, the EU and Indonesia concluded the negotiations for the CEPA on 23 September 2025.

From the broader geopolitical and geo-economic context, the conclusion of these negotiations with the main ASEAN economy sends a strong signal of the joint commitment of the EU and Indonesia to a rules-based trading system, and of the EU's resolve to accelerate its trade openness and diversification agenda.

The deal will eliminate tariffs on over 98% of tariff lines, and close to 100% in terms of value. 80% will be liberalised already at entry into force, and after a 5-year phase out liberalisation will reach 96% of bilateral trade. The CEPA also aims to remove technical barriers to trade in goods between the EU and Indonesia. It creates a more transparent, predictable, and cost-effective environment, enhanced market access and reduced costs. The agreement will expand opportunities for EU and Indonesia services suppliers and investors, and ensure a more predictable trade environment. While the CEPA promotes trade and investment flows between the EU and Indonesia, it explicitly safeguards each party's right to regulate in pursuit of legitimate policy objectives. It also provides direct protection for 221 EU and 72 Indonesian geographical indications and contains robust commitments on trade and sustainable development.

The legally reviewed texts of the CEPA have been made public and can be found at the following link:

[Text of the agreements - Trade and Economic Security - European Commission](#)

The Commission is putting forward the following proposals for Council decisions:

- Proposal for a Council Decision on the signing of the Comprehensive Economic Partnership Agreement between the European Union and Indonesia;
- Proposal for a Council Decision on the conclusion of the Comprehensive Economic Partnership Agreement between the European Union and Indonesia;
- Proposal for a Council Decision on the signing of the Investment Protection Agreement between the European Union and Indonesia;
- Proposal for a Council Decision on the conclusion of the Investment Protection Agreement between the European Union and Indonesia.

The attached proposal for a Council Decision constitutes the legal instrument for the conclusion of the CEPA between the European Union and Indonesia.

- **Consistency with existing policy provisions in the policy area**

Prior to concluding the negotiations for an FTA, the EU and Indonesia had negotiated Partnership Cooperation Agreement (“PCA”), which was signed in Jakarta on 9 November 2009 and entered into force on 1 May 2014. The Agreement provides the basis for cooperating across a wide spectrum of policy fields, including human rights and trade, and for holding regular political dialogue and sectoral cooperation.

Once the CEPA enters into force, it will coexist with the PCA as a specific agreement and an integral part of the overall bilateral relations between the EU and Indonesia. The two agreements have no conflicting provisions.

- **Consistency with other Union policies**

The CEPA is fully consistent with Union policies and will not require the EU to amend its rules, regulations or standards in any regulated area. Furthermore, like all other trade agreements the Commission has negotiated, the CEPA fully safeguards public services and ensures that governments’ right to regulate in the public interest is fully preserved and constitutes a basic underlying principle to them.

Furthermore, the provisions of the CEPA fully reflect the outcome of the EU’s recent sustainable trade policy review communication (“The power of trade partnerships: together for green and just economic growth’ of 22 June 2022).

2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY

- **Substantive legal basis**

Article 207 of the Treaty on the Functioning of the European Union (TFEU) provides for the negotiation and conclusion of trade agreements as part of the Union’s common commercial policy. Articles 91 and 100(2) provide for the basis for agreeing international transport provisions.

Given that the main objectives and components of CEPA are the common commercial policy and the provision of transport, the substantive legal bases are Articles 207, 91 and 100(2) TFEU.

- **Procedural legal basis**

Given that Articles 91(1), 100(2) and 207 TFEU are the substantive legal bases, the Council is to adopt the decision concluding the agreement after obtaining the consent of the European Parliament, in accordance with Article 218(6), second subparagraph, point (a) TFEU.

Therefore, the procedural legal basis for the proposed decision on concluding the agreement is Article 218(6), second subparagraph, point (a) TFEU.

Article 218(7) TFEU should also be added as a legal basis as it is appropriate for the Council to authorise the Commission to approve the position of the Union to rectify and/or modify certain parts of the agreement.

- **Union competence**

In accordance with Opinion 2/15 on the EU-Singapore FTA of the Court of Justice of 16 May 2017, all the areas covered by the CEPA would fall within the exclusive competence of the EU and, more particularly, within the scope of Articles 91, 100(2) and 207 TFEU. The Court

drew the EU exclusive competence from the scope of the Common Commercial Policy under Article 207(1) TFEU and from Article 3(2) TFEU (based on the affectation of existing common rules contained in secondary legislation).

- **Subsidiarity**

The FTA as presented to the Council does not cover any matters that fall outside the EU's exclusive competence.

- **Proportionality**

Trade agreements are the appropriate means to govern market access and the related areas of comprehensive economic relations with a third country outside the EU. No alternative exists to render such commitments and liberalisation efforts legally binding.

This initiative pursues directly the Union's objective in external action and contributes to the political priority of 'EU as a stronger global actor'. It is in line with the EU Global Strategy's orientations to engage with others and revamp its external partnerships in a responsible way, in order to attain the EU's external priorities. It contributes to the EU's trade and development objectives.

- **Choice of the instrument**

This proposal for a Council decision is submitted in accordance with Article 218(6) TFEU, which envisages the adoption by the Council of a decision concluding the agreement. There exists no other legal instrument that could be used in order to achieve the objective pursued by this proposal.

3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS

- **Stakeholder consultations**

Prior to and during the negotiations, the EU Member States were regularly informed and consulted orally and in writing on the different aspects of the negotiation via the Council's Trade Policy Committee. The European Parliament was also regularly informed and consulted via its Committee on International Trade ("INTA"). The texts progressively resulting from the negotiations were circulated throughout the process to both institutions.

In parallel to the negotiations, the Commission commissioned a Sustainable Impact Assessment ("SIA") of the CEPA between the EU and Indonesia.

The SIA, which was completed in September 2019, examined how the trade and trade-related provisions of the CEPA under negotiation could affect economic, social, human rights and environmental issues in the EU and in Indonesia. It built on the analysis presented in the SIA carried out in 2008 in support of the region-to-region negotiations for a EU-ASEAN trade agreement, providing more up-to-date information and a clear focus on the specific features and potential impacts of bilateral negotiations with Indonesia only. It notably examined more in-depth the potential impacts of CEPA in a number of sectors of specific relevance for EU-Indonesia trade relations, including vegetable oils and oilseeds, clothing and apparel, and financial services.

Overall, the report concluded that an EU-Indonesia agreement was expected to have positive impacts for both Parties and their societies, across all the key economic indicators (GDP,

welfare, global and bilateral trade), with their comparative magnitude being larger in Indonesia than in the EU due to the differences in the relative size of the two economies. The economic modelling projected a increase in EU welfare of EUR 2 to 2.4 billion and an increase in EU GDP of EUR 2.5 to 3.1 billion. It showed that the higher the degree of trade liberalisation achieved in the agreement, the larger the economic gains expected for both sides, thereby making the case for pursuing the maximum degree of liberalisation possible in the negotiations. The removal of non-tariff barriers (NTBs) to trade appeared to be a key factor in determining the size of the expected economic gains, and the report stressed the importance of paying specific attention to areas such as Sanitary and Phyto-Sanitary (SPS) measures and Technical Barriers to Trade (TBT).

The Commission issued a position paper on the SIA carried out in support of CEPA negotiations, on 26 June 2020. It concluded that the SIA corroborated the case for negotiating an ambitious trade and investment agreement and provided insights on specific sectors or actors that could experience negative impacts, and to which special attention should be paid.

In the context of the SIA and throughout the negotiations, the Commission provided the possibility for civil society organisations to have their voice heard, ask questions, and contribute to a sound, evidence-based and transparent societal debate, including through dedicated civil society dialogues, a workshop with local stakeholders in Indonesia, bilateral meetings, interviews and web-based surveys.

Furthermore, during the negotiations and in line with its transparency policy, the Commission has published on its website and regularly updated reports of the negotiating rounds, the text proposals, press releases, facts sheets and background information materials.

- **Collection and use of expertise**

The SIA of the CEPA was carried out by a consortium of independent consultancy companies led by Development Solutions and commissioned by the Commission's Directorate-General for Trade.

- **Impact assessment**

The negotiations for bilateral Free Trade Agreements between the EU and Southeast Asian countries were covered by the August 2009 Impact assessment carried out at the time of the Commission proposal for a negotiating mandate for and EU-ASEAN Free Trade agreement.

- **Regulatory fitness and simplification**

The CEPA is not subject to REFIT procedures. It nevertheless contains a number of provisions that will simplify trade and related procedures, reduce export related costs and will therefore enable more SMEs to do business in both markets. A dedicated chapter for SMEs addresses in particular enhanced information exchange and cooperation with Indonesia on SME-related issues. Tariff elimination including on electronic communications, simplified and digitised customs procedures and more compatible technical requirements will lower export related costs and allow SMEs with lower trade volumes to compete with larger companies. This also enhances SMEs' ability to participate in supply chains, digital trade and public procurement and to provide services on the Indonesian market. The CEPA also promotes transparency and the use of international standards to facilitate market access and lower costs of compliance.

- **Fundamental rights**

The proposal does not affect the protection of fundamental rights in the Union.

4. BUDGETARY IMPLICATIONS

The CEPA will have a financial impact on the EU's budget on the side of the revenues. It is estimated that foregone duties could reach an amount of between EUR 630 million and EUR 700 million a year upon full implementation of the CEPA. The estimate is based on average imports projected for 2041 in the absence of an FTA.

5. OTHER ELEMENTS

- **Implementation plans and monitoring, evaluation and reporting arrangements**

The CEPA includes institutional provisions that lay down the structure for the implementing bodies to continuously monitor CEPA implementation, operation and impact of the CEPA.

The institutional chapter of the CEPA establishes a Trade Committee that has as its main task to supervise and facilitate the implementation and application of the CEPA. The Trade Committee will be in charge of supervising the work of all specialised committees and working groups established under the CEPA.

The Trade Committee will exchange views on topics linked to the implementation of the agreement with civil society representatives participating in a Civil Society Dialogue.

The CEPA also establishes Domestic Advisory Groups comprising of a balanced representation of independent civil society organisations including non-governmental organisations, business and employers' organisations as well as trade unions active on economic, social and environmental matters. The Domestic Advisory Groups may submit views and recommendations concerning the functioning and implementation of the FTA and shall meet at least once a year.

As emphasised in the "Trade for All" Communication, the Commission is dedicating increasing resources to the effective implementation and enforcement of trade and investment agreements. In November 2025, the Commission published its fifth annual Implementation and Enforcement Report. The main purpose of the report is to convey an objective picture on the implementation of EU FTAs, highlighting the progress made and the shortcomings that need to be addressed. The objective is for the report to serve as the basis for open debate and engagement with Member States, the European Parliament and the civil society at large on the functioning of the FTAs and their implementation. As an annual exercise, the publication of the report will allow regular monitoring of developments, registering also how identified priority issues have been addressed. The report will cover the EU-Indonesia CEPA as of its entry into force

- **Explanatory documents (for directives)**

Not applicable.

- **Detailed explanation of the specific provisions of the proposal**

As a result of Chapter 2 of the CEPA, the EU and Indonesia will eliminate tariffs on over 98% of tariff lines, and close to 100% in terms of value. 80% will be liberalised already at entry into force. After a 5-year phase-out, liberalisation will reach 96% of bilateral trade. For

example, Indonesia will remove high duties on industrial products, such as motor vehicles (current tariffs up to 50%), machinery and electrical equipment, pharmaceuticals and chemicals, agri-food products. The agreement will also eliminate or substantially reduce EU duties on most Indonesian goods exported to the EU.

Chapter 3 of the CEPA contains rules of origin that ensure that only products that have been significantly processed in the EU or Indonesia can benefit from the tariff preferences of the agreement.

Chapter 4 of the CEPA will help companies trading goods between the EU and Indonesia get their products easier and faster through customs. It will help to ensure effective customs control, so that imported goods meet all the rules of the importing country including requirements related to safety, security and respect of intellectual property rights. The agreement notably includes provisions on customs procedures to be complied with at the border, commitments to provide easy access to information on applied tariffs, and common principles for customs legislation.

Chapter 5 of the CEPA also includes a bilateral safeguard mechanism, which allows the EU and Indonesia to impose temporary measures in case a significant increase of preferential imports causes, or threatens to cause, serious injury to their domestic industry.

Chapter 6 of the CEPA on Sanitary and Phytosanitary (SPS) matters, covers food safety and animal and plant health. It preserves the way the EU adopts and enforces its food safety rules, be it for domestically produced or imported products. The agreement reaffirms the principles of the WTO SPS Agreement. The EU and Indonesia will reinforce joint work on SPS matters to ensure rapid intervention in emergencies related to imports and exports of agriculture and fishery products.

Chapter 7 of the CEPA aims to remove technical barriers to trade in goods between the EU and Indonesia. For key sectors like electronics, machinery, and energy-efficient products, certificates and test reports from EU-based, accredited bodies are recognised, which eliminates the need for expensive and time-consuming re-testing and re-certification in Indonesia. The CEPA also contains streamlined labelling procedures. The CEPA provides for better regulatory transparency and predictability improving the possibilities for stakeholders and authorities to provide feedback on draft technical regulations of the other party and leaving sufficient time to adapt before their entry into force. It also mandates that both parties adopt and apply relevant internationally recognised standards as the basis for their technical regulations. A dedicated automotive annex to the CEPA ensures that EU vehicles with UN type-approval certificates identified in the agreement do not face additional testing or marking requirements in Indonesia, reducing costs and time-to-market.

Chapter 8 of the CEPA will also expand opportunities for EU and Indonesian services suppliers and investors, and ensure a more predictable trade environment. It will in particular guarantee that EU service providers and investors in sectors identified in the CEPA will not be discriminated vis-a-vis their Indonesian counterparts. It will make it easier for EU operators to acquire the licenses or qualifications necessary to supply their services, through clear, fair, and timely processes. It will ensure that EU service suppliers in certain sectors will not be required to have local presence (such as a branch), a certain number of operators or a certain value of transactions in Indonesia.

While the CEPA promotes trade and investment flows between the EU and Indonesia, it explicitly safeguards each party's right to regulate in pursuit of legitimate policy objectives.

Chapter 9 of the CEPA ensures that the capital needed to carry out the transactions liberalised under the agreement – for example, setting up a foreign-owned business – is in practice allowed to move from the EU to Indonesia and vice versa. At the same time, both sides can still apply their own laws and rules where necessary, for example in cases of bankruptcy or when dealing with securities.

Chapter 10 of the CEPA creates a predictable, secure, and fair digital trade environment. It notably ensures free cross-border data flows by prohibiting unjustified localisation requirements and prohibits customs duties on electronic transmissions. It provides for binding rules that build consumer trust and ensure legal certainty for business and support innovation.

Chapter 11 of the CEPA sets out rules ensuring that procedures to award public contracts are transparent, fair and non-discriminatory for EU businesses.

The EU and Indonesia have agreed on the effective protection and enforcement of intellectual property rights in Chapter 12. The CEPA notably provides direct protection for 221 EU and 72 Indonesian Geographical Indications (“GIs”), covering agri-food products such as EU meats and cheeses and Indonesian spices and coffees. This high level of GI protection strengthens the export potential in high-value agri-food sectors, ensuring exclusive designation and helping producers market premium products.

Chapter 13 of the CEPA ensures that effective competition laws are maintained in both jurisdictions, which are implemented by operationally independent authorities, that are to act in a transparent and non-discriminatory manner, respecting the rights of defence. The agreement also foresees cooperation between the authorities. It contains rules on subsidies, antitrust and state-owned enterprises.

Chapter 14 of the CEPA also represents a major step in opening trade and investment and securing supply chains between the EU and Indonesia in energy and raw materials.

Chapter 15 provides a comprehensive framework on trade and sustainable growth and development, with legally binding commitments enforceable through the CEPA's dispute settlement mechanism. The CEPA also provides for a platform for dialogue and cooperation on trade-related environmental and climate issues, including in the palm oil sector. It includes dedicated provisions on the protection and management of natural resources, setting commitments with respect to forest conservation, biodiversity, combatting illegal wildlife trade, and combatting Illegal, Unreported, and Unregulated (IUU) fishing.

Chapter 16 of the CEPA creates a framework for the EU and Indonesia to cooperate on strengthening policies and defining programmes that contribute to the development of sustainable, inclusive, healthy and resilient food systems.

The Agreement in its chapter 17 sets out basic principles and operational guidelines for economic cooperation and capacity building in areas covered under its scope.

It also has a chapter 18 dedicated to SMEs and a number of other provisions which benefit such undertakings, e.g setting-up of a single publicly-accessible digital platform providing information on how to access and do business on each other's markets, creation of SME contact points, digitization of commercial operations, etc.

Chapter 19 of the CEPA promotes transparent, coordinated, and evidence-based regulations that respect domestic laws, support public policy goals, and consider the interests of businesses and stakeholders. Parties must notably publish an annual list of major planned regulations, explaining their purpose and timelines.

Chapter 20 of the CEPA enhances predictability, accountability, and fairness in trade-related regulation. By guaranteeing timely publication, open access to information, fair administrative processes, and independent avenues of appeal, it strengthens trust in regulatory systems and lowers uncertainty for businesses operating across borders.

- **Text of the Agreement and notifications**

The text of the Agreement is submitted to the Council together with this proposal.

In accordance with the Treaties, it is for the Commission to proceed to the notification provided for in Article 25.2 of the Agreement, in order to express the consent of the Union to be bound by the Agreement.

Proposal for a

COUNCIL DECISION

on the conclusion of the Comprehensive Economic Partnership Agreement between the European Union and Indonesia

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Articles 91(1), 100(2) and 207 in conjunction with Article 218(6), second subparagraph, point (a) and Article 218(7) thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament¹,

Whereas:

- (1) In accordance with Council Decision No [XX] of XX/XX/XXXX², the Comprehensive Economic Partnership Agreement between the Union and Indonesia (the “Agreement”) was signed on [XX XX 2026], subject to its conclusion at a later date.
- (2) The Agreement should ensure the furtherance of the Union’s common commercial policy by putting in place a comprehensive economic partnership with Indonesia.
- (3) The Agreement should be approved.
- (4) In accordance with Article 218(7) of the Treaty, it is appropriate to authorise the Commission to approve, on the Union’s behalf, modifications to the Agreement that are to be adopted by means of a simplified procedure pursuant to Articles 11.20, 12.37 or points (x) or (xi) of Article 24.2(2), following consultation of the Trade Policy Committee.
- (5) The Agreement, in accordance with Article 25.7(1) thereof, does not, within the Union, confer rights or impose obligations on persons, other than those created between the Parties under public international law,

HAS ADOPTED THIS DECISION:

Article 1

The Comprehensive Economic Partnership Agreement between the European Union and Indonesia (the “Agreement”) is hereby approved.

Article 2

For the purposes of Article 11.20 and point (x) of Article 24.2(2) of the Agreement, any modification or rectification of Annexes 11-A and 11-B of the Agreement shall be approved

¹ OJ C, , p. .

² [Reference to be inserted].

by the Commission, on behalf of the Union, following consultation of the Trade Policy Committee.

Article 3

For the purposes of Article 12.37 and point (xi) of Article 24.2(2) of the Agreement, any amendment to Annexes 12-A and 12-C of the Agreement shall be approved by the Commission on behalf of the Union, following consultation of the Trade Policy Committee.

Article 4

This Decision shall enter into force on the day of its adoption³.

Done at Brussels,

*For the Council
The President*

³ The date of entry into force of the Agreement will be published in the *Official Journal of the European Union*.

**LEGISLATIVE FINANCIAL STATEMENT 'REVENUE' - FOR PROPOSALS
HAVING BUDGETARY IMPACT ON THE REVENUE SIDE OF THE BUDGET**

1. NAME OF THE PROPOSAL:

Proposal for a COUNCIL DECISION on the conclusion of the Comprehensive Economic Partnership Agreement between the European Union and Indonesia

2. BUDGET LINES:

Revenue line (Chapter/Article/Item): Chapter 12, Article 120

Amount budgeted for the year concerned: (2026) **EUR 21 368 300 000**. Budget available here: [Draft budget 2026 - GENERAL STATEMENT OF REVENUE](#)

(only in case of assigned revenues):

The revenues will be assigned to the following expenditure line (Chapter/Article/Item):

3. FINANCIAL IMPACT

- ☐ Proposal has no financial implications
- ☒ Proposal has no financial impact on expenditure but has a financial impact on revenue
- ☐ Proposal has a financial impact on assigned revenue

The effect is as follows:

(EUR million to one decimal place)

Revenue line	Impact on revenue ⁴⁵	12 months	Year 2027
Chapter 12/Article 120	EUR 630 mn	Entry into force expected in the first half of 2027	0

Situation following action					
Revenue line	[N+10]	[N+11]	[N+12]	[N+13]	[N+14]
Chapter/Article/Item ...	EUR 700 mn	EUR 700 mn	EUR 700 mn	EUR 700 mn	EUR 700 mn

(Only in case of assigned revenues, under the condition that the budget line is already known):

Expenditure line ⁶	Year N	Year N+1
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⁴ The amounts per year need to be an estimation based on the formula or method defined under section 5. For the starting year, the yearly amount is normally paid without a reduction or prorata.

⁵ The indicated amounts are customs duties (gross amounts). As regards the corresponding traditional own resources due to the EU budget, the collection costs need to be deducted (25 % retained by Member States until 2027 included, and of 10% afterwards, as proposed in COM(2025)574).

Chapter/Article/Item ...		
Chapter/Article/Item ...		

Expenditure line	[N+2]	[N+3]	[N+4]	[N+5]
Chapter/Article/Item ...				
Chapter/Article/Item ...				

4. ANTI-FRAUD MEASURES

5. OTHER REMARKS

The proposal does not incur additional costs (expenditure) in the EU budget.

The CEPA will have a financial impact on the EU's budget on the side of the revenues. It is estimated that foregone duties could reach an amount of between EUR 630 million and EUR 700 million a year upon full implementation of the CEPA. The estimate is based on average imports projected for 2042 in the absence of an FTA.

Indirect positive impacts are expected in terms of increases in resources linked to value added tax and gross national income.

⁶ To be used only if necessary.