



Directorate-General for External Policies of the Union
Policy Department for External Relations

07 October 2011

EU-Central America Association Agreement

Speaking Points and Background

(on procedures regarding signing, ratification and provisional application)

Speaking points

- The Parliament has followed the negotiation process, which was finalised in May 2010, with great interest. We are very contented to state, that the Association Agreement between the EU and Central America will in fact be the first region-to-region agreement which the EU has ever concluded. At EU level, the preparation for the signing of the Agreement commenced at mid October 2011. We hope that all goes to plan, so that the Agreement could be signed in March 2012.
- According to the new co-decision procedures to implement EU Common Commercial Policy following the entry into force of the Lisbon Treaty, the European Parliament will need to give its approval to the Agreement before the trade chapter can be implemented at a provisional basis. Respective discussions at Parliament level to this end will start in due time.
- After signature of the Agreement, the ratification procedures will begin. Since the Association Agreement is an agreement of mixed competence, apart from the European Parliament, ratification by all 27 EU-Member States and by Central American Parliaments will be required. These ratification procedures usually take a long time that is why the European Parliament will render its political support to apply the trade chapter of the Association Agreement provisionally as soon as possible.
- The Agreement consists of the three pillars such as, political dialogue, cooperation and trade. The comprehensive trade chapter of the agreement will open up markets on both sides, help establish a stable business and investment environment, increase benefits for citizens and will foster sustainable development. In 2010, bilateral trade in goods between Central America and the EU was worth EURO 12 billion.
- Once ratified, this agreement will intensify political dialogue encompassing all aspects of mutual interest between the two regions. Furthermore, an Association Parliamentary committee shall be established, which will consist of members of the European Parliament and of members of the Parlamento Centroamericano (PARLACEN).

Background

Association Agreement (AA) between the European Union and Central America:

The EU-Central America AA will be the first Region-to-Region Agreement, the EU has ever concluded. The negotiations were finalised in May 2010. Meanwhile the legal review of the AA was finalised and the European Commission will submit the Agreement to the EU Member States for an authorisation to sign mid October 2011. If all goes to plan, the AA should be ready for signature in March 2012. Following signature, the European Parliament will be asked to give its approval to the Agreement before the trade chapter can be implemented on a provisional basis. Should discussions and subsequent voting procedures at Parliament level go well, the trade part of the AA could enter into force as early as mid-2012.

With its three pillars, which are political dialogue, cooperation and trade, the AA is an Agreement of shared competence between EU and Member States. That is why ratification of all 27 national parliaments of EU-MS is required, besides ratification by the European Parliament and by parliaments of the six Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama). Experiences in the past have shown that different ratification procedures at EU and national level can take up to ten years. Therefore, it is envisaged to apply the trade chapter provisionally, so that both parties can take advantage of the comprehensive free trade arrangements as early as possible.

Against the background of the ongoing review of the Generalised System of Preferences, which expires at the end of 2013 and of which all Central American countries are beneficiaries, it is important for EU importers and Central American exporters alike, that the free trade provisions of the Association Agreement enter into force before the end of 2013 so that market players do not lose their concessional tariff conditions.

In 2010, the EU exported goods to the Central American Region worth EURO 4.5 billion and imported goods from Central America worth EURO 7.6 billion.

As a background reference for the discussions at Parliament, the Policy Department of the Directorate-General for External Policies has done an internal note (DG EXPO/B/PolDep/Note/2011_146, 23 May 2011) and furthermore, commissioned a respective external study "Impact assessment of the Trade Agreement between the European Union and Central America", the results of which are envisaged to be presented at an INTA-hearing at the beginning of 2012.

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