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on the European Union's trade relations with Latin America
(2010/2026(INI))

Committee on International Trade

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the European Union's trade relations with Latin America (2010/2026(INI))

The European Parliament,

- having regard to its resolutions of 1 December 2005 on preparations for the sixth Ministerial Conference of the World Trade Organisation in Hong Kong¹, of 4 April 2006 on the assessment of the Doha Round following the WTO Ministerial Conference in Hong Kong², of 1 June 2006 on trade and poverty: designing trade policies to maximise trade's contribution to poverty relief³, of 27 April 2006 on a stronger partnership between the European Union and Latin America⁴, of 12 October 2006 on economic and trade relations between the EU and Mercosur with a view to the conclusion of an Interregional Association Agreement⁵, of 23 May 2007 on the EU's Aid for Trade⁶, of 12 July 2007 on the TRIPS Agreement and access to medicines⁷, of 29 November 2007 on trade and climate change⁸, of 24 April 2008 on the Fifth Latin America and Caribbean-European Union Summit in Lima⁹ and on 'Towards a reform of the World Trade Organisation'¹⁰, of 20 May 2008 on trade in raw materials and commodities¹¹, of 25 March 2010 on the effects of the global financial and economic crisis on developing countries and on development cooperation¹² and of 5 May 2010 on the EU strategy for relations with Latin America¹³,
- having regard to the resolutions of the Euro-Latin American Parliamentary Assembly, and in particular those of 19 December 2007 on the challenges and opportunities resulting from globalisation for economic and trade relations between the European Union and the countries of Latin America, of 1 May 2008 on the challenges and opportunities of the Doha Round, of 8 April 2009 on trade and climate change and of 14 May 2010 on the reform of the World Trade Organisation,
- having regard to the final declarations of the sessions of the Parliamentary Conference on the WTO adopted in Geneva on 18 February 2003, in Cancún on 12 September 2003, in Brussels on 26 November 2004, in Hong Kong on 15 December 2005 and in Geneva on 2 December 2006 and on 12 September 2008,

¹ OJ C 285 E, 22.11.2006, p. 126.

² OJ C 293 E, 2.12.2006, p. 155.

³ OJ C 298 E, 8.12.2006, p. 261.

⁴ OJ C 296 E, 6.12.2006, p. 123.

⁵ OJ C 308 E, 16.12.2006, p. 182.

⁶ OJ C 102 E, 24.4.2008, p. 291.

⁷ OJ C 175 E, 10.07.2008.

⁸ OJ C 297 E, 20.11.2008, p. 193.

⁹ OJ C 259 E, 29.10.2008, p. 64.

¹⁰ OJ C 259 E, 29.10.2009, p. 77.

¹¹ OJ C 279 E, 19.11.2009, p. 5.

¹² Texts adopted, P7_TA(2010)0089.

¹³ Texts adopted, P7_TA(2010)0141.

- having regard to the declarations of the six Summits of Heads of State and Government of the European Union and Latin America and the Caribbean held to date in Rio de Janeiro (28 and 29 June 1999), Madrid (17 and 18 May 2002), Guadalajara (28 and 29 May 2004), Vienna (12 and 13 May 2006), Lima (16 and 17 May 2008) and Madrid (18 May 2010),
- having regard to the Joint Statements of the Fifth EU-Mexico Summit (16 May 2010), the Fourth EU-MERCOSUR Summit (17 May 2010), the Fourth EU-Chile Summit (17 May 2010), the Fourth EU-CARIFORUM Summit (17 May 2010), the Fourth EU-Central America Summit (19 May 2010) and the EU-Andean Community Summit (19 May 2010),
- having regard to the Geneva Agreement on Trade in Bananas between the European Union and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela and to the Agreement on Trade in Bananas between the European Union and the United States,
- having regard to the Agreement establishing an association between the European Community and its Member States, of the one part, and the Republic of Chile, of the other part, and to the EU-Chile Association for Development and Innovation,
- having regard to the Economic Partnership, Political Coordination and Cooperation Agreement between the European Community and its Member States, of the one part, and the United Mexican States, of the other part, and to the Strategic Partnership between Mexico and the EU,
- having regard to the conclusion of the negotiations on an Association Agreement between the EU and Central America,
- having regard to the conclusion of the negotiations between the EU and Colombia and Peru on a Multi-Party Trade Agreement,
- having regard to the re-launch of the EU-MERCOSUR negotiations with a view to an ambitious and balanced Association Agreement between the two regions, which could strengthen relations between the parties and be greatly beneficial to them in both political and economic terms,
- having regard to the Declaration on the EU-Latin America bananas agreement and its impact on ACP and EU banana producers that the ACP-EU Joint Parliamentary Assembly adopted on 1 April 2010,
- having regard to the joint communiqué of the 14th Ministerial Meeting between the European Union and the Rio Group, held in Prague from 11 to 14 May 2009,
- having regard to the Commission communication of 30 September 2009 on 'The European Union and Latin America: Global Players in Partnership' (COM(2009)0495),
- having regard to the 'issue paper' of 2 June 2010 by means of which the Commission launched a public consultation on the future direction of EU trade policy,
- having regard to the conclusions of 8 December 2009 of the Council of the European

Union on relations between the European Union and Latin America,

- having regard to its position of 5 June 2008 on the proposal for a Council regulation applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 552/97, No 1933/2006 and Commission Regulations (EC) No 964/2007 and No 1100/2006¹,
- having regard to Council Regulation (EC) No 732/2008 of 22 July 2008 applying a scheme of generalised tariff preferences for the period from 1 January 2009 to 31 December 2011 and amending Regulations (EC) No 552/97, (EC) No 1933/2006 and Commission Regulations (EC) No 1100/2006 and (EC) No 964/2007²,
- having regard to the Marrakesh Agreement Establishing the World Trade Organisation,
- having regard to the WTO Ministerial Conference declarations adopted in Doha on 14 November 2001 and Hong Kong on 18 December 2005 and to the Chairman's Summary adopted in Geneva on 2 December 2009,
- having regard to the report of January 2005 of the Advisory Board chaired by Peter Sutherland on the future of the WTO³,
- having regard to the United Nations Millennium Declaration of 8 September 2000, which sets out the Millennium Development Goals (MDGs) as criteria collectively established by the international community for the elimination of poverty,
- having regard to The Millennium Development Goals Report 2009 and the report of 12 February 2010 by the UN Secretary-General on the implementation of the Millennium Declaration, entitled "Keeping the promise: a forward-looking review to promote an agreed action agenda to achieve the Millennium Development Goals by 2015",
- having regard to the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol to the UNFCCC and the outcome of the 15th Conference of the Parties to the UNFCCC in Copenhagen⁴,
- having regard to the 16th Conference of the Parties to the UNFCCC, to be held in Mexico,
- having regard to the Charter of the United Nations, the Universal Declaration of Human Rights, the International Covenants on Human Rights, the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social and Cultural Rights (ICESCR),
- having regard to the Lisbon Treaty, notably Articles 3 and 21 thereof, and to the Charter of Fundamental Rights of the European Union,

¹ OJ C 285 E, 26.11.2009, p. 126.

² OJ L 211, 6.8.2008, p. 1.

³ 'The Future of the WTO - Addressing Institutional Challenges in the New Millennium', Report by the Consultative Board to the Director-General, Supachai Panitchpakdi (WTO, January 2005).

⁴ UNFCCC Draft decision -/CP.15, Copenhagen Accord, FCCC/CP/2009/L.7.

- having regard to human rights clauses in the EU's external agreements,
 - having regard to the ILO Decent Work Agenda and to the ILO Global Jobs Pact adopted by global consensus on 19 June 2009 at the International Labour Conference,
 - having regard to the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), adopted in 1979 by the UN General Assembly, and to the Optional Protocol thereto,
 - having regard to the Stiglitz Report and the Outcome Document of the Conference on the World Financial and Economic Crisis and its Impact on Development (24 - 26 June 2009),
 - having regard to Rule 48 of its Rules of Procedure,
 - having regard to the report of the Committee on International Trade (A7-0277/2010),
- A. whereas Latin America and the European Union not only share common values and a common history and culture, they also form a strategic partnership,
 - B. whereas over the past three decades Latin America has undergone a major process of diversification in its international trade relations, striving to reduce its level of dependence,
 - C. whereas the European Union has strengthened its economic and trade relations with Latin America, becoming its second most important trading partner and the leading trading partner for MERCOSUR and Chile; whereas, according to Eurostat, trade volumes doubled between 1999 and 2008, with EU imports of goods from Latin America increasing to EUR 96.14 billion and exports of goods to the region to EUR 76.81 billion, while there was a steady rise in trade in services; whereas, owing to the dramatic effect of the financial and economic crisis, these figures dropped in 2009 to EUR 70.11 billion (imports) and EUR 61.57 billion (exports), but started to grow again in 2010; whereas European countries constitute the largest source of Foreign Direct Investment (FDI) in Latin America,
 - D. whereas, despite being rich in natural resources, Latin America finds itself among the regions which have not been able to expand their share of international trade and has been losing out to more competitive and dynamic economies in Asia,
 - E. whereas several Latin American countries have been ranked among the three countries most vulnerable to climate change in the world, and taking into account the notable impact of the processes of desertification and deforestation and the increase in phenomena such as cyclones and species extinction that affect Latin America to a large extent, as well as concrete, alarming and highly significant examples of the global threat posed by climate change, such as the state of the Amazon rainforest and the risk posed by Andean glaciers,
 - F. whereas, according to ECLAC, important successes in poverty reduction could be achieved, with the poverty rate in Latin America decreasing from 44.4% in 2003 to 33% in 2010, while poverty and migration are increasingly female, and whereas, according to ECLAC and UNICEF, almost 63% of children and adolescents in Latin America suffer

from poverty,

- G. whereas the disparity in levels of development explains why trade between certain EU countries and the Latin American and Caribbean region (LAC) is asymmetric in terms of the type of goods that are exported; whereas trade exchanges between the two regions are highly concentrated and, although they have more than doubled since 1990, are developing at a slower rate than those between the two regions and other parts of the world,
- H. whereas the EU-LAC Summit held in Lima in 2008 resulted in the definition of the main axes of the bi-regional strategic partnership, with the aim of creating a network of association agreements between the EU and the various sub-regional integration groups; whereas the EU-LAC Summit held in Madrid in May 2010 marked a major step forward with this approach and led to the resumption of all EU-LAC trade negotiations that had been on ice for the last few years,
- I. whereas the creation of a network of comprehensive agreements already in force, finalised or under negotiation with the various groups of Latin American countries is intended to contribute to enhancing cooperation between the two continents, while allowing for regional integration processes operating at different speeds,
- J. whereas GDP per capita in the region ranges from USD 1211 in Haiti and USD 2635 in Nicaragua to USD 11225 in Brazil and roughly USD 15000 in Argentina, Chile and Mexico,
- K. whereas, despite significant progress in the management of state finances, the burden of debt, often inherited from a previous epoch, is one of the most serious obstacles to trade-related investments, development and sound state finances in a number of Latin America countries,
- L. whereas there is a general desire in Latin America to increase the region's economic importance in the global economy, and whereas Latin America has reduced its economic dependence by actively diversifying its economic relations; whereas Europe should act wisely in order to strengthen its role as a very important commercial partner for this purpose, and whereas Europe and Latin America remain committed to further strengthening their strategic partnership underpinned by their shared principles, values and interests,
- M. whereas the new EU trade policy adapted to the Europe 2020 strategy should take into account the particular situation in the Latin American region,
- N. whereas the export of smart and high-quality products promoted in the Europe 2020 strategy requires solvent customers; whereas, in the interests of both parties, the agreements between Latin America and the EU must continue to bring tangible benefits for their respective societies,
- O. whereas in 2004 negotiations with a view to creating a free-trade area of 750 million consumers ground to a halt over a dispute which was mainly about Mercosur exporters' access to European agricultural markets,
 - 1. Emphasises that the Lisbon Treaty defines EU trade policy as an integral *and relevant*

part of the Union's overall external action and that trade policy can play a decisive and positive role in creating wealth, enhancing economic and political relations between peoples and countries, ensuring peace and addressing development, environmental and social objectives, and that these policies must complement each other mutually in order to achieve the objectives set out in the Treaty on European Union; considers that modern European trade policy can play an important role in achieving the UN Millennium Development Goals and fulfilling international commitments to human rights, food security and environmental sustainability;

2. Welcomes the fact that trade relations with partners in Latin America have become a priority for the European Union;
3. Points out that trade policy is an important tool in achieving the objective of a bi-regional strategic partnership between the European Union and Latin America; supports, in this respect, the creation of a Euro-Latin America interregional partnership area based on a WTO-compatible regionalism model;
4. Notes that the aim of closer integration of the European and Latin American economic spheres is to create a win-win situation for both sides; stresses that intensified and fair trade relations should create more and better jobs in both regions and must support the aim of more resource-efficient and greener economies; notes, however, that a growth in trade should not lead to deforestation and more green-house gas emissions;
5. Calls on the Commission to actively support the development of fair trade schemes and trade in sustainably managed resources;
6. Welcomes the fact that the Madrid Declaration explicitly recognises the principle of the sovereign right of States to manage and regulate their natural resources, while stressing that due attention should be paid to sustainability criteria;
7. Insists on the fact that all countries have the right to establish the necessary mechanisms to defend their food security and ensure the survival and the development of small and medium-sized food producers;
8. Believes that, in order to draw greater benefit from their trade relations and appropriately distribute the gains from trade among their populations, governments in both regions should mobilise those gains in order to improve social welfare and need to accompany trade policy with the adoption of appropriate internal and structural reforms, in particular in the social and fiscal fields, while promoting responsibility of trade reforms and further expanding and enhancing trade-related institutional capacity;
9. Stresses that it is necessary to promote the implementation of country-specific, complementary policies to increase the opportunities for trade exchanges among stakeholders in conformity with the specific development goals; believes that it is crucial to mobilise Aid for Trade and harness trade intensification in order to promote development;
10. Welcomes the positive developments in those Latin American countries where new trade and resource policies accompanied by internal reforms have contributed to the reduction of poverty and inequality, as documented by the improvement in their Gini coefficients,

and considers these developments to be illustrative of the conditions under which trade policy may have progressive distributive effects;

11. Welcomes the fact that in Latin America new and ambitious forms of economic cooperation which are linked with socio-economic policies, are being explored; calls on the Commission to support such approaches to South-South integration and to avoid clauses in EU trade agreements that would undermine the positive effects of the respective integration approaches;
12. Stresses that resources and technical assistance must be mobilised to identify and fund programmes that provide local and regional production opportunities, in order to guarantee food security and sustainable access to markets for excluded communities at the bottom of the socio-economic pyramid and for small and medium-sized enterprises;
13. Considers that trade-related assistance should help producers reduce the transaction costs involved in complying with regulatory and quality standards, and that programmes should be developed to help firms with inspection, testing and official certification;
14. Stresses the importance of applying environmental, traceability and food security standards to imported agricultural products in the context of the cooperation agreements between the EU and Latin American countries;
15. Considers it crucial for Latin America further to diversify its trade, which is mainly based on raw materials, and to continue to move forward towards sustainable trade in products and services with greater added value, in order to compete globally; considers that global transport related to current supply chains and international labour division should take environmental concerns into consideration;
16. Calls for closer cooperation between the EU and the Latin American countries, so as to jointly push for the swift conclusion of a fair, ambitious and comprehensive WTO Doha Agreement in accordance with the commitments made in the Madrid Declaration; stresses that an open and fair rules-based multilateral trade system will contribute to the recovery of world economies from the economic crisis and to promoting growth and development, applying a progressive and balanced reduction of tariff and non-tariff barriers, where appropriate and in line with the principle of special and differential treatment for developing countries, while contributing effectively to poverty reduction;
17. Deplores the protectionist measures taken during the financial crisis by some Latin American countries, especially Argentina; urges the Commission regularly to address the issue of market access with countries in Latin America;
18. Emphasises that the attainment of all eight UN MDGs should be regarded as a crucial task in the current multilateral and bilateral trade negotiations; stresses that keeping the promises reiterated in the Madrid Declaration on attaining the MDGs and eradicating global poverty will require a trade environment in which developing countries in Latin America have real access to the markets of developed countries and can maintain and develop their own competitive manufacturing and food processing industries – an environment in which more equitable trade practices are implemented and strong and enforced rules apply to the protection of the environment and social rights;

19. Considers that the European Union should seek to make a more attractive offer aimed at serving the economic development interests of our partners, in order to ensure its presence in the region, alongside the US and China; believes that this should include complementary offers, for instance regarding capacity building and technology transfers; stresses also the need for respectful treatment of our partners and acknowledgement of asymmetric needs;
20. Reiterates the importance of including human rights clauses and environmental and social standards in all trade agreements concluded between the EU and third countries, including Latin American countries, in order for external action to be coherent, both the reflecting the EU's economic interests and promoting its fundamental values;
21. Stresses that positive market developments along the entire value chain must give rise to appropriate levels of income and that profit margins should benefit all involved actors within the entire value chain;
22. Considers that it is necessary to give our trade partnership a truly European dimension, increasing the exchanges between Latin American countries and all countries, including countries in Central and Eastern Europe; considers it necessary to integrate a wider range of economic activities in our exchanges;
23. Emphasises the constructive role that EU-based companies operating in Latin America should play by applying high environmental, social protection and quality management standards and by offering decent wages and job security;
24. Is aware that in the past some cases of misconduct by companies operating in Latin America have occurred, involving ecological degradation, cases of exploitation of labour, and serious human rights violations; points out that the EU as a whole and EU-based companies operating in Latin America should display exemplary behaviour in environmental, social and employment-related matters within a wider framework of transparency and respect for human rights that ensures the protection of all involved; stresses that European multinationals are responsible to a great extent for the EU's image in the region and must promote its values, whilst observing the principles of corporate social responsibility;
25. Recognises that the conclusion of the WTO agreements on trade in bananas put an end to a long-term dispute with Latin American and ACP partner countries' banana suppliers, could facilitate progress in the Doha Round negotiations and has contributed to concluding the negotiations on the various agreements with Central America and Colombia and Peru; calls, nonetheless, for account to be taken of the commitments made to ACP partners and the interests of EU producers; calls, in order to avoid further disputes, for fair treatment to be guaranteed to all trade partners in Latin America, including those who have not concluded a trade agreement with the EU;
26. Points out that the agreements adopted within the WTO and the bilateral agreements under negotiation with certain Latin American countries have consequences for the vulnerable economies of the outermost regions because of the similarities between their agricultural sectors and those on the Latin American continent; supports therefore the approach under which, in trade relations between the EU and Latin America, the strategic and traditional sectors of the outermost regions are preserved and are the subject

of both appropriate compensation and particular attention in order not to undermine the obligations that the EU adopted towards these regions in its European strategy for the outermost regions in 2009;

27. Points out that the implementation of all Association Agreements must take into account the interests of the people concerned and must be subject to ratification by parliaments in respect of all of their pillars, namely political dialogue, cooperation and trade;
28. Notes the positive conclusion of the negotiations on the EU-Central America Association Agreement which, as a first example of a region-to-region agreement, should contribute, with appropriate accompanying policies, to enhancing not only wealth but also the further integration of Central American countries; takes note of the decision by Panama to begin the process of accession to the Central American Economic Integration Subsystem;
29. Points out that the negotiations for a Multi-Party Trade Agreement between the EU and Colombia and Peru have come to a positive conclusion; notes that Bolivia has decided to withdraw the claim it presented to the Andean Community Court of Justice regarding the Multi-Party Trade Agreement; calls therefore on the relevant parties to move towards a future Association Agreement negotiated with all the countries of the Andean Community;
30. Supports the resumption of negotiations on the EU-Mercosur Association Agreement - given that an Association Agreement of this kind, which is of the utmost importance and affects 700 million people, would, if concluded swiftly, be the world's most ambitious bi-regional agreement - and therefore stresses that the European Parliament should be closely involved at all stages of the negotiations; is aware that agriculture issues will probably be one of the sensitive topics in the negotiations; emphasises that a balanced outcome for both parties has to be achieved in the end by making sure that the negotiations take full account of recent developments in the global economy, global environmental challenges, such as climate change, and the demands and concerns put forward by Parliament;
31. Calls on the Commission to closely involve Parliament in the negotiations relating to the necessary updating of the agreements with Chile and Mexico;
32. Stresses that the negotiating mandate for the EU-Mercosur Association Agreement was drafted before the accessions of 2004 and 2007; calls, therefore, on the Commission to suspend the negotiations with Mercosur until a new mandate which takes full account of the interests of the new Member States is provided by the Council;
33. Strongly supports the approval of the Joint Executive Plan for the Mexico-EU Strategic Partnership and the negotiations with a view to fundamentally modernising trade relations so as to unlock the full potential of the EU-Mexico Association Agreement, which, since entering into force, has led to an increase of 122% in trade flows;
34. Strongly supports the road map and work programme for the Chile-EU Association for Development and Innovation (ADI) and the mutually beneficial rise in trade in goods and services that the Association Agreement has made possible, as evidenced by the fact that trade between Chile and the EU has more than doubled since 2003;

35. Stresses the need for a prior assessment of the impact of an agreement with Mercosur in view of the expected increase in the volume of meat exported to Europe – 70% for beef and 25% for poultry –, which is cheaper because of the less stringent sanitary, environmental and social standards governing its production;
36. Calls on the Commission and its Latin American partners to involve civil society in the assessment of compliance with labour, human rights and environmental standards included in trade agreements and to promote the regular dialogue with civil society that is provided for in the Association Agreements;
37. Is deeply concerned about the restrictive measures recently adopted by the Argentinian authorities on foodstuffs imported from third countries, including the European Union; considers these measures to constitute a real non-tariff barrier incompatible with WTO obligations; calls, therefore, on the Argentinian authorities to eliminate this illegal burden on foodstuff, which could send out a bad signal and represent a serious obstacle for the ongoing EU-MERCOSUR negotiations;
38. Calls on the Commission to make trade negotiations more transparent by giving early access to key documents and draft agreements to all social partners in sectors that are potentially affected by the outcome of trade agreements, while applying standard procedures regarding documents subject to confidentiality requirements, and to establish an ongoing and formalised process of consultation with them;
39. Draws attention to the important role that the Union of South American Nations (UNASUR) is playing;
40. Calls on the Commission to consider the possibility of establishing close cooperation between the two continents in order to develop a new Latin American railways network;
41. Takes note of the decision to set up the Community of Latin American and Caribbean States (CELAC); points out that regional integration is a process that is essential in order to help Latin America adjust to the new global challenges;
42. Believes that trade, energy and climate change frameworks should be mutually supportive;
43. Calls on the Commission to support the partners in Latin America in establishing competitive value-added production facilities; proposes the establishment of regional trade academies both in Latin American regions and across EU Member States, aimed at building capacity among SMEs by providing training sessions on the preconditions for trading agricultural products, goods and services with the partner region;
44. Urges the Latin American countries to make sincere efforts to combat climate change and, in particular, to stop deforestation;
45. Encourages EU support for EU-Latin American trade fairs in the various European and Latin American countries, to provide a platform for contacts and partnership agreements, in particular among SMEs;
46. Considers that the next reform of the generalised system of preferences (GSP) must make it more efficient and stable so as to ensure that Latin America producers will reap the

potential benefit of this preferential scheme; considers that the negotiations for trade agreements with countries already benefitting from the GSP+ scheme should allow for a degree of asymmetry that takes into account to a large extent the level of preferences enjoyed under the GSP + scheme; points out that all countries are free not to enter into the negotiations and may therefore continue to benefit from the GSP+ scheme as long as they continue to fulfil the relevant conditions;

47. Notes the creation by the EU of a new Latin America Investment Facility, the main objective of which should be to serve as a lever to mobilise additional financing to diversify investment in Latin America that is intended to foster progress in the priority areas, such as sound public transport and mobility systems, energy saving, renewables, education and research;
48. Welcomes the decision to establish an EU-LAC Foundation, which will promote trade and contribute to strengthening the bi-regional partnership, raising awareness of it and realising its full potential;
49. Believes that the wording of chapters on investment protection in trade agreements must help shore up the legal certainty of investments made, without affecting the responsiveness of governments to the environmental, health and social demands of their populations;
50. Recognises the importance of the audit of Ecuador's external debt by an international commission and encourages other countries to undertake similar processes; calls on the Commission and the Council to speed up the solving of the problem of the external debts of some countries in Latin America and the Caribbean, both on a bilateral basis and within the international finance institutions;
51. Calls on the European Union to support the new concept of supporting environmental protection by compensating for the loss in potential trade revenues and to co-finance the creation of the Yasuni-ITT Trust Fund under the auspices of the UNDP, as proposed by the Ecuadorian Government, which is intended to compensate the Ecuadorian people for refraining from extracting oil from the fields located in the Yasuni National Park;
52. Reiterates that the EU should actively and concretely support those developing countries that use the so-called flexibilities built into the TRIPS Agreement in order to be able to provide medicines at affordable prices under their domestic public health programmes;
53. Calls on the Commission to implement the recommendations of this report in its new EU trade strategy, in particular as far as future EU-LAC trade is concerned;
54. Instructs its President to forward this resolution to the Council and the Commission.

EXPLANATORY STATEMENT

The Lisbon Treaty defines EU trade policy as an integral part of the Union's overall external action that therefore must address development, environmental and social objectives as well as contribute to the other objectives set out in the Treaty on the European Union. Your Rapporteur is convinced that modern European trade policy has to play an important role in achieving the UN Millennium Development Goals and international commitments to human rights, food security and environmental sustainability.

At a time where the European Commission is drafting a new communication on the future EU trade policy, your Rapporteur aims to feed into this process a timely contribution with regard to the specific constellations in trade relations between the European Union and the Latin American and Caribbean region (LAC).

Following new and impressive social and cultural developments - which are to be welcomed and supported by the EU - Latin America is about to make a real jump in its economic development. This is accompanied by a growing self-confidence of the LA countries. They rightly expect to be treated as fully recognised partners in the international community.

Your Rapporteur is convinced that the EU has an opportunity to play an important role in Latin America's future. But it might also miss out on this opportunity if it proved to be unable to adapt its relationship offers to modern challenges. In order to succeed in the competition with the United States, China and other actors on the LA market, the EU should refrain from any strangling or dependency creating contracts, and seek instead to make the more attractive offer aimed at serving the economic development interests of our partners. This should include capacity building and technology transfer but also a respectful treatment of our partners.

EU's trade relations with Latin America

Latin America is performing a major process of diversification in its international relations. There is a general mood amongst our partners to reduce the economic dependence from the United States. Often referring to this process as the "second independence", they are actively building important links with the Asia-Pacific region, expanding their relations with Africa, and offering to deepen their relations with Europe.

The new layout Latin America is about to design for its trade relations is characterised by the strive for greater economic justice, internationally as well as internally. The region had suffered tremendously during the cold war period, when strong external influence had helped to install a number of authoritarian leaderships, who were shovelling the wealth of the region into the pockets of a few.

This external influence created problems in the socio-economic structure which some countries are struggling to overcome until today. Over the past two decades, Latin America achieved great successes in establishing democracy in its countries. This transition does not only include the organisation of free and fair parliamentary elections, but also addressing the issue of unjust distribution of wealth in the societies. In several countries the concept of generating a government budget in order to be able to invest in education, health, public services and infrastructure had to be re-introduced.

The EU welcomed and supported the democratic development in Latin America. The future trade relations between the two regions should generate the means to continue on this path. They should reward those working hard on strengthening labour and human rights and on protecting nature and the climate. This is the spirit of the EU's GSP plus incentive.

At the same time, your Rapporteur is concerned that the Commission is undermining this approach by offering even greater trade advantages to Colombia, whose government has a record of at least tolerating the persecution of trade unionists and human rights activists.

The GSP scheme has helped a number of countries to diversify their export offer. We should reform it to make it more efficient and to ensure that those people in Latin America who deserve it, will reap the potential benefits of this preferential scheme.

In spite of LAC's huge potential, only some EU Member States continue to show high interest in the development of bi-regional relations. The agenda is predominantly pushed forward by Spain and Portugal; besides them France, Germany, Italy, the Netherlands, and the United Kingdom are the main trade partners of the region in the EU. In particular, the 12 latest EU Member States play an underdeveloped role in the bi-regional relations. Additional efforts are needed to give the relations a truly European dimension.

With the extension of the geographical scope of trade relations, LAC countries could have a stimulating impact on the economic and social development of central and eastern European countries.

In turn, there are only five main commercial partners of the EU in the region with meaningful volumes of trade: Brazil, Mexico, Argentina, Chile and Colombia. A lot remains to be done to enable other LAC economies to benefit more from trade with Europe.

The EU-LAC Summit held in Lima in 2008 resulted in the definition of the major axes of the bi-regional strategic partnership. The objective was to create a network of association agreements between the EU and the various sub-regional integration groups. The EU-LAC Summit held in Madrid in May 2010 moved forward with this approach.

Financial flows - specifically Foreign Direct Investment flows - have become the most dynamic area of inter-regional economic relations whilst trade between LAC and the EU suffered in a more direct way the negative effects of the international economic crisis.

Beyond the strong contraction that followed the crisis, over the past two decades inter-regional trade has been characterized by its relatively low dynamism. Indeed, EU-LAC trade progresses at a slower rate than that of both regions with other areas in the world.

One reason for the relative decline in EU-LAC trade is the growing share of the Asian countries in foreign LAC trade, despite the fact that the EU remains the second trade partner of Latin America. Although the association agreements between the EU and Mexico and Chile have resulted into a substantial increase in the trade volume, Mexico's trade with Europe remains marginal compared with its trade volume with the United States.

EU-LAC trade is asymmetric as to the type of goods that are exported by each region. The number of economic sectors benefitting from the current trade relations is also rather limited. Both sides need to integrate a wider scope of economic activities in our exchanges. In fact, today the bulk of LAC imports from the EU are industrial products (more than 85%). At the

same time, more than 40% of the region's exports that go to the EU are basic products. Among these, in particular sugar and bananas remain highly sensitive issues.

While the signing of an agreement between the EU and Latin American countries within the framework of the WTO in December 2009 was at first considered a solution to 15 years of disputes over the EU banana trade regime, the imbalances between the agreements at the WTO level and the bilateral agreements with Colombia and Peru and Central America and the commitments made to ACP partners in the Caribbean now create new controversies.

The VI European Union - Latin America and Caribbean Summit (Madrid, 18 May 2010)

In their Final Declaration, the Heads of State and Government of the European Union and Latin America and the Caribbean stressed their determination to favour an open and non-discriminatory, rules-based multilateral trade system and fully respect its disciplines. They recognised its contribution in promoting the recovery from the economic crisis and in promoting growth and development, in line with the principle of special and differential treatment for developing countries.

The Declaration expressed satisfaction with the conclusion of the negotiations on an Association Agreement between the EU and Central America. It will be up to parliaments to decide whether the agreement achieved by the negotiators is in the interest of the people concerned. Your Rapporteur clearly considers this agreement a mixed agreement subject to ratification by the EP and the national parliaments.

The Declaration also expressed satisfaction with the conclusion of negotiations between the EU and Colombia and Peru on a Multi-party Trade Agreement while noting that "Bolivia has observed this Agreement and has presented a claim at the Andean Community Court of Justice". Your Rapporteur shares the concerns of the Bolivian government that the agreement might be detrimental to the regional integration process, in addition to his human rights concerns mentioned before. Your Rapporteur clearly considers this agreement a mixed agreement subject to ratification also by the EP and the national parliaments.

The Declaration also recalled the importance of the re-launch of EU-MERCOSUR negotiations. This is a difficult task and the EP should be closely involved in all steps of the negotiations. Your Rapporteur believes that the negotiating mandate of the EU Commission should be updated taking into full account recent developments in the global economy and demands and concerns put forward by the European Parliament.

The Declaration also expressed satisfaction with the decision to create the Community of Latin American and Caribbean States (CELAC). Your Rapporteur considers the creation of CELAC an important step with great potential for the future. Another project which deserves our attention is the Union of South American Nations (UNASUR).

Trade, growth and development

Achieving trade integration on a regional level and often even within one country is a prerequisite to a true integration into global market schemes in order to generate sustainable growth and promote development. The aim of a deepened integration of the European and LAC economic spheres must be a win-win situation for both sides.

It is in the interest of the European economies to increase the absorption capacities of the LAC markets. Impoverished populations will not be able to purchase high quality European products. Thus the majority of European enterprises have an interest in an increase of wages and purchasing powers in Latin America. Today, one third of the inhabitants of Latin America are poor; whereas according to ECLAC and UNICEF almost 63 % of children and adolescents suffer from poverty.

The benefits of trade and investment are greatest for countries that have the economic actors, the institutions and policies required to take advantage of global markets. Pre-existing policies and socioeconomic conditions play a key role in determining how trade integration affects poverty. In particular finance policy, the existing environment for small business and domestic competition affect trade impacts, as well as the level of development of infrastructure and the reduction of middle-men profits for the benefit of producers. Your Rapporteur strongly supports the strengthening of fair trade schemes.

It is necessary to promote the implementation of country-specific, complementary policies to amplify the opportunities associated with trade openness among stakeholders, such as policymakers at the national or sub-national levels and in the private sector, trade unions and other civil society organisations, and academia.

Resources and technical assistance must be mobilised to identify and fund programmes that grant local and regional production opportunities and sustainable access to global markets for excluded communities, and small and medium-sized enterprises.

In fact, current production conditions of poor farmers, artisans, and small manufacturers in Latin America do not allow them to take advantage of free-trade opportunities.

Trade-related assistance could assist small producers in reducing the transaction costs involved in complying with regulatory and quality standards. Programmes should be developed to help firms with inspection, testing, and official certification.

Despite being rich in natural resources, Latin America has not been able to expand its share of international trade; on the contrary, it has been losing out to more dynamic economies in Asia

The Madrid Declaration recognises the principle of the sovereign right of States to manage and regulate their natural resources. The cases of Brazil, Ecuador and Bolivia, where new trade and resource policies seem to have contributed to the reduction of inequality, are illustrative of the conditions under which trade reforms may have progressive distributive effects. For Latin America, mobilizing aid for trade and harnessing trade liberalization for development is crucial.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	29.9.2010
Result of final vote	+: 23 -: 2 0: 0
Members present for the final vote	William (The Earl of) Dartmouth, Laima Liucija Andrikienė, Kader Arif, Daniel Caspary, Christofer Fjellner, Metin Kazak, David Martin, Emilio Menéndez del Valle, Cristiana Muscardini, Niccolò Rinaldi, Tokia Saifi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Keith Taylor, Iuliu Winkler, Pablo Zalba Bidegain, Paweł Zalewski
Substitute(s) present for the final vote	Pino Arlacchi, George Sabin Cutaş, Syed Kamall, Miloslav Ransdorf, Jarosław Leszek Wałęsa
Substitute(s) under Rule 187(2) present for the final vote	Franziska Keller