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*Committee on International Trade*

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**2011/0303(NLE)**

03.07.2012

## **DRAFT OPINION**

of the Committee on International Trade

for the Committee on Foreign Affairs

on the proposal for a Council Decision on the conclusion of the Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other (16395/2011 – C7-0000/2012 – 2011/0303(NLE))

Rapporteur for the opinion: Pablo Zalba Bidegain

PA\_Leg\_Consent

## SHORT JUSTIFICATION

The Association Agreement between the European Union (EU) and Central America (CA) (hereinafter referred to as 'the agreement') is part of a process of consolidating relations between the two regions, and sets a major precedent, since this is the first bi-regional association agreement signed by the EU since the entry into force of the Treaty of Lisbon. It is also notable for its section on trade through which it seeks to expand and diversify economic and trade relations between the two regions in accordance with the World Trade Organization rules by promoting increased trade in goods, services and investment between the two parties.

The agreement falls within the EU's trade and external policy and, in line with the 'Europe 2020' strategy guidelines and the European Commission's Communication in 2010 on 'Trade, Growth and World Affairs', it seeks to strengthen relations with our partners through trade, sustainable development and economic ties whilst remaining consistent with other Union policies. The Bi-regional Strategic Partnership between the EU and Latin America, meanwhile, also includes the conclusion of sub-regional and bilateral association agreements as a key objective.

Social cohesion and regional integration are clear objectives of the agreement and trade is a key instrument for achieving these, as stated therein. Panama, which previously held observer status, joined the negotiations in January 2010, which bears witness to how the agreement is committed to overcoming problems and pushing forward the integration process in CA in order to promote economic, political and social development.

The agreement recognises that it is asymmetric, as seen in its graduated approach and the establishment of differentiated transitional periods for the two regions. This allows production structures to be better adapted to the new economic and commercial circumstances arising from the implementation of the agreement itself, enabling the creation of a sound and diversified business sector, especially including small and medium-sized enterprises (SMEs).

The agreement leads to the establishment of a new framework for trade and investment that is an improvement on the existing one based on a unilateral and temporary system of generalised tariff preferences that is subject to revision. The agreement establishes a broader, reciprocal and negotiated scheme that will allow for the progressive liberalisation of trade in goods and services, public tendering and investment promotion. This will create a stable and predictable framework based on mutual benefit which provides the legal security and certainty needed to encourage increased trade and investment.

In order to gradually create a free trade area, the market is opened up for services, the main agricultural products, all manufactured and fisheries products and public procurement. Special emphasis is placed on investment focused on modernisation and technological innovation which will help CA penetrate the international market and will promote competitiveness in both regions. A Board of Trade and Sustainable Development and a Civil Society Dialogue Forum are also created to ensure the unity of trade and sustainable development.

The agreement contains a commitment to protecting geographical indications and intellectual property in accordance with international legislation. With respect to intellectual property, the agreement includes the objective of promoting and encouraging these rights in order to create

a strong technology base, for which technical and financial cooperation between the two regions will also be boosted.

The agreement also contains a title aimed at cooperation to promote economic growth and sustainable development which takes disadvantaged sectors of the population and indigenous peoples into account. To this end, it strengthens the bonds of cooperation and technical assistance to achieve maximum benefits through the exchange of information and the development of joint initiatives in areas of common interest.

The agreement seeks to boost cooperation through appropriate technical and financial resources in strategic business sectors for both regions, especially in the fields of trade and sustainable development, scientific and technical cooperation in areas such as institution building, regulatory harmonisation, customs and statistical procedures, intellectual property, services, public procurement, electronic commerce, industry, the energy sector, the sustainable management of resources, sanitary and phytosanitary standards, support for SMEs and diversification.

This is an agreement of capital importance not just for the two regions that signed it, but also because it sets a precedent for future agreements, establishing trade, economic and financial models based on mutual benefit and the desire to strengthen relations between the two parties. Furthermore, it provides firm proof of the EU's commitment to strengthening ties with Latin America. This Association Agreement can thus be seen as facilitating commercial, economic, political and social growth by driving forward the integration process between and within the two regions.

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The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to propose that Parliament give its consent.