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*Plenary sitting*

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**A8-0446/2018**

7.12.2018

# REPORT

on the implementation of the Trade Agreement between the European Union  
and Colombia and Peru  
(2018/2010(INI))

Committee on International Trade

Rapporteur: Santiago Fisas Ayxelà

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## MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

### on the implementation of the Trade Agreement between the European Union and Colombia and Peru (2018/2010(INI))

*The European Parliament,*

- having regard to the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part<sup>1</sup>,
  - having regard to the roadmap agreed between the European Parliament and the governments of Colombia and Peru in 2012,
  - having regard to its resolution of 13 June 2012 on the EU trade agreement with Colombia and Peru<sup>2</sup>,
  - having regard to its resolution on the accession of Ecuador to the Trade Agreement concluded between the EU and its Member States and Colombia and Peru<sup>3</sup>,
  - having regard to its recommendations of 13 December 2017 to the Council and the Commission following the inquiry into money laundering, tax avoidance and tax evasion<sup>4</sup>,
  - having regard to the trade statistics and data provided by, among others, Eurostat<sup>5</sup>, the ITUC Global Rights Index 2018<sup>6</sup> and the reports of Colombia's National Trade Union School (ENS)<sup>7</sup>,
  - having regard to Rule 52 of its Rules of Procedure,
  - having regard to the report of the Committee on International Trade (A8-0446/2018),
- A. whereas the EU Trade Agreement with Colombia and Peru (the Agreement) is a rules-based relationship, anchored on common values and international standards for human and labour rights, the environment and sustainable development, that has the potential of having a strong positive impact on the socio-economic development of the parties to the Agreement, on economic integration, on sustainable development, human rights, on further cooperation on regional and global issues and on bringing the countries and their citizens closer together;
- B. whereas Peru is one of the fastest growing and most open economies in the region, with

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<sup>1</sup> [http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc\\_147704.pdf](http://trade.ec.europa.eu/doclib/docs/2011/march/tradoc_147704.pdf)

<sup>2</sup> OJ C 332E, 15.11.2013, p. 52.

<sup>3</sup> OJ C 366, 27.10.2017, p. 144.

<sup>4</sup> OJ C 369, 11.10.2018, p. 132.

<sup>5</sup> <http://ec.europa.eu/trade/policy/countries-and-regions/statistics/>

<sup>6</sup> '2018 ITUC Global Rights Index – the world's worst countries for workers', International Trade Union Confederation, 2018, <https://www.ituc-csi.org/ituc-global-rights-index-2018>

<sup>7</sup> <http://www.ens.org.co/lee-y-aprende/lee-y-descarga-nuestras-publicaciones/informes-sislab/>

trade representing 44 % of GDP; whereas Colombia is the third-largest economy in Latin America, whose economic growth is expected to accelerate over 2019-2020;

- C. whereas the implementation of trade agreements, including their social and environmental impacts, is a key pillar of the monitoring activity of the European Parliament;
- D. whereas the Agreement is to be assessed against the backdrop of the severe economic and humanitarian crisis in Venezuela that is causing large-scale migration to Colombia and Peru; whereas both countries have taken in a large number of Venezuelan migrants;
1. Stresses that the strategic values of the Agreement extend beyond the sphere of trade as it provides a solid foundation for a deeper relationship, with a long-term commitment to human rights, social rights, the rights of indigenous peoples and peasant farmers, and of the environment, and contributes to the establishment of a strategic partnership between the EU and Latin America;
  2. Recalls the importance of strengthening cooperation in order to preserve and reinforce the multilateral trade system, as an essential pillar in achieving the Sustainable Development Goals (SDGs), ensuring economic governance based on rules, and fairer, more inclusive and more sustainable trade; in particular, recalls its support for the WTO, stressing its role in creating economic stability and supporting growth and development, and calls on the parties to make use of the dialogue fostered by the Agreement to identify and to develop joint strategies for the necessary modernisation of the WTO;
  3. Underlines the opportunity that the Agreement offers to reinforce not only interregional, but also intraregional cooperation and trade between Colombia, Peru and Ecuador;
  4. Welcomes the integration of Ecuador into the Agreement, as an additional element to help strengthen regional integration, and stresses the constructive role played by all parties to make this process a success; recalls that the Agreement is still open to further accessions;
  5. Strongly supports the Colombian peace agreement and recalls the potential benefits and the need to make the best possible use of the Agreement in order to help in implementing the peace agreement, including an integrated land reform and reconciliation process in Colombia; considers that the Agreement provides significant opportunities for growth and employment, including by addressing specific challenges such as the diversification of the economy, productive development and the implementation of land-use planning, notably in the poorest regions deeply affected by the longstanding internal conflict; insists on fostering the peace agreement in Colombia by exploiting the whole potential of the agreement and believes that it will soon deliver its peace dividend in the form of economic and social development in accordance with the 2030 Agenda for Sustainable Development; recalls that continuous and structured support for and dialogue with civil society is also key to building sustainable peace from the ground up, particularly in rural areas;
  6. Welcomes the fact that the Agreement opens markets for, inter alia, goods, services,

government procurement and investment, which when built upon the principles of sustainable development can create opportunities for formal and quality employment, and improved working conditions and living standards by liberalising and expanding trade and investment;

7. Takes note that trade between the EU, Colombia and Peru has declined since the Agreement entered into force; is, however, of the opinion that the Agreement has partially offset negative trends in terms of international trade flows, declining commodity prices and the economic slowdown in Latin America, and has undoubtedly had a stabilising effect;
8. Welcomes the fact that EU investment stocks have increased in Colombia and in Peru, and points out that the EU is the biggest foreign investor in both countries;
9. Welcomes the fact that the Agreement helps, among others, services sector companies by promoting good regulatory practices, improving domestic regulation and transparency, and enhancing legal certainty, and that it can serve as an incubator for promoting digital entrepreneurship in the region, contributing to poverty reduction and job creation;
10. Supports the creation of a specific working group, as mentioned in Article 109 of the Agreement, to discuss regulatory issues concerning trade in services and electronic commerce, in order to ensure the promotion of a balanced and fair competitive environment in the digital ecosystem;
11. Points out that the Agreement has contributed to the modernisation and diversification of exports from Colombia and Peru and that it has had a positive impact on Colombian and Peruvian SMEs; points out that the Agreement has the potential to make greater contributions to the development of the Colombian and Peruvian start-up scenes, in particular as regards the region's entrepreneurial communities in urban hubs such as Bogotá, Medellín and Lima; stresses, however, that more needs to be done in terms of diversification of exports away from traditional mineral, oil and agricultural products, which account for up to 70 % of exports by volume, and towards the export of processed goods and products with greater added value, to support economic development and job creation, with full respect for environmental standards and human rights;
12. Stresses that since the provisional entry into force of the Agreement, 1 155 Colombian companies – of which 328 are SMEs – and 2 328 new Peruvian companies – of which 90 % are SMEs – have begun to export to the EU; calls on the parties to further support the internationalisation process of SMEs and their reciprocal market access and to provide regular and accurate data on the sectors of activity and the degree of consolidation of SME activities in this regard;
13. Urges both sides to boost the implementation rate and awareness of the Agreement; takes the view that many SMEs in the EU, Colombia and Peru are not aware of the opportunities that the Agreement brings; calls, therefore, on the parties to study the preference utilisation rate of SMEs in particular, and to take effective steps to better communicate the opportunities and benefits offered by the Agreement, including

through the setting up of contact points and the establishment of a specialised website for SMEs;

14. Welcomes the fact that EU exports of agricultural products to both countries have increased significantly since the provisional application of the Agreement, but calls on the Commission to monitor the situation closely and inform the European Parliament about the effects of the Agreement on food production for the local market; recalls the importance of making trade more inclusive and facilitating the appropriate integration of small-scale farmers into value chains in both Colombia and Peru, and now also in Ecuador;
15. Recalls that safeguard clauses have been set for sensitive agricultural sectors and that, in this regard, more thorough and regular information on market developments should be made available by the Commission, both to the European Parliament and the industrial sectors concerned;
16. Acknowledges that progress has been made by the parties on resolving trade irritants and on implementing most of the provisions of the Agreement, especially as regards sanitary and phytosanitary matters (SPS), rules of origin (RoO) and technical barriers to trade (TBTs); recalls, however, that anti-dumping cases should not infringe the essential rules of the WTO Anti-Dumping Agreement;
17. Points out that further progress is needed, among others, on the following issues:
  - a) certification requirements for meat and dairy products,
  - b) counterfeiting, piracy, usurpation of EU geographical indication (GI) names and pending GI registration,
  - c) discriminatory taxes applied to imported spirits;
  - d) effective implementation of commitments on social and environmental matters,
  - e) lack of transparency in administrative procedures;
18. Considers that the parties should make use of the revision clause of the Agreement to include, among others:
  - a) a comprehensive chapter on microenterprises and SMEs providing for substantial progress in term of trade facilitation, the elimination of trade barriers and unnecessary administrative burdens;
  - b) a dedicated chapter on gender, in accordance with the obligation of the EU as enshrined in Article 8 of the Treaty on the Functioning of the European Union (TFEU), to promote gender mainstreaming; welcomes, in this regard, the fact that the EU, Peru and Colombia have signed the Joint Declaration on Trade and Women's economic Empowerment;
  - c) a chapter on the fight against corruption, money laundering and tax evasion;

- d) a suitable dispute settlement mechanism for the trade and sustainable development (TSD) chapter including, among various enforcement methods, the possibility of considering sanctions as a deterrent measure to be used, as last resort, in the case of serious and persistent breaches, with due regard to the social partners and organised and representative civil society;
- e) dedicated trade-related provisions for engagement in international instruments in order to promote the implementation of multilateral environmental agreements, notably the Paris Agreement on Climate Change;
19. Insists that corruption constitutes one of the most important non-trade barriers hampering the business environment and increasing operational difficulties faced by businesses; calls on the Commission to use the Agreement to monitor domestic reforms in the partner countries in relation to the rule of law and good governance and to come up with effective anti-corruption measures;
20. Notes the positive attitude the authorities of both countries have shown in cooperating to find quick solutions to the remaining unresolved trade irritants;
21. Notes that both countries have raised specific concerns about their ability to meet certain food safety standards required for the EU market, in particular as regards recent EU legislative proposals on cadmium levels in cacao, endocrine disruptors, novel foods and palm oil, which risk having a social impact in some of the countries' most vulnerable areas, where production of the affected products tends to be concentrated; calls on the parties to strengthen and make best use of financial and technical cooperation and to enhance early warning mechanisms, transparency and the exchange of information on internal legislation and procedures in order to allow them to anticipate and adapt to changing patterns and comply with legal requirements; calls on the Commission to consider accompanying and supporting measures to help local producers meet EU health requirements, in line with the precautionary principle;
22. Insists on the need to implement, effectively and through concrete action plans, the specific provisions related to the roadmap on human, environmental and labour rights, as called for in its resolution of 13 June 2012 on the EU trade agreement with Colombia and Peru; recalls, in particular, the commitment by the parties to enforce standards on freedom of association, the right to collective bargaining, strict and effective labour inspections, violence against social and ethnic leaders and the protection of the environment through the appropriate prevention, control and enforcement mechanisms; welcomes, in this context, the efforts made by Colombia to fight impunity in cases of criminal offences including through improved investigations, but insists that additional efforts be made to take more effective action aiming at eradicating violence against human rights defenders, environmental activists, trade unionists, ethnic and community leaders, and ending persistent serious offences against women;
23. Acknowledges that an agreement concluded in 2017 between the Colombian Government and the public sector trade unions brought about improvements for more than one million workers; underlines the particularly low level of trade Union membership and the increased use of unilaterally determined salary and benefit schemes (*pactos colectivos*) over collective bargaining agreements;

24. Welcomes the fact that, according to the OECD's Trade Union Advisory Committee, there has been an increase in the number of inspectors in Colombia; stresses the need for increased resources in order to guarantee effective labour inspections; calls on the Commission and the EEAS to support Colombia in its efforts to strengthen labour inspections, which are clearly an enormous challenge for the Colombian Government given that the state had lost control of parts of the country during the long armed conflict, but which nonetheless need to be realised, and expects that additional and effective controls be carried out, especially in rural areas; asks the Commission to provide detailed information regarding the number of inspectors and inspections as well as irregularities found; recalls the recommendations of the OECD's Trade Union Advisory Committee that the number of labour inspectors has still to be increased towards international standards;
25. Welcomes the efforts and commitments made by Peru to reinforce the implementation of its commitments under the Trade and Sustainable Development chapter of the Agreement but insists that additional efforts have to be made in order to tackle violence against human rights defenders, social and ethnic community leaders and, particularly, against women; welcomes the latest measures taken in Peru to improve labour inspections and encourages the country to keep on reinforcing its efforts in accordance with the ILO recommendations; also welcomes the fact that Peru has held the Presidency of the Administrative Council of the ILO in 2018, which further strengthens Peru's commitment to leading by example in respecting labour laws; stresses equally that on 6 August 2018 Peru ratified a framework agreement with the ILO on the promotion of decent work for the period 2018-2021; stresses, nevertheless, the lack of effective implementation of ILO Conventions 87 and 98, and expresses its concern over recent legislative changes that may lead to the weakening of environmental protection; calls on the Commission to duly inform Parliament of how it will process in an independent way the official complaint introduced by Peruvian organised civil society against the Peruvian Government regarding the compliance with labour and environmental standards;
26. Is of the opinion that dialogue between representatives of EU, Colombian and Peruvian civil society on the TSD provisions of the Agreement is a useful means of identifying outstanding problems and encouraging governments to make further progress with a view to complying with important international social, labour and environmental standards;
27. Stresses, therefore, that transparent and inclusive consultation mechanisms are key instruments to ensure that all parties abide by recognised labour and environmental protection standards;
28. Recalls that the TSD chapter of the Agreement envisages that each party shall establish Domestic Advisory Groups or committees relevant to matters related to labour, the environment and sustainable development, comprising independent, representative civil society organisations, with balanced representation of economic, social and environmental stakeholders; welcomes the creation in Colombia of a consultation group independent of the government; considers that Peru should follow the example of Colombia in order to ensure more independence and transparency; welcomes the decision by the representatives of the EU and Andean Domestic Advisory Groups to hold annual joint meetings, which will allow for an improved exchange of information

and best practices and the preparation of joint recommendations to be presented to the parties;

29. Calls on the Commission to increase its efforts at fully implementing the 15-point plan to make binding TSD chapters more effective and recalls the need to continue its dialogue with the different actors involved, including Parliament, in order to ensure the effective enforcement of human rights, labour and environmental protection commitments;
30. Recalls that legislative changes that could lead to a lowering of the level of environmental protection with the aim of promoting foreign direct investment are not in compliance with the Agreement;
31. Notes with concern the significant share of all workers employed in the informal economy in both Peru and Colombia, especially women; emphasises the need to develop effective policies aimed at reducing this share and considers that the Agreement could help in that regard, by helping to create more formal jobs by, for example, reinforcing measures to facilitate the economic activities SMEs;
32. Recalls that the thresholds established under the Stabilisation Mechanism for Bananas, annexed to the Agreement and applicable until 2020, should be respected, and underlines the need to continue to monitor imports of bananas once the mechanism expires and that the parties should continue to provide statistics in this regard; is concerned that Peru has exceeded the threshold under the Banana Stabilisation Mechanism of the Agreement and calls for analysis of the effect this has on markets in the EU; recalls that the Commission has committed to assessing the situation of EU banana producers by 1 January 2019 and that if it finds that a serious deterioration in the state of the market or the situation of EU banana producers has occurred, an extension to the period of validity of the mechanism may be considered with the consent of the parties to the Agreement;
33. Welcomes Colombia's accession to the OECD on 30 May 2018, in what amounts to a recognition of the important reforms the country has undertaken, such as by reforming its justice system, improving its governance of state-owned enterprises and complying with the OECD Anti-Bribery Convention; recalls that, as decided by the OECD Council, after its accession Colombia must provide progress reports to OECD bodies, such as a follow-up assessment of the recommendations listed in the Trade Committee Formal Opinion; encourages Peru to continue its reforms under the Country Programme agreement with the OECD;
34. Stresses the importance of further enhancing international cooperation in the multilateral, plurilateral and regional international framework, in the context of the WTO, such as in relation to negotiations on the Environmental Goods Agreement (EGA) and the Trade in Services Agreement (TiSA);
35. Recognises the important work done by the national parliaments in their process of ratification of the Agreement and calls on them to pursue it; also calls on those Member States that have not yet done so to begin the process of examination of the ratification of the accession of Ecuador to the Agreement;

36. Instructs its President to forward this resolution to the Council, the EEAS, the Commission, the governments of Colombia and Peru, and to the Secretary-General of the OECD.

## INFORMATION ON ADOPTION IN COMMITTEE RESPONSIBLE

<b>Date adopted</b>	3.12.2018
<b>Result of final vote</b>	+:            22 -:            4 0:            5
<b>Members present for the final vote</b>	David Borrelli, David Campbell Bannerman, Santiago Fisas Ayxelà, Eleonora Forenza, Karoline Graswander-Hainz, Christophe Hansen, Heidi Hautala, Nadja Hirsch, France Jamet, Jude Kirton-Darling, Bernd Lange, David Martin, Emmanuel Maurel, Anne-Marie Mineur, Godelieve Quisthoudt-Rowohl, Inmaculada Rodríguez-Piñero Fernández, Tokia Saïfi, Joachim Schuster, Adam Szejnfeld, Iuliu Winkler
<b>Substitutes present for the final vote</b>	Reimer Böge, Klaus Buchner, Sajjad Karim, Gabriel Mato, Ralph Packet, Frédérique Ries, Jarosław Wałęsa
<b>Substitutes under Rule 200(2) present for the final vote</b>	Birgit Collin-Langen, Jonás Fernández, Alojz Peterle, Kosma Złotowski

## FINAL VOTE BY ROLL CALL IN COMMITTEE RESPONSIBLE

22	+
ALDE	Nadja Hirsch, Frédérique Ries
ECR	Ralph Packet
NI	David Borrelli
PPE	Reimer Böge, Birgit Collin-Langen, Santiago Fisas Ayxelà, Christophe Hansen, Gabriel Mato, Alojz Peterle, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Adam Szejnfeld, Jarosław Wałęsa, Iuliu Winkler
S&D	Jonás Fernández, Karoline Graswander-Hainz, Jude Kirton-Darling, Bernd Lange, David Martin, Inmaculada Rodríguez-Piñero Fernández, Joachim Schuster

4	-
ENF	France Jamet
GUE/NGL	Eleonora Forenza, Emmanuel Maurel, Anne-Marie Mineur

5	0
ECR	David Campbell Bannerman, Sajjad Karim, Kosma Złotowski
VERTS/ALE	Klaus Buchner, Heidi Hautala

**Key to symbols:**

+ : in favour

- : against

0 : abstention