



EUROPEAN PARLIAMENT

2009 - 2014

Committee on International Trade

2011/0303(NLE)

19.9.2012

OPINION

of the Committee on International Trade

for the Committee on Foreign Affairs

on the draft 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
(16395/1/2011 – C7-0182/2012 – 2011/0303(NLE))

Rapporteur (*): Pablo Zalba Bidegain

(*) Associated committee – Rule 50 of the Rules of Procedure

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SUGGESTIONS

The Committee on International Trade calls on the Committee on Foreign Affairs, as the committee responsible, to incorporate the following suggestions in its report:

- having regard to the resolutions of 21 October 2010 on the European Union's trade relations with Latin America¹, of 23 May 2007 on the EU's Aid for Trade, of 27 April 2006 on a stronger partnership between the European Union and Latin America², of 1 June 2006 on trade and poverty: designing trade policies to maximise trade's contribution to poverty relief³, of 12 June 2012 on defining new development cooperation with Latin America,
 - having regard to the Euro-Latin American Parliamentary Assembly (EUROLAT) resolution of 19 May 2011 on the prospects for trade relations between the European Union and Latin America,
 - having regard to the resolutions of 27 September 2011 on a new trade policy for Europe under the Europe 2020 strategy, of 25 November 2010 on human rights and social and environmental standards in international trade agreements, of 25 November 2010 on corporate social responsibility in international trade agreements and of 5 February 2009 on enhancing the role of European SMEs in international trade,
 - having regard to the statements of the six Summits of Heads of State or Government of Latin America and the Caribbean and the EU that were held 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 (17 and 18 May 2010),
 - having regard to the proposal for a European Parliament recommendation to the Council on the negotiating mandate for an association agreement between the European Union and its Member States, and the countries of Central America,
 - having regard to the trade chapter of the Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other,
- A. whereas the Association Agreement (AA) between the EU and Central America (CA) sets a major precedent by being the first bi-regional AA signed by the EU since the entry into force of the Treaty of Lisbon;
- B. whereas the Madrid Summit held in May 2010 led to the resumption of all the trade negotiations with Latin America that had been on ice for the last few years, concluding the negotiations on this AA, which, after a legal review, was initialled on 22 March 2011 and signed in Tegucigalpa on 29 June 2012;
- C. whereas the AA meets the Union's objective of promoting regional integration through

¹ OJ C 12 E, 15.1.2011, p. 245.

² OJ C 296 E, 6.12.2006, p. 123.

³ OJ C 298 E, 8.12.2006, p. 261.

trade, as laid down in Commission Communication entitled ‘Trade, Growth and World Affairs’ and in line with the Europe 2020 strategy, uses trade as an engine for competitiveness, development and job creation;

- D. whereas the magnitude of the trade part of the AA will qualitatively and quantitatively extend the range of goods and services that will benefit from a free trade area and will establish a framework for legal security and certainty that will stimulate the flow of goods, services and investments;
- E. whereas it is anticipated that the trade part of the AA will facilitate, on a sector-by-sector basis, immediate or gradual reductions in tariffs on an asymmetrical basis with the objective of creating a bi-regional free trade area subject to a stable and predictable regime that will encourage productive investment, greater penetration of the Central American region in world trade, efficient resource management and increased competitiveness;
- F. whereas one of the AA’s main objectives of contributing to greater regional integration and stability in CA will be achieved provided that the countries party to it show a clear political will and make a commitment to overcoming difficulties and achieving further dynamic integration (including Panama), by adopting effective, equivalent and appropriate measures in order to generate mutually beneficial synergies and strengthen the provisions of the PA, thereby contributing to economic, political and social development;
- G. whereas establishing a framework for strengthening legal security will bring the positive effects for both parties encouraging an increase in trade and investment flows and sectoral and geographical diversification; whereas the most significant effect for the Union will be the savings resulting from the staggered reduction or elimination of tariffs and trade facilitation, and investment in a framework of stability and mutual trust, stressing the commitment of both regions to international standards, especially those of the World Trade Organisation (WTO) and International Labour Organisation (ILO); whereas for CA it will imply a greater international presence, a strategic partnership with an established market, and an opportunity for diversification and for attracting long-term productive investments;
- H. whereas there is asymmetry of the AA, indicated, inter alia, by the graduation and the establishment of different transitional periods for both regions, enabling productive structures to be adapted to new economic and commercial realities resulting from its implementation;
- I. whereas among its principles respect for democratic principles and fundamental human rights, and the rule of law will strengthen the domestic and international policies of both parties; whereas the importance is stressed of including a specific heading on ‘Trade and Sustainable Development’ with references to international standards and agreements on labour, the environment and governance, consistent with the objective of sustainable and balanced development that reduces disparities between and within the parties, thereby setting an important precedent for future negotiations; whereas it is anticipated that trade will foster economic development, green growth and social cohesion; whereas the inclusion of institutional and monitoring mechanisms such as the Committee on Trade and Sustainable Development and the Civil Society Dialogue Forum is welcomed;

- J. whereas the commitment of both regions in respect of geographical indications and intellectual property in accordance with international standards is emphasised;
- K. whereas all states in CA benefit from the Generalised System of Preferences Plus scheme (GSP+), which will cease to apply on 31 December 2013; whereas the new GSP scheme will exclude, without exception, all the countries defined as upper-middle income countries by the World Bank, meaning that Costa Rica and Panama would lose their right to benefit from this system; whereas the GSP is unilateral, temporary, revisable, covers a smaller range of products and excludes most agricultural products, whereas the AA will improve the trading position of all CA states by establishing a new, more comprehensive, secure and mutually beneficial legal framework; whereas the fact that this new scheme will enable progressive liberalisation in the exchange of goods and services, public procurement and the promotion of investment is welcomed and whereas, since it involves an increased commitment, it should be geared towards stepping up the fight against poverty and exclusion, attaining the Millennium Development Goals (MDGs), the achievements made in upholding human rights and complying with international standards on society, labour and the environment;
1. Calls on the Council and Commission to take account of the following recommendations:
- i) Facilitate the processing, ratification and conclusion of the AA;
 - ii) Contribute to the revitalisation and strengthening of economic and trade relations and the integration of the productive fabric of both regions in order to achieve maximum benefits from implementing the AA, thus promoting balanced and sustainable growth that gives rise to new economic, trade and investment opportunities that enable greater integration of CA *ad intra* and *ad extra* in the international trade structure;
 - iii) Ensure compliance with the conditions defined in the AA, seeking greater synergies between both regions but without sacrificing general interests, including geographical indications and intellectual property rights as well as EU economic and trade priorities;
 - iv) Promote cooperation with appropriate technical and financial resources in strategic sectors for both regions, particularly on trade and sustainable development, and scientific and technical cooperation in areas such as institutional capacity building, harmonisation of standards, customs procedures and statistics, intellectual property, provision of services, government procurement, electronic commerce, industrial development, sustainable resource management, sanitary and phytosanitary standards, support to SMEs and diversification; recognise the importance of modernisation and technological innovation and use this AA as an instrument with which to achieve them;
 - v) Organise and facilitate the bi-regional Civil Society Dialogue Forum on an annual basis; invite the private sector and civil society to engage by means of a corporate social responsibility (CSR) policy that enables them to have a smooth relationship and brings about greater sustainable economic development in Central America that fosters social cohesion, combats poverty and exclusion, attains the MDGs and economic growth, guarantees compliance with social, environmental and labour standards and the sound management of natural resources, in particular land and water;

- vi) Promote action to raise awareness of the AA among stakeholders in both regions and encourage the organisation of trade fairs in both regions in order to provide opportunities for contacts to be forged and cooperation agreements to be concluded, particularly among SMEs;
- vii) Call on the European Union and the countries of Central America to keep a close eye on the activities of extractive industries in the region, in particular as regards their impact on the environment and the job situation for local people;
- viii) Support the establishment of competitive value-added production facilities in Central America; propose 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;
- ix) Ensure optimal implementation of the AA, paying particular attention to the points highlighted by Parliament in this report and the provisions of regulations implementing the AA, and support the activities of the Association Parliamentary Committee which, given the complex important trade and economic provisions of the AA, should be proportionally composed by the Members of the Committee on International Trade, in order to closely follow up the implementation of the relevant provisions of the Agreement.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	18.9.2012
Result of final vote	+: 25 -: 4 0: 0
Members present for the final vote	William (The Earl of) Dartmouth, Nora Berra, David Campbell Bannerman, María Auxiliadora Correa Zamora, Christofer Fjellner, Metin Kazak, Franziska Keller, Bernd Lange, David Martin, Vital Moreira, Paul Murphy, Cristiana Muscardini, Franck Proust, Godelieve Quisthoudt-Rowohl, Niccolò Rinaldi, Helmut Scholz, Peter Šťastný, Robert Sturdy, Gianluca Susta, Henri Weber, Jan Zahradil, Paweł Zalewski
Substitute(s) present for the final vote	Amelia Andersdotter, George Sabin Cutaş, Syed Kamall, Marietje Schaake, Jarosław Leszek Wałęsa, Pablo Zalba Bidegain
Substitute(s) under Rule 187(2) present for the final vote	Emilio Menéndez del Valle, Raimon Obiols