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REPORT

on the proposal for a Council decision on the signature of a Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Andean Community and its Member States, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, of the other part
(COM(2003) 695 – C5-0657/2003 – 2003/0268(CNS))

Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

Rapporteur: José Ignacio Salafranca Sánchez-Neyra

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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PROCEDURAL PAGE

By letter of 22 December 2003, the Council consulted Parliament, pursuant to Article 300(3), first subparagraph of the EC Treaty, on the proposal for a Council decision on the signature of a Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Andean Community and its Member States, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, of the other part (COM(2003) 695 – 2003/0268(CNS)).

At the sitting of 12 January 2004, the President of Parliament announced that he had referred the proposal to the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy as the committee responsible and the Committee on Development and Cooperation and to the Committee on Industry, External Trade, Research and Energy for their opinions (C5-0657/2003).

The Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy appointed José Ignacio Salafranca Sánchez-Neyra rapporteur at its meeting of 26 November 2003.

The committee considered the proposal for a Council decision and draft report at its meetings of 21 January 2004 and 19 February 2004.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Elmar Brok (chairman), Baroness Nicholson of Winterbourne (1st. vice-chairman), Geoffrey Van Orden (2nd vice-chairman) and Christos Zacharakis (3rd vice-chairman), José Ignacio Salafranca Sánchez-Neyra (rapporteur), Per-Arne Arvidsson, Ole Andreasen, Bastiaan Belder, Michael Cashman (for Richard Howitt), John Walls Cushman, Véronique De Keyser, Gianfranco Dell'Alba (for Emma Bonino, pursuant to Rule 153(2)), Rosa M. Díez González, Andrew Nicholas Duff (for Joan Vallvé), Hélène Flautre (for Per Gahrton), José María Gil-Robles Gil-Delgado (for Armin Laschet, pursuant to Rule 153(2)), Alfred Gomolka, Giorgos Katiforis (for Alexandros Baltas), Catherine Lalumière, Jules Maaten (for Bob van den Bos), Minerva Melpomeni Malliori (for Hannes Swoboda, pursuant to Rule 153(2)), Cecilia Malmström, Helmuth Markov (for André Brie, pursuant to Rule 153(2)), Emilio Menéndez del Valle, Hans Modrow (for Pedro Marset Campos), Raimon Obiols i Germà, Arie M. Oostlander, Jacques F. Poos, Jannis Sakellariou, Jürgen Schröder, Elisabeth Schroedter, Ioannis Souladakis, The Earl of Stockton (for David Sumberg), Charles Tannock, Paavo Väyrynen, Demetrio Volcic, Peder Wachtmeister (for Michael Gahler, pursuant to Rule 153(2)), Karl von Wogau and Jan Marinus Wiersma.

The opinions of the Committee on Development and Cooperation and the Committee on Industry, External Trade, Research and Energy are attached.

The report was tabled on 26 February 2004.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a Council decision on the signature of a Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Andean Community and its Member States, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, of the other part

(COM(2003) 695 – C5-0657/2003 – 2003/0268(CNS))

(Consultation procedure)

The European Parliament,

- having regard to the proposal for a Council decision (COM(2003) 695)¹,
 - having regard to Article 181 of the EC Treaty in conjunction with Article 300(2), first subparagraph, first sentence, of the EC Treaty,
 - having regard to Article 300(3), first subparagraph, of the EC Treaty, pursuant to which the Council consulted Parliament (C5-0657/2003),
 - having regard to Rules 67 and 97(7) of its Rules of Procedure,
 - having regard to the report of the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy and the opinions of the Committee on Development and Cooperation and the Committee on Industry, External Trade, Research and Energy (A5-0119/2004),
1. Approves conclusion of the agreement;
 2. Instructs its President to forward its position to the Council and Commission, and the governments and parliaments of the Member States and Andean Community and its member states, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela.

¹ Not yet published in OJ.

EXPLANATORY STATEMENT

1. **Assessment of the agreement in the context of the bi-regional strategic partnership during the current parliamentary term.**

The parliamentary term now ending has been marked by a certain disparity between the respective visions of the Commission and the European Parliament with regard to EU-Latin America relations. In the absence of any initiatives, plans and strategic vision of the kind displayed in previous decades when it spearheaded the development of these relations, the Commission has done little more than tidy up the loose ends of the strategic plan drawn up by previous Commissions (such as the conclusion of the EU-Chile Association Agreement). Indeed, throughout this period it has not produced a single new initiative of any real significance, with the result that it has moved from being a driving force in this field to becoming a hindrance to the bi-regional strategic partnership, disassociating itself from the European Parliament, which should have continued to be its traditional ally in formulating the Union's policy towards the sub-continent. How else are we to explain the cuts which the Commission has made year after year in its budgetary initiatives for Latin America, which have been restored only after substantial efforts on the part of Parliament? How else can we justify its frequent use of the RAL mechanism when settling the annual Community budget, depriving Latin America of funds included in the budget at great pains, not so much because of the lack of take-up capacity on the part of beneficiaries, but rather because of the lack of motivation, ideas and exciting strategic projects for a region where arbitrary cuts have frequently been made in favour of other interests and areas? The proposal from the European Parliament, the joint budgetary authority, to set up a bi-regional solidarity fund has not even been looked at in detail, after being submitted in November 2001. This is despite the fact that it would be an instrument capable of mobilising resources, without incurring additional budgetary expenditure and could produce a multiplier effect that could at least to some extent offset the decline in ODA suffered by Latin America since 2000, not to mention the potential contribution it could make to preventing and overcoming crises of the kind suffered in recent years by Bolivia, Ecuador, Mexico and Argentina. All these factors make it worthy of serious analysis. Nor has the Commission sought to work together with Parliament on legislative initiatives, tending rather to side with the Council, as was the case both over the inclusion of Pakistan in the GSP drugs regime - despite warnings from the Andean and Central American countries and from Parliament itself - and in its high-handed attitude to the proposal put forward in 2001 by Parliament, and more to the point by the Latin American beneficiary countries, to devote a specific regulation to Community cooperation with Latin American countries, blatantly disregarding the Parliament's role as co-legislator in an area covered by the codecision procedure. Lastly, matters have been no different in the field of development and cooperation, and although the Commission together with the Member States has continued to be the main ODA donor to Latin America (accounting for 45% of such aid up to the year 2000), ODA has nevertheless fallen dramatically (falling by 29% from 2580 million dollars in 1981 to 1820 by the end of 2000). Furthermore, nothing has been done to ensure as far as possible that resources are allocated. Under the Cotonou Agreement, for example, a budget allocation of EUR 13 500 million is earmarked for the ACP countries for the period up to 2005. This is at a time when, according to data from the

ECLA, poverty in Latin America (daily income below 2 dollars) was 43% in 2001 and extreme poverty (below 1 dollar per day) was 18.6%, while negative trends such as concentration of wealth and the decline in stable employment were also on the rise. This trend was particularly apparent in the initiatives portentously presented at the time as one of the major contributions of the second summit, such as the EU - Latin America Grant Programme (ALBAN), where during the first year only 300 of the 800 promised grants were allocated, of which 80% were awarded to the nine most developed countries and only 20% given to other countries with lower relative development.

2. The new EU-Andean Community Political Dialogue and Cooperation Agreement as preparation for the future partnership

Efforts to step up relations between the European Union and the Andean countries have also suffered an unnecessary setback in recent times. Contrary to Parliament's wishes as expressed in its resolution of 15 November 2001, and despite its best efforts together with the Presidency-in-Office and certain Council delegations, and the urgent entreaties of the Andean partners, the second EU-Latin America summit held in Madrid on 17 May 2002 rejected the submission of negotiating guidelines aimed at concluding association agreements between the EU and the Andean Community and the EU and Central America in the medium term. Indeed, given the firm opposition to this aim on the part of the Commission and some Council delegations, all that could be secured as a compromise solution was the initiative to negotiate the political dialogue and cooperation agreements 'as well as the decision to strengthen cooperation on trade, investments and economic relations. The achievement of the objectives of such agreements and the strengthening of cooperation should establish conditions under which, building on the outcome of the Doha Work Programme, which we have committed to complete by the end of 2004, feasible and mutually beneficial Association Agreements, including free trade areas, could be negotiated between the EU and Central America and between the EU and the Andean Community.' This was the only possible compromise, set out in paragraph 17 of the Madrid political declaration, which included the 33 commitments given by the second summit in the political, economic and cooperation fields regarding the cultural, educational, scientific, technological, social and human sectors.

The second summit was thus unable to provide a trigger for qualitative progress, as it did not establish dates for the direct negotiation of an Association Agreement that would mark a new stage in relations between the European Union and the Andean Community. As was to be expected, the Andean Presidents took advantage of their meeting in Madrid of 18 May to send out a dual message. On the one hand, they signalled their clear frustration, expressing grave concern at the protectionist trends in the field of trade and stressing the need to extend and speed up agreements with the EU geared to political, economic and commercial partnership with the Andean Community and other regional integration bodies; on the other, they stressed the need for diversification, calling for immediate adoption of the Andean Trade Preferences Act by the US Congress, as called for by President Bush, as a clear signal of the shared commitment to combat drug trafficking and terrorism. Furthermore, they soon moved from words to action, culminating in the fruitless Cancún negotiations where the Union was at loggerheads with most of the Andean countries coming together in

the Group of 22. In addition, the anticipated strengthening of EU-Andean Community relations is taking on particular significance as efforts are increased to set up the Free Trade Area of the Americas (FTAA). On the one hand, because there can be no doubt as to the value to the Andean countries of introducing a free trade area in the hemisphere (whether or not this can be done by the scheduled deadline of 2005 and provided solutions can be found by then to the current differences over farm subsidies, intellectual property and the social dimension of an area of this kind). On the other, because the blocking of the initiative could work against the Andean partner countries, in as far as many of them would be compelled to conclude bilateral trade agreements with the United States from a clearly disadvantaged negotiating position, the latter having never concealed its preference for this option before the abovementioned initiative was taken. Indeed, the parallel negotiating process launched on 18 November by the United States, which announced the opening of bilateral negotiations with four Andean countries (Colombia, Ecuador, Peru and Bolivia) and Panama, can be interpreted in this light.

In the light of the above, it is to be hoped that the Commission and Council will respond swiftly and with foresight with a view to setting a date - no later than the third summit in Mexico - for beginning negotiations on Association Agreements with the Andean Community countries and the countries of Central America, which 'mutatis mutandis', will be similar to those concluded with Mexico and Chile and under negotiation with Mercosur, as a prelude to the subsequent signing of an Interregional Global Agreement that would provide for the establishment of a Euro-Latin America Free Trade Area, as a counterpart to the FTAA, by 2010 at the latest, as called for by the European Parliament in its resolution of 15 November 2001. Meanwhile, the new political dialogue and cooperation agreement focuses exclusively on these two areas and, although it purports to go further than the 1993 framework cooperation agreement and the 1996 Rome Declaration, it does not include a trade component. The Commission has stated that the main objectives of the agreement are to: (a) strengthen EU-Andean Community relations by developing political dialogue and reinforcing cooperation, and (b) create the conditions under which, building on the outcome of the Doha Work Programme, a feasible and mutually beneficial association agreement, including a free trade agreement could be negotiated between the parties. From a political standpoint, virtually the sole merit of the new agreement is that it institutionalises the political dialogue (how far it is actually strengthened will emerge in practice) previously based on a more informal arrangement under the 1996 Declaration of Rome. The clause requiring respect for democratic principles, human rights and the principles of the rule of law is again a crucial element of the new agreement, as was certainly the case for the 1993 Agreement. The political dialogue agenda has been considerably broadened and the dialogue mechanisms provide for the holding of summits at the level of Heads of State and Government (when necessary and by agreement of both parties) and meetings of ministers, senior officials and competent departments. With regard to the parliamentary dimension, Article 52(4) contains an anything but imaginative exhortation to the European Parliament and Parliament 'to establish an Interparliamentary Committee (...) in accordance with past practice', as if the regular bilateral meetings held between the two parliaments in the context of interparliamentary conferences since 1974 were not more than sufficient to monitor the limited effects of the new agreement. It will be recalled that a much more substantial proposal was put forward by Parliament itself, as well as by the most

recent of the abovementioned conferences before the second summit, concerning the setting up of an EU-Latin American Transatlantic Assembly (cf. paragraph 9 ff. of its resolution of 15 November 2001). Politically, the most innovatory aspect of the new agreement is the proposal for cooperation on foreign and security policy, although with the sole instrument for that purpose being possible coordination of positions and the adoption of joint initiatives in the appropriate international forums. The new agreement consolidates and extends to new areas the cooperation provided for in the 1993 framework agreement and includes provisions on cooperation in the field of human rights, democracy, good governance, conflict prevention, modernisation of the State and public administration, regional integration, regional cooperation, trade cooperation, cooperation in the field of services, intellectual property, public procurement, competition policy, customs cooperation, and so on. Special mention should be made of the provisions concerning cooperation in the fight against drugs, money laundering and related organised crime, as well as in the field of migration. At the Union's insistence, the new agreement also includes provisions on cooperation in the fight against terrorism (Article 50). In general, the topics and areas included in the proposed new agreement have to be seen as important and should be taken up and properly fleshed out in the future association agreement, which should include a free trade agreement and should be negotiated as soon as possible.

3. Conclusions

- (1) The conclusion of the EU-Andean Community Political Dialogue and Cooperation Agreement agreed at the second summit in Madrid, which initially could scarcely aspire to be more than a restatement and updating of the existing provisions regulating bilateral relations between the two regions - the 1993 framework cooperation agreement and the 1996 political declaration - has come to represent above all a transitional stage paving the way for an association agreement that would include gradual and mutual trade liberalisation, which is an aspiration of the Andean partners and is also in line with the political, economic, commercial and social interests of the Union, broadly speaking.
- (2) The third summit to be held in Mexico in May 2004 must at least display the ability to react to the recent events relating to the Cancun negotiations, by finally deciding to set a date for the beginning of negotiations on individual association agreements with the Andean Community and with the countries of Central America, which should be similar 'mutatis mutandis' to those concluded with Mexico and Chile and under negotiation with Mercosur, as a prelude to the subsequent signing of a global interregional agreement providing for the establishment of a Euro-Latin America free trade area by 2010 at the latest.
- (3) These agreements should offer a model for an association that is viable and mutually beneficial, that involves a genuine political, economic and development partnership and includes a free trade agreement with both regions, avoiding in particular any express or tacit linkage making its conclusion conditional on the finalisation of WTO round negotiations, notwithstanding the eventual inclusion of the results of the Doha work programme, if they are compatible with the ultimate objective of the EU-Andean Community and EU-Central America partnership.

- (4) Migration must be a basic criterion when approving the cooperation programmes provided for in these and future agreements, taking due account in particular of the problems of the most vulnerable sections of the population, such as women, children and indigenous peoples, and in accordance with the international rules in force.
- (5) The provisions of the new agreement must be backed up by adequate resources and in any case must complement the activities of the Bi-regional Solidarity Fund called for by Parliament in its resolution of 15 November 2001 and make a substantial contribution to the financial solidarity mechanism designed to ensure democratic governability and help overcome poverty proposed in the Guayaquil Declaration of July 2002 within the framework of the second meeting of the Presidents of South America, and restated in the Cusco Consensus of May 2003 by the Heads of State and Government of the countries of the Permanent Mechanism for Consultation and Concerted Political Action at the XVIIth summit of the Rio Group.
- (6) In line with the earlier recommendation that the political and parliamentary dialogue should be extended to the social, business and trade union sectors and to the academic and scientific community, support should be given for the establishment of the Joint Consultative Committee provided for in Article 52 of the agreement to assist the Joint Committee in promoting dialogue with civil society; at the same time, in accordance with Article 43 of the Agreement, in which the parties recognise the role and potential contribution of organised civil society in the cooperation process and agree to promote effective dialogue with it, efforts shall be encouraged to devise formulas to enable civil society to take part in the framing of strategies for cooperation between the two regions.
- (7) Provisionally, and until such time as the two new agreements enter into force, the Andean and Central American countries should continue to maintain the trade concessions they enjoy under the generalised system of preferences 'special drugs regime'.

3 February 2004

OPINION OF THE COMMITTEE ON DEVELOPMENT AND COOPERATION

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on the proposal for a Council decision on the signature of a Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Andean Community and its member countries, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, of the other part (COM(2003) 695 – C5-0657/2003 – 2003/0268(CNS))

Draftsman: Hans Modrow

PROCEDURE

The Committee on Development and Cooperation appointed Hans Modrow draftsman at its meeting of 2 December 2003.

It considered the draft opinion at its meeting of 13 January 2004.

At the meeting of 20 January 2004 it adopted the following suggestions unanimously.

The following were present for the vote: Margrietus J. van den Berg (acting chairman) Marieke Sanders-ten Holte (vice-chairwoman), Anders Wijkman (vice-chairman), Hans Modrow (draftsman), Niall Andrews (for Isabelle Caullery), Jean-Pierre Bebear, John Bowis, John Alexander Corrie, Nirj Deva, Colette Flesch, Michael Gahler (for Karsten Knolle), Karin Junker, Bashir Khanbhai (for Luigi Cesaro), Glenys Kinnock, Miguel Angel Martínez Martínez, Linda McAvan, Ulla Margrethe Sandbæk, Karin Scheele (for Wolfgang Kreissl-Dörfler), Maj Britt Theorin and Jürgen Zimmerling.

SHORT JUSTIFICATION

The proposed agreement covers the areas of political dialogue and cooperation, but not trade. It is a simple framework agreement, which is to replace the 1993 Framework Cooperation Agreement. The European Parliament's repeated calls for an association agreement have therefore not been met. Under Article 300 of the EEC Treaty Parliament was only consulted on this proposal.

It is regrettable, however, that the agreement is mainly directed towards establishing the regulatory framework for a free trade agreement, without working towards an integrated economic and social development strategy, particularly with a view to fighting poverty. In the foreground are subjects whose further treatment was rejected by the developing countries at the last WTO meeting in Cancun and which tend to do away largely with national sovereign rights in the areas of economic control and development. The proposal for an agreement takes insufficient account of the fact that, for example, a bitter struggle has been waged by the greater part of the population in all the countries concerned to maintain national control over energy sources and raw materials and their use, which has already led to several outbreaks of social and political unrest and poses a threat to the governability of the countries. An agreement on cooperation with the Andean region which is based on partnership should contribute towards defusing the explosive political and social situation there.

Given the preparatory work done by the Andean Community countries towards a future association or free trade agreement, the EU is also under an obligation to take the measures, such as withdrawal of agricultural subsidies, needed to make mutually advantageous free-trade relations possible. Article 3(2), for example, talks about initiatives to be taken throughout Latin America to combat arms trading, money laundering, drug trafficking and the trade in the primary chemical products used in drug manufacture, but there is no mention of similar measures in Europe, although they are just as necessary. It is particularly regrettable that the EU does not show any grasp of the need for selective protective measures for the Andean countries' national industries and agriculture or acceptance of such measures. The issue of the countries' indebtedness, which gives rise to a steady and significant haemorrhaging of resources, and possible EU debt clearance initiatives are not addressed.

Under the United Nations Development Programme (UNDP) the five countries involved are classified as threshold countries as far as their development is concerned, although there are great differences between them. In development terms Colombia and Venezuela are in first position, Bolivia in last. This classification as threshold countries conceals the fact, however, that a large part of the population still lives in extreme poverty. In Colombia 26.5% of the population live on less than 2 dollars a day; in Peru the percentage is 32%, in Venezuela 34.3%, in Bolivia 41.4% and in Ecuador as much as 52.3%. The prosperity differential is greatest in Colombia: in 1996 1.1% of the country's consumption was accounted for by the poorest 10% of the population, 46.1% of consumption by the richest 10% of the country's inhabitants.

Access to health care is limited and differs greatly between population groups. Although the five countries covered by the agreement have made great strides in the past ten years in cutting infant mortality, it is still very high in Bolivia. HIV/AIDS seems to be more prevalent than in other regions of the world; however, reliable statistics are needed to be able to judge the true extent of the phenomenon.

With a literacy rate of over 95% among 15- to 24-year-olds in the five countries, basic education can be considered satisfactory.

The societies in the countries in question are, in addition, marked by conflict, war and violence, which are an expression of shortcomings in the development of democracy and of chances to participate in civil society, of ethnic discrimination, a worsening of the agrarian question, and the problems of drug trafficking and drug cultivation. The most disadvantaged sections of the population, particularly the indigenous groups, are most seriously affected. The civil war in Colombia, which has been going on for the past 15 years, has led to the expulsion of more than 2 million people and created enormous humanitarian needs. Greater efforts must be made to put an end to armed conflicts by political means and to create a peace based on social justice. A successful reintegration of former combatants into civilian life must be achieved by judicial and political means, which calls at the same time for consistent prosecution of human rights violations and an end to the amnesty for crimes committed or encouraged by representatives of State bodies.

Humanitarian crises have also occurred as a result of natural disasters, such as volcanic eruptions, which are frequent in the region. The focus should be on preventive measures in the areas both of natural disasters and their effects and of internal conflicts.

The European Union and its Member States are the main donors in the region. The regional Indicative Programme and the five national Indicative Programmes were adopted in May 2002 for the period 2002-2006. The European Union plans to give financial help amounting to €420 million for this period. The main aims of the cooperation are to fight poverty, strengthen public administration, combat drugs and support regional integration. Of the 420 million, 30 million are earmarked for public administration and 50 million for economic cooperation. The aggregate aid for combating drugs amounts to €100 million. Local projects aimed at voluntary restriction of drug cultivation are to receive greater support through EU cooperation programmes, in order to counteract the US-promoted spraying with chemical and biological substances, which has devastating effects on human beings and the environment.

In his conclusions the draftsman views the draft agreement in principle as positive, but criticises the abovementioned shortcomings, particularly in the light of the European Parliament's call for an association agreement to be concluded. It is also regrettable that the Commission and the Council did not choose an all-embracing approach to development cooperation with South America.

SUGGESTIONS

The Committee on Development and Cooperation calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Approves in principle the content of the draft agreement on political dialogue, but regrets that the European Parliament's call for an association agreement directed towards reinforced partnership-based cooperation on a sustainable, integrated development strategy and a deepening of economic, social and cultural integration of the societies concerned has not been met; calls on the Heads of State and Government meeting at the Mexico Summit in Spring 2004 to undertake to work towards an association agreement in response to the calls made by the European Parliament;
2. Regrets that the Commission and the Council did not choose an all-embracing approach to development cooperation with South America; calls on the Commission and Council to support the integration of the South American continent in accordance with the independent constructive efforts of its countries;
3. Regrets the failure to mention the parliaments and civil society in the mechanisms of political dialogue in accordance with Article 4 of the draft agreement and calls on the Council and Commission to include them in the further process of developing the agreement;
4. Calls on the Commission, in the framework of the European Union's development cooperation policy, to involve civil society, which is independent of the State, including the trade union organisations, more closely in the implementation of the national Indicative Programmes, as a further way of protecting human rights and strengthening democracy;
5. Emphasises the importance of the political dialogue between the EU and the Andean region and stresses that the prevention and political resolution of conflicts in the region, the reduction of military expenditure and the protection of human rights must play a stronger role in the process;
6. Takes the view that the definition in Article 3(2) is too restrictive and that the political dialogue should embrace geopolitical and military questions including that of the military presence of third countries in the region;
7. Considers it necessary to stress that the EU's cooperation with the Andean Community countries on combating drugs does not adopt the strategy of chemical spraying and militarisation, but is directed towards economically and socially sustainable alternative programmes for small farmers, which include the social efforts of local communities to relinquish drug cultivation voluntarily; emphasises in this connection the need to expand as far as possible the list of products covered by the Generalised System of Preferences scheme - designed to open up the European market to third country products and of particular relevance in the context of trade between the European Union and the Andean Community - in order to reinforce this as a key element in the combating of drug production;

8. Stresses that, although the Andean countries are classed as threshold countries from the development point of view, they continue to experience considerable problems as regards social cohesion and distribution of resources, and a large part of the population still lives in extreme poverty; regrets that the question of social justice is not addressed in the agreement; calls on the Council and Commission in this connection to continue efforts towards debt clearance for these countries, in order to free up resources to fight poverty;
9. Regrets that the cooperation in the area of tourism dealt with in the agreement takes an excessively one-sided economic approach and does not give aspects such as cultural exchange and understanding between peoples a more prominent position;
10. Welcomes the fact that the draft agreement takes account of the special needs of the indigenous population and to the fact that these communities are particularly affected by poverty; recalls that recent events in Bolivia are mainly attributable to the fact that large sections of Bolivian society, such as the Aymara and Quechua Indians, are excluded from political and economic life; particularly welcomes the commitment entered into by the parties to incorporate the specific situation of indigenous groups as a key horizontal element in the formulation of its cooperation policies as well as the reference to the importance of helping to set up associations with indigenous peoples in the context of promoting the objectives of poverty eradication, the sustainable management of natural resources and respect for human rights and democracy;
11. Urges the European Union to insist on the implementation of the commitments made by the Colombian Government at the International Conference of London in 2003, concerning the pursuit of a solution for conflict in the country and the implementation of the recommendations of the UN High Commissioner for Human Rights and the protection of human rights activists;
12. Expresses also its concern for the safety of the Cacarica communities in Colombia;
13. Calls on the parties to strengthen cooperation under the agreement in the area of natural disasters – complementing the activities of ECHO in the area of humanitarian aid and of DIPECHO in that of disaster prevention – in order to be better prepared for disasters such as the eruption of the volcano El Reventador in Ecuador in November 2002;
14. Takes the view with regard to Article 49(3) of the draft agreement, on illegal immigration, that development cooperation must not in any way be linked to the obligation to take back illegal migrants;
15. Calls on the Commission to assess the measures needed to ensure that the enormous financial flows represented by the remittances made by immigrants living and working in the European Union benefit the development of their countries of origin and are not therefore subject to abusive banking practices;
16. Calls on the Commission and Council to use the EU's influence to support peace and reconciliation processes in the region, as well as appropriate political, judicial and social measures to reintegrate former combatants into civilian life, while at the same time calling urgently for consistent prosecution of human rights violations as a precondition for reconciliation and strengthening democracy;

17. Urges the Council and the Commission to step up the pressure at all levels and to use everything within its powers to secure the release of Ingrid Betancourt, the former Colombian presidential candidate, who has been in the hands of the Fuerzas Armadas Revolucionarias de Colombia (FARC) since 23 February 2002 in clear defiance of the rule of law and the principle of democratic pluralism;
18. Welcomes the objective of fighting terrorism referred to in Article 50 of the draft agreement, but warns against possible misuse of the concept of ‘terrorist groups’ against the political opposition mounted by trade union organisations, and notes that securing fundamental political and social rights and the independence of the judiciary, as well as guaranteeing democratic principles, remains essential.

18 February 2004

OPINION OF THE COMMITTEE ON INDUSTRY, EXTERNAL TRADE, RESEARCH AND ENERGY

for the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy

on the proposal for a Council decision on the signature of a Political Dialogue and Cooperation Agreement between the European Community and its Member States, of the one part, and the Andean Community and its member countries, the Republics of Bolivia, Colombia, Ecuador, Peru and the Bolivarian Republic of Venezuela, of the other part (COM(2003) 695 – C5-0657/2003 – 2003/0268(CNS))

Draftswoman: Ana Miranda de Lage

PROCEDURE

The Committee on Industry, External Trade, Research and Energy appointed Ana Miranda de Lage draftswoman at its meeting of 16 December 2003.

It considered the draft opinion at its meetings of 20 and 26 January and 18 February 2004.

At the last meeting it adopted the following suggestions by 35 votes to 2.

The following were present for the vote: Luis Berenguer Fuster (chairman), Peter Michael Mombaur (vice-chairman), Jaime Valdivielso de Cué (vice-chairman), Ana Miranda de Lage (draftswoman), Gordon J. Adam (for Imelda Mary Read), Per-Arne Arvidsson (for Bashir Khanbhai), Sir Robert Atkins, Guido Bodrato, Felipe Camisón Asensio (for Concepció Ferrer), Marie-Françoise Duthu (for Claude Turmes, pursuant to Rule 153(2)), Giles Bryan Chichester, Nicholas Clegg, Francesco Fiori (for Paolo Pastorelli), Neena Gill (for Gary Titley), Michel Hansenne, Hans Karlsson, Bernd Lange (for Norbert Glante), Rolf Linkohr, Eryl Margaret McNally, Erika Mann, Elizabeth Montfort, Bill Newton Dunn (for Willy C.E.H. De Clercq), Angelika Niebler, Giuseppe Nisticò (for Umberto Scapagnini), Seán Ó Neachtain, Reino Paasilinna, Fernando Pérez Royo (for Harlem Désir, pursuant to Rule 153(2)), Elly Plooij-van Gorsel, Godelieve Quisthoudt-Rowohl, Alexander Radwan (for Paul Rübig), Konrad K. Schwaiger, Esko Olavi Seppänen, W.G. van Velzen, Alejo Vidal-Quadras Roca, Myrsini Zorba and Olga Zrihen Zaari.

The Committee on Industry, External Trade, Research and Energy calls on the Committee on Foreign Affairs, Human Rights, Common Security and Defence Policy, as the committee responsible, to approve the conclusion of the agreement.

EXPLANATORY STATEMENT

The political dialogue and cooperation agreement between the European Union and the countries of the Andean Pact marks a qualitative leap forward in relations between the two parties, which are currently based on two pillars, namely the framework cooperation agreement signed in 1993 and in force until 1998 and the GSP drugs regime, which provides tariff concessions on top of those included in the general regime, aimed at facilitating the replacement of cocaine crops and extending the range of farm products intended for export.

Although the Madrid Summit in May 2001 failed to give a mandate for negotiating an association agreement, to the great disappointment of the countries concerned, an opportunity was opened up by the decision to promote a new relationship, the purposes and principles of which are clearly summed up in Article 2(3) of the proposed agreement. The objective is described as 'creating conditions under which, building on the outcome of the Doha Work Programme, a feasible and mutually beneficial Association Agreement, including a Free Trade Agreement, could be negotiated between them'. The objective is thus maintained, albeit with a longer timescale.

The agreement must therefore help create the conditions that will enable an association agreement to be concluded. With this in view, it proposes establishing the new instruments needed on the one hand to promote regional integration and, on the other, to strengthen relations between the parties.

The European Union is the second largest trading partner of the countries of the Latin American region as a whole, although trade flows continue to be very modest for the moment. At present they represent only 6% of EU exports and 5% of imports. For the Andean countries, the percentage was 0.8% for imports and 0.7% for exports in the year 2000 (source: Eurostat). In terms of products, oil accounts for 19% of exports, coal 11% and fruit and vegetables 12%.

The aim of the agreement is to encourage regional integration and consolidate the rule of law through the use of various instruments. It should not be forgotten that some of these countries are recovering from serious long-term conflicts. Colombia, probably the richest of the Andean Community countries, is experiencing severe difficulties, with the result that poverty reduction and restoring the political dialogue must be priorities there.

In the medium term, regional integration processes appear to offer the best basis for improving growth prospects. As can be seen from the figures quoted above, despite the vast disparities between economies, the situation is not irretrievable, as shown by the case of Chile. Consolidating integration and a customs union in the region will give greater encouragement to both bilateral and multilateral association agreements.

Indeed, the Central American countries are already planning bilateral relations, e.g. with the

United States, in line with the model currently being employed by Chile.

This situation may have a positive impact on the EU's current position, so that the ultimate objective of association can be achieved within a reasonable timescale.

With regard to the fields of cooperation of more direct concern to this committee, emphasis should be placed on trade cooperation, competition policy, industrial cooperation, and the development of small and medium-sized businesses, as referred to in Articles 11 to 21 and in Article 36 on scientific and technical cooperation and research.

Lastly, there remains the always thorny issue of funds and the methods of funding which could be used to achieve the agreement's objectives, as no specific financial memorandum is included. During the last decade, both the EIB and the EBRD have provided loans for public undertakings and investment projects. If regional integration is the aim, priority should be given to applications for regional-type projects, such as the improvement of infrastructures and public services, roads, energy, education, health and new technologies.

CONCLUSIONS

1. The conclusion of a New Political and Cooperation Agreement between the European Community and the Andean Community is a valuable instrument for preparing the establishment of a future partnership which will extend those currently existing in the subcontinent, Chile and Mexico, with a view to completing a Europe-Latin America free trade zone by the year 2010.
2. The Third EU-Latin America and Caribbean Summit to be held in Guadalajara, Mexico, in May 2004 offers an excellent opportunity to extend relations with all our partners and establish a timetable for negotiating an association agreement, as set out in Article 2(1) of the Political Dialogue and Cooperation Agreement between the European Community and its Member States and the Andean Community and its member countries.
3. The European Parliament's Committee on Industry, External Trade, Research and Energy welcomes Council Regulation (EC) No 2211/2003 of 15 December 2003, which extends the GSP drugs regime until 31 December 2005, and requests that none of its beneficiaries should be excluded from it, even if they have exceeded the criteria on which their inclusion was based. Departures from the system would immediately create distortions in the export capacity of the country or countries excluded for their good conduct, benefiting those which are less rigorous or are finding it harder to meet their commitments in the fight against drug-trafficking.
4. The committee calls on the Commission's DG for Trade to give its views on deadlines, given the delay in the negotiations on the Doha Development Agenda. The aim of the new agreement is to consolidate relations between the EU and the Andean countries. The inclusion of the conditionality clause and the extension of the political dialogue are two vital elements. However, it cannot be said that civil peace and an end to conflict in the region have yet been achieved. Poverty is unremitting and this also poses a threat to democracy. Closer relations between the two regions, together with a climate of greater peace and security in the Andean region, would promote investment and help diversify production. Continuing to provide loans for small and medium-sized businesses could also help encourage social stability, through the jobs created by this type of business initiative.
5. Recommends that the decision to negotiate a free-trade agreement between the EU and the Andean countries should not be conditional on the completion of the WTO Round negotiations.