EU's trade relations with Latin-America

2010/2026(INI) - 21/10/2010 - Text adopted by Parliament, single reading

The European Parliament adopted by 414 votes to 76, with 23 abstentions, a resolution on the European Union's trade relations with Latin America.

Partial economic recovery: the resolution recalls that the EU 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. It notes that trade volumes doubled between 1999 and 2008, with a steady rise in trade in services, but that the figures have dropped owing to the dramatic effect of the financial and economic crisis. Parliament recalls, however, that **poverty remains a major challenge in Latin America with great disparity between its countries**. 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. Nevertheless, 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. In the face of these challenges, Members make a series of recommendations which it asks the Commission to bear in mind when implementing the EU-Latin America trade policy. These recommendations may be summarised as follows:

EU trade policy and the fight against poverty: Parliament stresses 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. Modern European trade policy can play an important role in achieving the UN Millennium Development Goals (MDGs) and fulfilling international commitments to human rights, food security and environmental sustainability. Members state that 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.

Creation of a sustainable economic zone: Parliament 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. It 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. Members note, however, that a growth in trade should **not lead to deforestation** and more green-house gas emissions. They also stress 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.

Distribution of gains: Parliament 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. It 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.

"Aid for Trade": Parliament considers it crucial to mobilise Aid for Trade and harness trade intensification in order to promote development. Welcoming the positive developments in Latin American countries, it 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. Members consider 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.

Reject protectionism: Parliament 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. It 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. Parliament deplores the protectionist measures taken during the financial crisis by some Latin American countries, especially Argentina.

Parliament considers that the EU should seek to **make a more attractive offer aimed at serving the economic development interests of its partners**, in order to ensure its presence in the region, alongside the US and China. It also considers it crucial for Latin America further to diversify its trade, which is mainly based on raw materials.

Respect for social and environmental standards: Parliament 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. It 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. It also stresses that European multinationals are responsible to a great extent for the EU's image in the region.

Encourage transparency in the negotiations: Parliament takes note of the positive conclusion of the negotiations on the EU-Central America Association Agreement. It also notes that the negotiations for a Multi-Party Trade Agreement between the EU and Colombia and Peru have come to a positive conclusion and await the rapid resumption of negotiations on the EU-Mercosur Association Agreement (the world's most ambitious bioregional agreement affecting more than 700 million). It calls on the Commission to closely involve Parliament whether in the context of the negotiations on the Mercosur Agreement or in those relating to the agreements with Chile and Mexico. Members call 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.

Mercosur Agreement: Parliament 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.

The resolution calls for agricultural imports to be allowed into the EU only if they have been produced in a manner consistent with European consumer protection, animal welfare and environmental protection standards and minimum social standards. Moreover, Parliament 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.

Investment promotion: Parliament welcomes 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. It also 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. Members point out, however, that the further investment promotion needs to go hand in hand with the environmental, health and social demands of the populations.

The EU should also create **regional trade academies** both in Latin American regions and across EU Member States, aimed at building capacity among SMEs. It should also provide support for EU-Latin American trade fairs in the various European and Latin American countries, to provide a platform for contacts and partnership agreements.

Combating climate change: to help to combat climate change, Parliament 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. It 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.

Resolving the question of external debt: Members call 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.

Other sectoral issues:

- **restrictive measures on foodstuffs imported from the EU**: Parliament considers these measures to constitute a real non-tariff barrier incompatible with WTO obligations. It 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;
- **intellectual property rights**: 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;
- recognising 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, Parliament considers that this progress 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. It 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.