Implementation report on the trade pillar of the Association Agreement with Central America

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The Committee on International Trade adopted the own-initiative report by Reimer BÖGE (EPP, DE) on the implementation of the Trade Pillar of the Association Agreement with Central America.

The Association Agreement between the EU and Central America was the first region-to-region association agreement concluded by the EU. It is based on three complementary pillars, namely political dialogue, cooperation, and trade. The trade pillar of the Agreement was quite broad and ambitious when it was negotiated, but retrospectively lacks updated provisions on, *inter alia*, gender and trade, digital trade and e-commerce, procurement, investment, anti-corruption or SMEs.

The political dialogue and cooperation pillars have still not been applied as not all Member States have ratified the Agreement. The non-application of these two pillars creates an imbalance between trade-related issues and political issues, namely the EU's core values, such as promotion of democracy and human rights.

Main conclusions

Members are of the opinion that the Agreement tries to meet one of its key initial aims as it intends to strengthen the process of regional integration among the Central American countries by supporting intra-regional institutions, cooperation and dialogues. They considered it essential to ensure the full entry into force of the Agreement, which is pending internal ratification by some EU Member States (Austria, Belgium, the United Kingdom and Greece) and the effective and adequate implementation of all the provisions of the trade pillar by both parties.

Key recommendations

These aim to:

- fully implement all the provisions of the trade pillar;
- deliver updated and comprehensive annual reports on the implementation of the Agreement as requested in the relevant implementing regulations and to include the relevant data and figures to evaluate investment flows;
- identify and develop joint strategies towards the necessary modernisation of the WTO;
- monitor the implementation of internationally agreed standards for the fight against money laundering, as well as tax evasion and avoidance;
- update and create a common methodology for evaluating the implementation of its trade agreements more coherently;
- make progress on the problem of Costa Rica's discriminatory taxes on imports of alcoholic beverages and on the effective protection of geographical indications (GIs);
- assess the situation of EU banana producers by 1 January 2019 at the latest and that, in the event of a serious deterioration of the market or the situation of EU banana producers, an extension of the validity of the stabilisation mechanism may be envisaged;
- put at the disposal of SMEs all the necessary tools to foster greater exchanges and participation to reap the benefits of the Agreement;
- strengthen labour inspections and enhancing social dialogue - Central American states concerned should eradicate violence affecting trade unionists and indigenous peoples, take legislative measures

to effectively implement ILO fundamental conventions on freedom of association, collective bargaining and non-discrimination, and child labour;

- review the Agreement to introduce a suitable and effective dispute settlement mechanism;
- continue to monitor the situation in Nicaragua and, if necessary, assess the potential measures to be taken in light of the Association Agreement;
- -urge Austria, Belgium, and Greece to ratify the Agreement.