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

2018/2106(INI) - 16/01/2019 - Text adopted by Parliament, single reading

The European Parliament adopted by 429 votes to 42 with 98 abstentions a resolution on the implementation of the Trade Pillar of the Association Agreement with Central America.

The Association Agreement between the EU and Central America 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. It has been provisionally applied for five years: since 1 August 2013 with Honduras, Nicaragua and Panama, since 1 October 2013 with Costa Rica and El Salvador, and since 1 December 2013 with Guatemala.

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

Parliament is 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. It was 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 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;

- include a specific chapter on SMEs in a future review of the Agreement, with active measures to foster the internationalisation of SMEs and the setting up of contact points and a specialised website for SMEs;

- deliver 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;

-monitor the implementation of internationally agreed standards for the fight against money laundering, as well as tax evasion and avoidance;

- 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;

-reinforce the gender focus of the Agreement and to promote and support the inclusion, in a future review, of a specific gender chapter;

-strengthen **labour inspections** and **enhance 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;

- introduce an effective dispute settlement mechanism, including the consideration of, among various enforcement methods, **sanctions as a deterrent** to be used, as last resort, in the case of serious breaches, and enabling social partners and civil society to participate appropriately;

- continue to monitor the situation in Nicaragua and, if necessary, assess the potential measures to be taken in light of the Association Agreement;

Lastly, Parliament urged Austria, Belgium, and Greece to ratify the Agreement and reiterated the importance of full application of the other parts of the Agreement.