

Basic information

2011/0303(NLE)

NLE - Non-legislative enactments
Decision

Procedure completed

EU/Central America Association Agreement

See also [2011/0263\(COD\)](#)

Subject

6.20.03 Bilateral economic and trade agreements and relations
6.20.04 Union Customs Code, tariffs, preferential arrangements, rules of origin
6.30.01 Generalised scheme of tariff preferences (GSP), rules of origin
6.30.02 Financial and technical cooperation and assistance
6.40.10 Relations with Latin America, Central America, Caribbean islands

Key players

European
Parliament

Committee responsible	Rapporteur	Appointed
AFET Foreign Affairs	SALAFRANCA SÁNCHEZ-NEYRA José Ignacio (PPE)	15/09/2011
Former committee responsible	Former rapporteur	Appointed
AFET Foreign Affairs	SALAFRANCA SÁNCHEZ-NEYRA José Ignacio (PPE)	15/09/2011
Committee for opinion	Rapporteur for opinion	Appointed
DEVE Development	JOLY Eva (Verts/ALE)	15/06/2012
INTA International Trade (Associated committee)	ZALBA BIDEGAIN Pablo (PPE)	29/05/2012
Former committee for opinion	Former rapporteur for opinion	Appointed
DEVE Development	JOLY Eva (Verts/ALE)	05/12/2011
INTA International Trade	ZALBA BIDEGAIN Pablo (PPE)	29/05/2012



Council of the
European Union

European

Commission DG

Commissioner

Commission	Trade	ASHTON Catherine

Key events			
Date	Event	Reference	Summary
25/10/2011	Preparatory document	COM(2011)0679 	Summary
06/07/2012	Legislative proposal published	16395/1/2011	Summary
11/09/2012	Committee referral announced in Parliament		
25/10/2012	Vote in committee		
08/11/2012	Committee report tabled for plenary, 1st reading/single reading	A7-0362/2012	Summary
08/11/2012	Committee interim report tabled for plenary	A7-0360/2012	Summary
10/12/2012	Debate in Parliament	CRE link	
11/12/2012	Decision by Parliament	T7-0478/2012 T7-0479/2012	
11/12/2012	Results of vote in Parliament		
12/04/2024	Act adopted by Council after consultation of Parliament		
17/04/2024	Final act published in Official Journal		

Technical information	
Procedure reference	2011/0303(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consent by Parliament
Legislative instrument	Decision
	See also 2011/0263(COD)
Legal basis	Treaty on the Functioning of the EU TFEU 217 Treaty on the Functioning of the EU TFEU 218-p6a
Stage reached in procedure	Procedure completed
Committee dossier	AFET/7/09662 AFET/7/07836



Documentation gateway				
European Parliament				
Document type	Committee	Reference	Date	Summary
Committee draft report		PE489.715	05/06/2012	
Committee draft report		PE489.643	05/06/2012	
Amendments tabled in committee		PE492.933	12/07/2012	
Amendments tabled in committee		PE494.571	02/08/2012	
Amendments tabled in committee		PE494.708	04/09/2012	
Amendments tabled in committee		PE494.791	04/09/2012	

Amendments tabled in committee		PE492.929	12/09/2012	
Committee opinion	INTA	PE491.152	18/09/2012	
Amendments tabled in committee		PE496.454	21/09/2012	
Committee opinion	INTA	PE487.891	17/10/2012	
Committee opinion	DEVE	PE489.641	26/10/2012	
Committee opinion	DEVE	PE492.606	26/10/2012	
Committee interim report tabled for plenary		A7-0360/2012	08/11/2012	Summary
Committee report tabled for plenary, 1st reading/single reading		A7-0362/2012	08/11/2012	Summary
Interim resolution adopted by Parliament		T7-0478/2012	11/12/2012	Summary
Text adopted by Parliament, 1st reading/single reading		T7-0479/2012	11/12/2012	Summary

Council of the EU

Document type	Reference	Date	Summary
Document attached to the procedure	16396/2011	06/07/2012	
Legislative proposal	16395/1/2011	06/07/2012	Summary

European Commission

Document type	Reference	Date	Summary
Preparatory document	COM(2011)0679 	25/10/2011	Summary
Commission response to text adopted in plenary	SP(2013)175	13/05/2013	
For information	COM(2015)0131 	18/03/2015	Summary

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	PT_PARLIAMENT	COM(2011)0679	01/03/2012	

Additional information

Source	Document	Date
National parliaments	IPEX	
European Commission	EUR-Lex	

Final act

Decision 2024/1156 OJ OJ L 17.04.2024	Summary
--	---------

EU/Central America Association Agreement

2011/0303(NLE) - 25/10/2011

PURPOSE: to conclude an Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other

PROPOSED ACT: Council Decision

BACKGROUND: at the European Union - Latin America and Caribbean Summit held in Vienna on 12 - 13 May 2006, the Heads of State and Government of the European Union and of certain Central American Republics decided to open negotiations on an Association Agreement between the two regions, including the establishment of a Free Trade Agreement. Negotiations were formally launched in October 2007 and were successfully concluded in May 2010.

The text of the agreement was initialled on 22 March 2011.

The proposal aims to conclude the Agreement on behalf of the European Union.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 217 in conjunction with Article 218(6)(a) TFEU.

CONTENT: the Commission proposal aims to conclude the Agreement between the EU and its Member States, of the one part, and Central America, of the other, is hereby approved on behalf of the European Union. Overall the Agreement will lock-in and promote – above and beyond WTO rules – policies of openness and respect at the domestic level for internationally agreed rules and best practices while securing a transparent, non-discriminatory and predictable environment for EU operators and investors in the region.

Its main provisions are as follows:

Political Dialogue: the Agreement includes all the political clauses as an essential element which reflects EU values. The main objective of the Political Dialogue is:

- to develop a privileged political partnership based on values, principles and common objectives;
- to reinforce human rights;
- conflict prevention;
- good governance;
- regional integration;
- poverty reduction;
- the fight against inequality;
- sustainable development.

Strengthening cooperation: cooperation should be manifested in concrete actions in every aspect of common interest, including economic development, social cohesion, natural resources, culture, justice and the sciences.

Trade: the trade part of the Agreement between the EU and Central America establishes the conditions for EU economic operators to take full advantage of the opportunities and the emerging complementarities between their respective economies. Over the course of its implementation, the Agreement will fully relieve EU exporters of industrial and fisheries products to Central America from paying customs duties. It satisfies Article XXIV of the GATT criteria to **eliminate duties and other restrictive regulations of commerce** with respect to substantially all trade between the parties. In addition, it will reduce the scope for Central America to adopt non-tariff barriers in important areas, for example in the field of labelling requirements for textiles. Central America will benefit from substantial new access to the EU market in particular for their key agriculture exports: bananas, sugar, beef and rum while the EU will grant 100% duty-free coverage for industrial products and fisheries of Central America origin at entry into force of the Agreement.

On services and establishment, commitments obtained from Central American Republics go beyond their commitments under the GATS (General Agreement on Trade in Services) and match key EU interests in relevant sectors (notably in telecom services, environmental services and maritime services as well as in other transport services) while respecting EU sensitivities, e.g. in terms of temporary presence of natural persons for business purposes.

With regard to certain sectors, the commitments offered by Central American Republics reach effective parity with other agreements concluded by Central America such as the CAFTA or even go beyond in areas such as market access in non-services sectors or maritime transport services.

In procurement, the deals concluded with Central America provide important access both on the level of central government and below (including for example procurement related to the Panama Canal).

The Agreement also establishes a set of disciplines which go beyond those agreed in the multilateral framework notably on:

- intellectual property (e.g. 224 EU geographical indications protected, data protection conditions clarified);
- sustainable development (the Agreement is GSP+ equivalent or above on labour and environmental issues and contains specific commitments on sustainable fisheries);

- competition (disciplines on monopolies – transparency obligations on subsidies);
- technical barriers to trade (market surveillance, transparency in regulation procedures and disciplines on labelling and marking);
- sanitary and phytosanitary measures (WTO+ measures on animal welfare, regionalisation, approval of export establishments, on-the-spot inspections, import check) among others.

Institutional framework: the Agreement establishes an effective institutional framework for its implementation including both an Association Council as well as an Association Committee supported by a set of sub-committees to allow for work and consultations on the various areas covered in the trade part of the Agreement and a bilateral dispute settlement mechanism.

Provisional application: Member States of the EU will also be Party to this Agreement because of certain commitments in the Protocol on Cultural Co-operation. Accordingly, the Agreement needs to be ratified by them according to their internal procedures. This could take a considerable period of time. In order to ensure prompt application of the trade part of the Agreement pending full ratification by the Member States, the Commission therefore proposes to provisionally apply the trade part. In light of the significance of the Agreement, the Commission considers that the Council should send the notifications referred to in Articles 353(2), 353(3) and 353(4) only after a certain lapse of time so as to allow **the European Parliament to express its views on the Agreement**. The Commission is ready to work with the Council and the European Parliament so that the trade part of the Agreement can be provisionally applied in 2012.

BUDGETARY IMPLICATIONS: the proposal has no implications for the EU budget.

EU/Central America Association Agreement

2011/0303(NLE) - 08/11/2012 - Committee interim report tabled for plenary

The Committee on Foreign Affairs adopted an interim report by José Ignacio SALAFRANCA SÁNCHEZ-NEYRA (EPP, ES) 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.

The report contains a **motion for a resolution** on the draft Council decision concerning the agreement in question.

Strategic importance of the Association Agreement (AA): Members recall that 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. This last presents a mutual interest and advantages for all the Members States of the Union. It implies a political and economic association between the EU and the region as formed by its different countries and will extend, on a qualitative and quantitative basis, the range of goods and services that will benefit from a free trade area. It will contribute to greater regional integration and stability in Central America (CA) by reinforcing legal security, an increase in trade and investment flows, and by offering an **opportunity for diversification and for attracting long-term productive investments**.

At the same time, Members address a series of recommendations to the Council and to the Commission in connection with the adoption of the agreement.

Members recall that the AA, concluded in May 2010, is composed of three pillars: political dialogue, cooperation and trade.

1) Political dialogue: Members recall that this comprehensive partnership between regions is the result of the EU's unbending political will and marks a decisive step forward in the integration of CA, going far beyond mere questions of free trade. Underlining the extraordinary new impetus given by the political dialogue enshrined in the new AA, Members stress the parliamentary dimension of the AA with the establishment of a **Parliamentary Association Committee** involving the European Parliament.

Members point out that the AA refers to respect for democratic principles, fundamental human rights and the principle of the rule of law as "essential elements" of the agreement. They underline that non-observation of the rules could eventually lead to the suspension of the agreement. In this context, Members call on the Commission carry out an annual report for the European Parliament, to monitor the AA in its entirety.

More generally, Members welcome:

- the commitment to multilateralism underpinned by the unstinting defence of common values, principles and objectives;
- interesting possibilities for dialogue on the fight against drug trafficking and organised crime, drug trafficking, money laundering, terrorist financing, as well as organised crime and corruption;
- proper participation by civil society in both the EU and CA.

2) Cooperation in the fight against poverty and the fostering of social cohesion: Members stress that social cohesion is a priority objective of regional cooperation policy. They highlight the opportunities that this AA offers in terms of improving social cohesion and sustainable development, but also in the field of the environment, management of natural disasters, the fight against climate change, deforestation and combating desertification.

They expect that the agreement will contribute to the **revitalisation and strengthening of economic and trade relations** and the integration of the productive fabric of both regions. They call particularly for the promotion of cooperation in fields as diverse as science and technology, institutional capacity-building, harmonisation of standards, customs procedures and statistics, intellectual property, provision of services, government procurement, industrial development, sustainable resource management, sanitary and phytosanitary standards, support to SMEs, etc. They also demand the organisation of trade fairs as well as the establishment of regional trade academies both in Latin American regions and across EU Member States.

Conclusions: in general, Members consider that the current trade provisions, which are of a provisional nature and based on a unilateral system of generalised preferences, will gradually give way to a reciprocal, negotiated structure for the **gradual liberalisation** of trade in goods and services and of public procurement, as well as for action to encourage investment. They point out that the AA with CA makes a meaningful contribution to regional, social and political integration efforts and to achieving the ultimate objective of the Bi-regional Strategic Partnership between the EU and Latin America. Lastly, they urge the Association Council to carry out an overall evaluation of the AA five years after its implementation and to conduct, if necessary, a review of the AA on the basis of the findings and the impact noted in the abovementioned evaluation.

EU/Central America Association Agreement

2011/0303(NLE) - 08/11/2012 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Foreign Affairs adopted the report by José Ignacio SALAFRANCA SÁNCHEZ-NEYRA (EPP, ES), recommending that the European Parliament gives its consent to 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.

EU/Central America Association Agreement

2011/0303(NLE) - 11/12/2012 - Interim resolution adopted by Parliament

The European Parliament adopted by 564 votes to 100, with 16 abstentions, a resolution 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.

Strategic importance of the Association Agreement (AA): Parliament recalls that 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. The Agreement presents a mutual interest and advantages for all the Members States of the Union. It implies a political and economic association between the EU and the region as formed by its different countries and will extend, on a qualitative and quantitative basis, the range of goods and services that will benefit from a free trade area. It will contribute to greater regional integration and stability in Central America (CA) by reinforcing legal security, an increase in trade and investment flows, and by **offering an opportunity for diversification and for attracting long-term productive investments**.

It takes into account the **asymmetries** and inequalities which exist between the two regions and among the various Central American countries. There is asymmetry in the trade part 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.

Recalling that the AA, concluded in May 2010, contains three main pillars: political dialogue, cooperation and trade, Parliament addresses a series of recommendations to the Council and the Commission as regards the adoption of the Agreement.

Political dialogue: Parliament recalls that this comprehensive partnership between regions is the result of the EU's unbending political will and marks a decisive step forward in the integration of CA, going far beyond mere questions of free trade. Underlining the extraordinary new impetus given by the political dialogue enshrined in the new AA, Members stress the parliamentary dimension of the AA with the establishment of a **Parliamentary Association Committee** involving the European Parliament.

Parliament points out that the AA refers to respect for democratic principles, fundamental human rights and the principle of the rule of law as "essential elements" of the agreement. It underlines that non-observation of the rules could eventually lead to the suspension of the agreement. In this context, Members call on the Commission to prepare an annual report for the European Parliament, to monitor the AA in its entirety.

More generally, Parliament welcomes:

- the commitment to multilateralism underpinned by the unstinting defence of common values, principles and objectives;
- interesting possibilities for dialogue on the fight against drug trafficking and organised crime, drug trafficking, money laundering, terrorist financing, as well as organised crime and corruption;
- proper participation by civil society in both the EU and CA.

Cooperation in the fight against poverty and the fostering of social cohesion: Parliament stresses that social cohesion is a priority objective of regional cooperation policy. It highlights the opportunities that this AA offers in terms of improving social cohesion and sustainable development, but also in the field of the environment, management of natural disasters, the fight against climate change, deforestation and combating desertification.

It also welcomes the various commitments to coordinate efforts to combat drug trafficking, money laundering, terrorist financing, **organised crime and corruption**.

Parliament expects that the agreement will contribute to the **revitalisation and strengthening of economic and trade relations** and the integration of the productive fabric of both regions. It calls particularly for the promotion of cooperation in fields as diverse as science and technology, institutional capacity-building, harmonisation of standards, customs procedures and statistics, intellectual property, provision of services, government procurement, industrial development, sustainable resource management, sanitary and phytosanitary standards, support to SMEs, etc. It also demands the organisation of trade fairs, as well as the establishment of regional trade academies both in Latin American regions and across EU Member States, aimed at building capacity among SMEs.

Conclusions: overall, Parliament considers that the current trade provisions, which are of a provisional nature and based on a unilateral system of generalised preferences, will gradually give way to a reciprocal, negotiated structure for the gradual liberalisation of trade in goods and services and of public procurement, as well as for action to encourage investment. It stresses that social cohesion is a priority objective of regional cooperation policy, and that the overriding aim is the reduction of poverty, inequality, social exclusion and any form of discrimination. It points out that the AA with CA makes a meaningful contribution to regional, social and political integration efforts and to achieving the ultimate objective of the Bi-regional Strategic Partnership between the EU and Latin America.

Lastly, Parliament urges the Association Council to carry out an overall evaluation of the AA five years after its implementation and to conduct, if necessary, a review of the AA on the basis of the findings and the impact noted in the abovementioned evaluation.

EU/Central America Association Agreement

2011/0303(NLE) - 11/12/2012 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 557 votes to 100, with 21 abstentions, a legislative resolution 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.

Parliament consented to the conclusion of the agreement.

EU/Central America Association Agreement

2011/0303(NLE) - 18/03/2015 - For information

The Commission presented a report on the Annual Report on the Implementation of Part IV of the EU-Central America Association Agreement.

The EU signed the Association Agreement with Central America on 29 June 2012. Part IV of the Agreement, covering Trade, has been provisionally applied as from 1 August 2013 with Nicaragua, Honduras and Panama, 1 October 2013 with El Salvador and Costa Rica and finally as from 1 December 2013 with Guatemala.

This report contains:

- a summary of the statistics and an **overall assessment of trade flows**, as well as information on the activities of various bodies responsible for monitoring the implementation of the Agreement, including on fulfilment of obligations under the Title on Trade and Sustainable Development;
- information as regards the implementation of the bilateral safeguard clause and the stabilisation mechanism for **bananas** of the Agreement, in accordance with [Regulation \(EU\) No 20/2013](#) of the European Parliament and of the Council.

Information on the application of the Agreement: the Commission considers that the **limited availability of data** that could be used for this first annual report prevents drawing firm conclusions on the impact of the Agreement.

The report noted that **trade between Central American countries** as well as between this region and the rest of the world contracted by 1% to 2%. Similarly, global EU trade flows decreased by 3%.

Despite this overall decline in trade flows, there has been an upward trend in trade flows for certain countries and specific goods. EU trade flows with the region remained stable or even increased, except with Panama where trade suffered a significant contraction in comparison with 2012 (-11.9 %).

The main destination of EU exports to Central America was Panama (46%) followed by Guatemala and Costa Rica (16% each). The main exports were machinery and transport equipment (32.7%) followed by chemicals (17.5%). EU exports to Central America decreased by 6.3%.

EU exports to Central America show a significant variability (both positive and negative) for products such as heavy machinery, railway, planes and vessels which represents a large share of total exports and for which trade flows are linked to industrial or capital investment. Among the EU exports to Central America which increased the most in relative terms, 9 out of the 15 benefit from a preferential tariff treatment in application of the Agreement.

The main EU imports from Central America were equipment and machinery (42%) followed by food and live animals (39.4%). The main sources of EU imports from Central America are Costa Rica (62%) followed by Honduras and Panama (11% each).

Overall, **EU imports from Central America increased by 3.4%** during the first year of implementation despite the fact that imports of the two most traded products decreased (assemblies for data processing machine and coffee were down by 7.2% and 17% respectively).

It has been agreed with Central America to carry out a **technical review of the statistical methods** and data on trade flows which should allow a more detailed analysis in the future.

Use of tariff rate quotas (TRQs): the EU has agreed to provide **eight TRQs** in favour of Central America on products that did not have any preferential access to the EU market before the implementation of the Agreement. No use of these TRQs was made by Central American economic operators in 2013 except for the TRQs for sugar which were used at 95%.

In 2014, TRQs were only used for two categories (cane sugar and rum).

Central America granted TRQs to the EU on four specific products (cured ham, milk powder, cheese, whey and prepared pork meat). All EU exports covered by these TRQs were increased.

The report concluded that the **relatively low utilisation rate of the available TRQs** points to the possibility to further increase bilateral trade flows between the two regions.

Trade and sustainable development: activities in the first year of implementation of the Agreement have focussed on establishing the institutional structures set out in Title VIII on Trade and Sustainable Development.

Focus was on:

- the implementation of International Labour Organization (ILO) Conventions;
- the implementation of multilateral environmental agreements;
- the development of a positive agenda for trade and sustainable development.

The overall conclusion of the Commission after the first year of implementation is that it has brought about a rapid set-up and **functioning of the institutional framework of the Agreement** and that the process of implementation is overall positive. The formal process between the Parties for the implementation of the Agreement will continue in the context of the meetings of the various implementation bodies which are expected to take place by mid-2015.

The focus of the second year of application remains the **proper implementation of the Agreement**. The Commission is engaged in actions aimed at increasing the awareness of the economic operators as regards the opportunities presented by the Agreement. These actions take place both in the EU and Central America including through cooperation projects in Central America.

EU/Central America Association Agreement

2011/0303(NLE) - 17/04/2024 - Final act

PURPOSE: to conclude an Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other

NON-LEGISLATIVE ACT: Council Decision (EU) 2024/1156 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.

CONTENT: under this Decision, the agreement establishing an association between the European Union and its Member States, on the one hand, and Central America on the other, is approved on behalf of the Union.

This is the final step of the ratification process of the agreement, through which the EU and Central America commit to a close, long-term relationship in all main policy areas.

The agreement aims to strengthen and consolidate the relations between the parties through an association based on three mutually reinforcing and fundamental parts: political dialogue, cooperation and trade. Furthermore, it will:

- develop a **privileged political partnership** based on values, principles and common objectives, in particular the respect for and the promotion of democracy and human rights, sustainable development, good governance and the rule of law enhance bi-regional cooperation between the EU and Central America in all areas of common interest expand and diversify the parties' bi-regional trade relation in conformity with the World Trade Organization (WTO) agreement and this agreement;
- strengthen and **deepen regional integration** in areas of common interest;
- reinforce good neighbourly relations and the principle of peaceful **resolution of disputes**;
- maintain and develop the level of **good governance**, social, labour and environmental standards;
- foster **increased trade and investment** among the parties.

The trade pillar of the association agreement has played an important role in promoting trade and investment between Europe and Central America. It has been provisionally applied 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. This pillar eliminated most import tariffs and improved access to government procurement and investment markets. It creates a more predictable environment for trade in Central America, with a mediation mechanism for non-tariff barriers and a bilateral dispute settlement mechanism. Furthermore, interaction with civil society under the trade and sustainable development chapter have proven fruitful to highlight broader benefits of the agreement.

Furthermore, the agreement will also provide a strengthened enabling framework for the implementation of the EU's Global Gateway investment strategy, supporting infrastructure and improving global and regional connectivity in the digital, climate, transport, health, energy and education sectors.

The agreement establishes an effective institutional framework for its implementation including both an Association Council as well as an Association Committee supported by a set of sub-committees to allow for work and consultations on the various areas covered in the trade part of the Agreement and a bilateral dispute settlement mechanism.

ENTRY INTO FORCE: 12.04.2024.

EU/Central America Association Agreement

2011/0303(NLE) - 25/10/2011 - Preparatory document

PURPOSE: to conclude an Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other

PROPOSED ACT: Council Decision

BACKGROUND: at the European Union - Latin America and Caribbean Summit held in Vienna on 12 - 13 May 2006, the Heads of State and Government of the European Union and of certain Central American Republics decided to open negotiations on an Association Agreement between the two regions, including the establishment of a Free Trade Agreement. Negotiations were formally launched in October 2007 and were successfully concluded in May 2010.

The text of the agreement was initialled on 22 March 2011.

The proposal aims to conclude the Agreement on behalf of the European Union.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 217 in conjunction with Article 218(6)(a) TFEU.

CONTENT: the Commission proposal aims to conclude the Agreement between the EU and its Member States, of the one part, and Central America, of the other, is hereby approved on behalf of the European Union. Overall the Agreement will lock-in and promote - above and beyond WTO rules - policies of openness and respect at the domestic level for internationally agreed rules and best practices while securing a transparent, non-discriminatory and predictable environment for EU operators and investors in the region.

Its main provisions are as follows:

Political Dialogue: the Agreement includes all the political clauses as an essential element which reflects EU values. The main objective of the Political Dialogue is:

- to develop a privileged political partnership based on values, principles and common objectives;

- to reinforce human rights;
- conflict prevention;
- good governance;
- regional integration;
- poverty reduction;
- the fight against inequality;
- sustainable development.

Strengthening cooperation: cooperation should be manifested in concrete actions in every aspect of common interest, including economic development, social cohesion, natural resources, culture, justice and the sciences.

Trade: the trade part of the Agreement between the EU and Central America establishes the conditions for EU economic operators to take full advantage of the opportunities and the emerging complementarities between their respective economies. Over the course of its implementation, the Agreement will fully relieve EU exporters of industrial and fisheries products to Central America from paying customs duties. It satisfies Article XXIV of the GATT criteria to **eliminate duties and other restrictive regulations of commerce** with respect to substantially all trade between the parties. In addition, it will reduce the scope for Central America to adopt non-tariff barriers in important areas, for example in the field of labelling requirements for textiles. Central America will benefit from substantial new access to the EU market in particular for their key agriculture exports: bananas, sugar, beef and rum while the EU will grant 100% duty-free coverage for industrial products and fisheries of Central America origin at entry into force of the Agreement.

On services and establishment, commitments obtained from Central American Republics go beyond their commitments under the GATS (General Agreement on Trade in Services) and match key EU interests in relevant sectors (notably in telecom services, environmental services and maritime services as well as in other transport services) while respecting EU sensitivities, e.g. in terms of temporary presence of natural persons for business purposes.

With regard to certain sectors, the commitments offered by Central American Republics reach effective parity with other agreements concluded by Central America such as the CAFTA or even go beyond in areas such as market access in non-services sectors or maritime transport services.

In procurement, the deals concluded with Central America provide important access both on the level of central government and below (including for example procurement related to the Panama Canal).

The Agreement also establishes a set of disciplines which go beyond those agreed in the multilateral framework notably on:

- intellectual property (e.g. 224 EU geographical indications protected, data protection conditions clarified);
- sustainable development (the Agreement is GSP+ equivalent or above on labour and environmental issues and contains specific commitments on sustainable fisheries);
- competition (disciplines on monopolies - transparency obligations on subsidies);
- technical barriers to trade (market surveillance, transparency in regulation procedures and disciplines on labelling and marking);
- sanitary and phytosanitary measures (WTO+ measures on animal welfare, regionalisation, approval of export establishments, on-the-spot inspections, import check) among others.

Institutional framework: the Agreement establishes an effective institutional framework for its implementation including both an Association Council as well as an Association Committee supported by a set of sub-committees to allow for work and consultations on the various areas covered in the trade part of the Agreement and a bilateral dispute settlement mechanism.

Provisional application: Member States of the EU will also be Party to this Agreement because of certain commitments in the Protocol on Cultural Cooperation. Accordingly, the Agreement needs to be ratified by them according to their internal procedures. This could take a considerable period of time. In order to ensure prompt application of the trade part of the Agreement pending full ratification by the Member States, the Commission therefore proposes to provisionally apply the trade part. In light of the significance of the Agreement, the Commission considers that the Council should send the notifications referred to in Articles 353(2), 353(3) and 353(4) only after a certain lapse of time so as to allow **the European Parliament to express its views on the Agreement**. The Commission is ready to work with the Council and the European Parliament so that the trade part of the Agreement can be provisionally applied in 2012.

BUDGETARY IMPLICATIONS: the proposal has no implications for the EU budget.

EU/Central America Association Agreement

2011/0303(NLE) - 06/07/2012 - Legislative proposal

PURPOSE: to conclude an Agreement establishing an Association between the European Union and its Member States, on the one hand, and Central America on the other

PROPOSED ACT: Council Decision

BACKGROUND: at the European Union - Latin America and Caribbean Summit held in Vienna on 12 - 13 May 2006, the Heads of State and Government of the European Union and of certain Central American Republics decided to open negotiations on an Association Agreement between the two regions, including the establishment of a Free Trade Agreement. Negotiations were formally launched in October 2007 and were successfully concluded in May 2010.

The text of the agreement was initialled on 22 March 2011.

In accordance with a Council Decision, the Agreement was signed on behalf of the Union, subject to its conclusion, and Part IV thereof applied on a provisional basis.

The proposal aims to conclude the Agreement on behalf of the European Union.

It should be noted that the Agreement does not affect the rights of investors of the Member States to benefit from any more favourable treatment provided for in any agreement related to investment to which a Member State and a signatory Central American Republic are Parties.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 217 in conjunction with Article 218(6)(a) TFEU.

CONTENT: this proposal aims to conclude the Agreement between the EU and its Member States, of the one part, and Central America, of the other, is hereby approved on behalf of the European Union.

Overall the Agreement will lock-in and promote – above and beyond WTO rules – policies of openness and respect at the domestic level for internationally agreed rules and best practices while securing a transparent, non-discriminatory and predictable environment for EU operators and investors in the region.

Its main provisions are as follows:

Political Dialogue: the Agreement includes all the political clauses as an essential element which reflects EU values. The main objective of the Political Dialogue is:

- to develop a privileged political partnership based on values, principles and common objectives;
- to reinforce human rights;
- conflict prevention;
- good governance;
- regional integration;
- poverty reduction;
- the fight against inequality;
- sustainable development.

Strengthening cooperation: cooperation should be manifested in concrete actions in every aspect of common interest, including economic development, social cohesion, natural resources, culture, justice and the sciences.

Trade: the trade part of the Agreement between the EU and Central America establishes the conditions for EU economic operators to take full advantage of the opportunities and the emerging complementarities between their respective economies. Over the course of its implementation, the Agreement will fully relieve EU exporters of industrial and fisheries products to Central America from paying customs duties. It satisfies Article XXIV of the GATT criteria to **eliminate duties and other restrictive regulations of commerce** with respect to substantially all trade between the parties. In addition, it will reduce the scope for Central America to adopt non-tariff barriers in important areas, for example in the field of labelling requirements for textiles. Central America will benefit from substantial new access to the EU market in particular for their key agriculture exports: bananas, sugar, beef and rum while the EU will grant 100% duty-free coverage for industrial products and fisheries of Central America origin at entry into force of the Agreement.

On services and establishment, commitments obtained from Central American Republics go beyond their commitments under the GATS (General Agreement on Trade in Services) and match key EU interests in relevant sectors (notably in telecom services, environmental services and maritime services as well as in other transport services) while respecting EU sensitivities, e.g. in terms of temporary presence of natural persons for business purposes.

With regard to certain sectors, the commitments offered by Central American Republics reach effective parity with other agreements concluded by Central America such as the CAFTA or even go beyond in areas such as market access in non-services sectors or maritime transport services.

In procurement, the deals concluded with Central America provide important access both on the level of central government and below (including for example procurement related to the Panama Canal).

The Agreement also establishes a set of disciplines which go beyond those agreed in the multilateral framework notably on:

- intellectual property (e.g. 224 EU geographical indications protected, data protection conditions clarified);
- sustainable development (the Agreement is GSP+ equivalent or above on labour and environmental issues and contains specific commitments on sustainable fisheries);
- competition (disciplines on monopolies – transparency obligations on subsidies);
- technical barriers to trade (market surveillance, transparency in regulation procedures and disciplines on labelling and marking);
- sanitary and phytosanitary measures (WTO+ measures on animal welfare, regionalisation, approval of export establishments, on-the-spot inspections, import check) among others.

The Agreement shall not be construed as conferring rights or imposing obligations which can be directly invoked before Union or Member State courts and tribunals.

Institutional framework: the Agreement establishes an effective institutional framework for its implementation including both an Association Council as well as an Association Committee supported by a set of sub-committees to allow for work and consultations on the various areas covered in the trade part of the Agreement and a bilateral dispute settlement mechanism.

Provisions are made to authorise the Commission to approve modifications to the list of geographical indications recommended by the Subcommittee on Intellectual Property to the Association Committee for approval by the Association Council.

Provisional application: Member States of the EU will also be Party to this Agreement because of certain commitments in the Protocol on Cultural Co-operation. Accordingly, the Agreement needs to be ratified by them according to their internal procedures. This could take a considerable period of time.

Parliament to express its views on the Agreement.

BUDGETARY IMPLICATIONS: the proposal has no implications for the EU budget.