



Procedure file

Basic information	
NLE - Non-legislative enactments Decision	2011/0249(NLE) Awaiting final decision
EU/Colombia and Peru Trade Agreement See also 2011/0262(COD) See also 2014/0234(NLE) See also 2014/0287(COD) See also 2016/0092(NLE) See also 2018/2010(INI) Subject 6.20.05 Multilateral and plurilateral economic and trade agreements and relations 6.40.10 Relations with Latin America, Central America, Caribbean islands Geographical area Colombia Peru	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		08/12/2011
		PPE DAVID Mário Shadow rapporteur S&D LANGE Bernd ALDE BEARDER Catherine Verts/ALE BOVÉ José ECR ZAHRADIL Jan	
	Committee for opinion	Rapporteur for opinion	Appointed
	AFET Foreign Affairs		22/03/2012
		PPE SALAFRANCA SÁNCHEZ-NEYRA José Ignacio	
	DEVE Development		27/03/2012
		S&D ARLACCHI Pino	
Council of the European Union	Council configuration	Meeting	Date
	Foreign Affairs	3170	31/05/2012
	Foreign Affairs	3154	16/03/2012
European Commission	Commission DG	Commissioner	
	Trade	DE GUCHT Karel	

Key events			
22/09/2011	Preparatory document	COM(2011)0569	Summary
20/04/2012	Initial legislative proposal published	14762/2011	Summary
05/07/2012	Committee referral announced in Parliament		
06/07/2012	Legislative proposal published	14762/1/2011	Summary
27/11/2012	Vote in committee		
29/11/2012	Committee report tabled for plenary, 1st reading/single reading	A7-0388/2012	Summary
10/12/2012	Debate in Parliament		
11/12/2012	Results of vote in Parliament		
11/12/2012	Decision by Parliament	T7-0481/2012	Summary

Technical information	
Procedure reference	2011/0249(NLE)
Procedure type	NLE - Non-legislative enactments
Procedure subtype	Consent by Parliament
Legislative instrument	Decision
	See also 2011/0262(COD) See also 2014/0234(NLE) See also 2014/0287(COD) See also 2016/0092(NLE) See also 2018/2010(INI)
Legal basis	Treaty on the Functioning of the EU TFEU 100-p2; Treaty on the Functioning of the EU TFEU 218-p6a; Treaty on the Functioning of the EU TFEU 091; Treaty on the Functioning of the EU TFEU 207-p4
Stage reached in procedure	Awaiting final decision
Committee dossier	INTA/7/06949

Documentation gateway					
Preparatory document		COM(2011)0569	22/09/2011	EC	Summary
Initial legislative proposal		14762/2011	20/04/2012	CSL	Summary
Committee draft report		PE486.038	31/05/2012	EP	
Committee opinion	DEVE	PE489.441	19/06/2012	EP	
Document attached to the procedure		14764/2011	26/06/2012	CSL	
Legislative proposal		14762/1/2011	06/07/2012	CSL	Summary
Committee opinion	AFET	PE483.730	20/09/2012	EP	
Amendments tabled in committee		PE497.915	15/10/2012	EP	
Committee report tabled for plenary, 1st reading/single reading		A7-0388/2012	29/11/2012	EP	Summary

Text adopted by Parliament, 1st reading/single reading	T7-0481/2012	11/12/2012	EP	Summary
Document attached to the procedure	COM(2014)0718	04/12/2014	EC	Summary
Document attached to the procedure	COM(2016)0058	10/02/2016	EC	Summary
Document attached to the procedure	COM(2017)0585	10/10/2017	EC	Summary

Additional information

National parliaments	IPEX
European Commission	EUR-Lex

EU/Colombia and Peru Trade Agreement

PURPOSE: to conclude the Trade Agreement between the EU, and Colombia and Peru.

PROPOSED ACT: Council Decision.

BACKGROUND: negotiations between the EU and the Andean Community of Nations for a region-to-region association agreement, including political dialogue, cooperation and trade were launched in June 2007 following a Council decision to authorise these negotiations in April of the same year.

Regrettably, disagreement between Andean countries on approaches to a number of key trade issues covered under the agreement led to the suspension of talks in June 2008. Under these circumstances, the Commission presented a recommendation to the Council on 17 December 2008 with a view to modifying the existing authorisation so as to pursue negotiations of a trade agreement with those countries of the Andean Community willing to move ahead.

On 19 January 2009, the Council authorised the Commission to negotiate a multiparty trade agreement with those countries sharing our general objective of a balanced, ambitious, comprehensive and WTO-compatible agreement. The Presidents of Colombia, Ecuador and Peru confirmed their commitment to negotiate in January 2009. Bolivia had been very critical of the new format, and had not shown any interest in participating. New negotiations for a multiparty trade agreement were therefore launched in January 2009 between the EU and Colombia, Ecuador and Peru.

After 4 rounds, Ecuador suspended its participation in the talks and negotiations therefore continued with Peru and Colombia only. They were successfully concluded in May 2010 and - after a phase of legal review - the text of the trade agreement was initialled with Colombia and Peru on 23 March 2011.

As set out in the negotiating directives, the Commission reached the objectives of eliminating high tariffs, tackling technical barriers to trade, liberalising services markets, protecting valuable EU geographical indications (GIs), opening-up public procurement markets, including commitments on the enforcement of labour and environmental standards and offering effective and swift dispute settlement procedures. The aim of going well beyond WTO commitments and ensuring a level playing field with competitors in the region such as the US is therefore achieved.

The agreement is an opportunity for the EU to provide an anchor for Colombia and Peru's reforms to integrate the global economy, increase welfare and consolidate their growth with a view to improving the living conditions of their peoples. Other Members of the Andean Community are also encouraged via an accession clause to take part in the trade agreement whenever they see fit.

EU Member States were informed orally and in writing on the process of the negotiations with Colombia, Peru and - until it participated - Ecuador via the Trade Policy Committee of the Council. The European Parliament has also been regularly informed on developments through its Committee on International Trade (INTA). The complete text resulting from the negotiations was circulated throughout the process to both institutions.

IMPACT ASSESSMENT: a detailed Trade Sustainability Impact Assessment (SIA) examining the Agreement's potential economic, social and environmental effects has been conducted and published in October 2009.

LEGAL BASIS: Articles 91, 100(2) and 207(4), first subparagraph, in conjunction with Article 218(6)(a) of the Treaty on the Functioning of the European Union.

CONTENT: this proposal approves the Trade Agreement between the European Union and Colombia and Peru.

The essential elements of the Agreement are as follows:

Purpose: the trade agreement establishes the conditions for EU economic operators to take full advantage of the opportunities and the emerging complementarities between the respective economies. Over the course of its implementation, the Agreement will fully relieve EU exporters of industrial and fisheries products to Peru and Colombia from paying customs duties.

Elimination of duties: the Agreement satisfies Article. XXIV GATT criteria:

- to eliminate duties and other restrictive regulations of commerce with respect to substantially all trade between the parties) i.e.: 99% of EU exports are covered (100% of our trade in industrial products in 10 years; and c.85% of agriculture after 17 years);
- dismantling of some difficult non-tariff barriers.

Peru and Colombia, for their part, will benefit from substantial new access to the EU market in particular for their key agriculture exports: bananas, sugar and rum while the EU will grant 100% duty-free coverage for industrial products and fisheries of Colombian and Peruvian origin upon entry into force of the Agreement.

Services: on services and establishment as well as public procurement coverage, the Agreement is among the most ambitious ever negotiated by the Commission. It includes substantial commitments on all key sectors (notably financial services, telecommunications, transport) for cross-border supply and establishment in particular, while the EU's concerns in terms of temporary presence of natural persons for business purposes have been dealt with satisfactorily. In procurement, the EU has obtained the commitment of institutions at both central and sub-central level with reasonably low thresholds.

Other aspects: the Agreement also establishes a set of disciplines which go beyond those agreed in the multilateral framework:

- intellectual property (e.g. 205 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 and State Enterprises - transparency obligations on subsidies);
- technical barriers to trade (WTO+ elements on 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 and import checks) among others.

Institutional aspects: the Agreement establishes a Trade Committee as well as a set of sub-committees to allow for consultations on specific trade concerns under its different titles. A key added value of the agreement is therefore to lock-in and promote - above and beyond those rules that derive from the WTO framework - openness policies and respect for internationally agreed best practices at the domestic level while securing a transparent, non-discriminatory and predictable environment for EU operators and investors in the region - in particular via the bilateral dispute settlement mechanism provided under the Agreement.

Technical assistance: the Agreement also includes a Title on technical assistance and trade capacity building aimed at promoting competitiveness, innovation and facilitating trade and technology transfers between the parties.

BUDGETARY IMPLICATIONS: the proposal has no financial impact on expenditure but has a financial impact on revenue. The result is EUR 137.5 million in revenue. This estimation is based on the average imports for the period 2007-2009 and represents the annual loss in revenues due to:

- 1) full implementation of negotiated tariff preferences of the Trade Agreement i.e. 10 years after entry into force and
- 2) initial levels of conceded tariff rate quotas.

During the previous years, revenue losses will be inferior also bearing in mind the likely increase in imports of products that will have duties reduced in stages and that will partly compensate the loss.

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PROPOSED ACT: Council Decision.

BACKGROUND: negotiations between the EU and the Andean Community of Nations for a region-to-region association agreement, including political dialogue, cooperation and trade were launched in June 2007 following a Council decision to authorise these negotiations in April of the same year.

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After 4 rounds, Ecuador suspended its participation in the talks and negotiations therefore continued with Peru and Colombia only. They were successfully concluded in May 2010 and - after a phase of legal review - the text of the trade agreement was initialled with Colombia and Peru on 23 March 2011. In accordance with a Council Decision, the Agreement was signed on behalf of the Union, subject to its conclusion, and has been applied on a provisional basis.

As set out in the negotiating directives, the Commission reached the objectives of eliminating high tariffs, tackling technical barriers to trade, liberalising services markets, protecting valuable EU geographical indications (GIs), opening-up public procurement markets, including commitments on the enforcement of labour and environmental standards and offering effective and swift dispute settlement procedures. The aim of going well beyond WTO commitments and ensuring a level playing field with competitors in the region such as the US is therefore achieved.

The agreement is an opportunity for the EU to provide an anchor for Colombia and Peru's reforms to integrate the global economy, increase welfare and consolidate their growth with a view to improving the living conditions of their peoples. Other Members of the Andean Community are also encouraged via an accession clause to take part in the trade agreement whenever they see fit.

EU Member States were informed orally and in writing on the process of the negotiations with Colombia, Peru and - until it participated Ecuador via the Trade Policy Committee of the Council. The European Parliament has also been regularly informed on developments through

its Committee on International Trade (INTA). The complete text resulting from the negotiations was circulated throughout the process to both institutions.

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LEGAL BASIS: Articles 91, 100(2) and 207(4), first subparagraph, in conjunction with Article 218(6)(a) of the Treaty on the Functioning of the European Union.

CONTENT: this proposal approves the Trade Agreement between the European Union and Colombia and Peru.

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- to eliminate duties and other restrictive regulations of commerce with respect to substantially all trade between the parties) i.e.: 99% of EU exports are covered (100% of our trade in industrial products in 10 years; and c.85% of agriculture after 17 years);
- dismantling of some difficult non-tariff barriers.

Peru and Colombia, for their part, will benefit from substantial new access to the EU market in particular for their key agriculture exports: bananas, sugar and rum while the EU will grant 100% duty-free coverage for industrial products and fisheries of Colombian and Peruvian origin upon entry into force of the Agreement.

Services: on services and establishment as well as public procurement coverage, the Agreement is among the most ambitious ever negotiated by the Commission. It includes substantial commitments on all key sectors (notably financial services, telecommunications, transport) for cross-border supply and establishment in particular, while the EU's concerns in terms of temporary presence of natural persons for business purposes have been dealt with satisfactorily. In procurement, the EU has obtained the commitment of institutions at both central and sub-central level with reasonably low thresholds.

Other aspects: the Agreement also establishes a set of disciplines which go beyond those agreed in the multilateral framework:

- intellectual property (e.g. 205 EU geographical indications protected, data protection conditions clarified);
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- sanitary and phytosanitary measures (WTO+ measures on animal welfare, regionalisation, approval of export establishments, on the spot inspections and import checks) among others.

Institutional aspects: the Agreement establishes a Trade Committee as well as a set of sub-committees to allow for consultations on specific trade concerns under its different titles. A key added value of the agreement is therefore to lock-in and promote above and beyond those rules that derive from the WTO framework openness policies and respect for internationally agreed best practices at the domestic level while securing a transparent, non-discriminatory and predictable environment for EU operators and investors in the region in particular via the bilateral dispute settlement mechanism provided under the Agreement.

Modifications of the Agreement concerning geographical indications to be adopted by the Trade Committee, as proposed by the Subcommittee on Intellectual Property, shall be approved by the Commission on behalf of the Union. Where interested parties cannot reach agreement following objections relating to a geographical indication, the Commission shall adopt such a position on the protection of geographical indications and designations of origin for agricultural products and foodstuffs.

Pursuant to the Agreement, a name protected under the Annex to the Agreement (Lists of Geographical Indications) may be used by any operator marketing agricultural products, foodstuffs, wines, aromatised wines or spirits which comply with the corresponding specification.

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 relating to investment to which a Member State and a signatory Andean Country are Parties.

Moreover, the Agreement should not be construed as conferring rights or imposing obligations which can be directly invoked before Union or Member State courts and tribunals.

Technical assistance: the Agreement also includes a Title on technical assistance and trade capacity building aimed at promoting competitiveness, innovation and facilitating trade and technology transfers between the parties.

BUDGETARY IMPLICATIONS: the proposal has no financial impact on expenditure but has a financial impact on revenue. The result is EUR 137.5 million in revenue. This estimation is based on the average imports for the period 2007-2009 and represents the annual loss in revenues due to:

- 1) full implementation of negotiated tariff preferences of the Trade Agreement i.e. 10 years after entry into force and
- 2) initial levels of conceded tariff rate quotas.

During the previous years, revenue losses will be inferior also bearing in mind the likely increase in imports of products that will have duties reduced in stages and that will partly compensate the loss.

PURPOSE: the conclusion of a trade agreement between the European Union, on the one part, and Colombia and Peru, on the other.

PROPOSED ACT: Council Decision.

BACKGROUND: on 19 January 2009, the Council authorised the Commission to negotiate a multiparty trade agreement on behalf of the European Union and its Member States with the Member Countries of the Andean Community which shared the aim of reaching an ambitious, comprehensive and balanced trade agreement.

Those negotiations have been concluded and the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part was initialled on 23 March 2011.

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

It is now appropriate to approve the Agreement on behalf of the European Union.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 91, Article 100(2) and the first subparagraph of Article 207(4), in conjunction with Article 218(6)(a) thereof of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: with this proposed Decision, the trade agreement between the European Union and its Member States, on the one part, and Colombia and Peru, on the other, is approved on behalf of the Union.

For further details about the content of the draft agreement, please refer to the summary of the initial legislative proposal dated 22/09/2011.

Overall, the agreement seeks to:

- lay down the conditions for EU economic operators, on the one hand, and their Colombian and Peruvian counterparts, on the other, to take full advantage of the opportunities and the emerging complementarities between their respective economies;
- fully relieve EU exporters of industrial and fisheries products to Peru and Colombia from paying customs duties;
- strengthen commercial cooperation in a certain number of fields, in accordance with WTO rules.

Most favourable treatment: the draft agreement does not affect the rights of investors of the Member States to benefit from any more favourable treatment provided for in any agreement relating to investment to which a Member State and a signatory Andean Country are Parties.

Intellectual property and geographical indications: provisions exist to allow the Commission to approve modifications of the Agreement concerning geographical indications to be adopted by the Agreements Trade Committee and to protect these indications and other designations of origin for agricultural products and foodstuffs.

Furthermore, 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.

BUDGETARY IMPLICATION: the proposal has no financial impact on the EUs expenditures, but it has repercussions on its revenues (please refer to the summary of the initial legislative proposal, dated 22/09/2011).

EU/Colombia and Peru Trade Agreement

The Committee on International Trade adopted the report by Mário DAVID (EPP, PT) recommending that the European Parliament gives its consent to the conclusion, on behalf of the European Union and its Member States, of the one part, and Colombia and Peru, of the other part.

Members consider that this agreement is an opportunity to provide an anchor for Colombia and Perus reforms to integrate in the global economy, increase welfare and consolidate their growth while eliminating high tariffs, tackling technical barriers to trade, liberalising services markets, and protecting valuable EU geographical indications (GIs).

Members note that human rights concerns do remain.

Lastly, they call for the close monitoring of the implementation of the chapter on trade and sustainable development.

EU/Colombia and Peru Trade Agreement

The European Parliament adopted by 486 votes to 147, with 41 abstentions, a legislative resolution on the draft Council decision on the conclusion of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part.

The European Parliament consents to the conclusion of the agreement.

EU/Colombia and Peru Trade Agreement

The Commission has presented the annual report on the implementation of the EU-Colombia/Peru trade agreement.

To recall, on 26 June 2012, the EU signed a Trade Agreement with Colombia and Peru. The Agreement has been provisionally applied since 1 March 2013 for Peru and 1 August 2013 for Colombia.

The Commission is committed to submit an annual report to the European Parliament and the Council on the application, implementation and fulfilment of obligations of the Agreement and Regulation (EU) No 19/2013 implementing the bilateral safeguard clause and the stabilisation

mechanism for bananas of the Trade Agreement between the EU and its Member States, of the one part, and Colombia and Peru, of the other part.

This is the first such report and is structured in three parts:

(1) An overall assessment of trade flows: in general, there has been an upward trend in trade for specific goods. This has acted as a mild counterbalance to an overall decline in trade flows spurred by the global negative trends in commodity prices and EU demand. While it is premature to fully extrapolate conclusions, the figures suggest that businesses in specific sectors are increasingly making use of the Agreement.

- Evolution of trade flows with Peru: in comparison with the year preceding the Agreement, the value of EU imports of goods from Peru in 2013, decreased by 15.9% (EUR 995 million), mostly because of the fall in international prices for commodities. The main EU imports were raw materials (copper and zinc accounted for 29.9% of all imports) whose value suffered a significant contraction in comparison with 2012 (-15.7%). The second group of products (food and live animals, accounting for 36.8% of all imports from Peru) saw a 10.4 % decrease in value compared to the previous year. Chemicals and fisheries also experienced notable increases (24.9% and 4% respectively). The value of EU exports remained constant (increasing by 0.16% or EUR 5.7 million). The main products exported by the EU were machinery and transport equipment (55.5% of total). Exports of these products remained relatively stable. In 2013, the EU's trade balance with Peru reached a deficit of EUR 1.778 billion.

- Evolution of trade flows with Colombia: the analysis of trade flows with Colombia is affected by the fact that the Agreement has only been applied since 1 August 2013. In comparison with the period before the Agreement was provisionally applied (August-December 2012), the overall value of trade flows remained at similar levels. In terms of value of trade, Colombia remains the EU's first partner in the Andean Community and the fifth in Latin America. The value of EU imports increased by 4.2% in comparison with the previous period, totalling EUR 3.596 billion. In 2012, the total value of Colombian goods exported to the EU represented 15.2% of Colombian exports, in 2013 this figure reached 15.8% of Colombian total exports. Colombian exports remain concentrated in commodities and agricultural goods. Four types of products account for 87.2% of total exports to the EU (petroleum oils, coal, bananas and coffee). EU exports are characterised by a diversification of manufactured goods, consisting mainly of machinery and mechanical appliances, pharmaceutical products, aircrafts and parts, vehicles, technical and medical apparatus.

Use of tariff rate quotas: the Agreement provides for several tariff rate quotas (TRQs) on both sides. The preliminary analysis of quota utilisation suggests that there is still significant margin for an increase of EU exports under these advantageous TRQs. A greater utilisation of the available TRQs represents an important unused opportunity of this Agreement.

(2) Information on the activities of various bodies implementing the Agreement: the institutional provisions of the Agreement envisage the establishment of a Trade Committee and eight specialised bodies. The annual EU-Colombia/Peru ministerial level Trade Committee plays a supervisory role and ensures that the Agreement operates properly. The first meetings of these bodies were held in 2014 in Lima, Peru.

(3) Information on the monitoring activities referred in the Regulation: in the context of these monitoring activities, the Commission has been monitoring the evolution of imports of bananas from Colombia and Peru. The Regulation provides for the possibility to initiate a safeguard investigation or introduce prior surveillance measures under certain conditions. During the first year of implementation of the Agreement, the Commission neither initiated nor received any requests to initiate a safeguard investigation or introducing prior surveillance measures.

Conclusion: the report concluded that based on about one year of implementation, it is still early to make any conclusive assessment of the results of the Agreement on trade and investment flows. The focus thus remains on ensuring the proper implementation of the Agreement so that business can enjoy the trade opportunities arising from it. Some implementation issues persist, notably in the area of animal and plant health and hygiene (SPS) measures. Discussions on these issues will continue in the context and follow-up of the meetings of the various Sub-Committees, with a view to finding mutually acceptable and workable solutions. It is in this context that the first year of implementation overall has brought about a satisfactory set-up and functioning of the institutional framework of the Agreement.

EU/Colombia and Peru Trade Agreement

The Commission presents its second annual report on the implementation of the EU-Colombia/Peru Trade Agreement. To recall, on 26 June 2012, the EU signed a trade agreement with Colombia and Peru. The Agreement was applied provisionally from 1 March 2013 for Peru and 1 August 2013 for Colombia. On 12 December 2014, the EU and Ecuador initialled the Protocol of Accession of Ecuador to the Agreement.

The Commission undertook to submit an annual report to the European Parliament and the Council on the agreement and also on [Regulation \(EU\) No 19/20133](#) with regard to the implementation of the bilateral safeguard mechanism and the stabilisation mechanism for bananas.

The main points in the report are as follows:

1) General evaluation of trade flows: the Commission notes that, two years after its entry into force, the implementation process continues and the Agreement is functioning well overall to the satisfaction of all Parties. It is still difficult to make assessments in some areas, mainly because data for trade in services and investment flows are not available yet or only partially so. The economic slowdown in Latin America and the fall in commodity prices on the global market also affected EU trade flows between the EU and Colombia and Peru.

Evolution of trade flows with Peru: overall, since 2012 both EU imports from and exports to Peru show a reduction in value, in line with the general trend in Peruvian trade.

- Imports by Peru from the EU have registered a 4% reduction in 2014 (EUR 3 716 million) as compared to 2012 (EUR 3 891 million). This is broadly in line with the reduction of Peru's imports from the world (3%). This being said, the reduction essentially occurred in the products that enter MFN duty free (10% reduction). As for product category, the biggest fall in Peru's imports from the EU can be observed in mineral products (25%) and in base metals (25%), although in absolute terms the most notable fall is observed for machinery and mechanical appliances (EUR 159 million or 9%). On the other hand, the biggest increases can be observed for works of art (184%), animals and animal products (47%) and prepared foodstuffs (46%).
- Imports by the EU from Peru have seen a reduction of 21%, from EUR 6 072 million in 2012 to EUR 4 789 million in 2014. The category that observed a noteworthy fall are mineral products (a decrease of 38%), which can be attributed to the worldwide fall in mineral prices, as well as the category of pearls, (semi-) precious stones and metals with a decrease of 75%. On the other hand, there is a notable increase in animals and animal products, most notably for fish and crustaceans, molluscs and other aquatic invertebrates.

A significant increase can also be observed for chapter 08 (edible fruit and nuts, peel of citrus fruits or melons) with an increase of 38%.

Evolution of trade flows with Colombia: the EU's share of Colombia's imports increased from 2012 to 2014, while exports from Colombia to the EU increased in value in 2014, following a decrease in 2012 and 2013.

- Imports by Colombia from the EU have registered a significant increase between 2012 and 2014, from EUR 4 870 million to EUR 6 602 million (36%). The biggest increase occurred for products that already enter at MFN duty free (increase by EUR 1 133 million or 42%). The most important increases were registered in transport equipment (EUR 951 million or 146%, chemical products (EUR 294 million or 22%), and measuring and musical instruments (EUR 116 million or 42%).
- EU imports from Colombia registered a slight decrease of 2% between 2012 (EUR 8 040 million) and 2014 (EUR 7 867 million), particularly due to the fall of imports of products that enter MFN duty free (EUR 197 million decrease). Looking at the product categories the sole biggest noteworthy decrease occurred for base metals and articles thereof (EUR 265 million or 78%). Almost the entire decrease within this category takes place in chapter 72 (iron and steel), a decrease of 88%. As for increases, noteworthy changes can be observed for vegetable products (increase of 5%) and for animal or vegetable fats (66%). The biggest increase can be observed in chapter 09 (coffee, tea, maté and spices) with an increase of 28%.

The fact that 526 Colombian companies and 1133 Peruvian companies exported for the first time to the EU since the entry into force of the Agreement is a welcome development, even more so since a significant number of them are SMEs. EU development programmes to support implementation of the agreement aim to further strengthen this trend.

2) Trade in services and foreign direct investment (FDI): only a limited analysis can be done considering that the Agreement is being applied with Peru since March 2013 and with Colombia since August 2013.

- In 2013 (i) the EU's FDI stock in Peru was EUR 7.678 billion, whereas Peru's FDI stock in the EU amounted to EUR 218 million; (ii) the EU's FDI stock in Colombia was EUR 15.622 billion, whereas Colombia's FDI stock in the EU amounted to EUR 3.839 billion.

3) Obligations on trade and sustainable development: the report notes that the mechanisms for implementation of the Trade and Sustainable Development Chapter of the Agreement, which reflect a priority for the EU are now in place and with tangible civil society involvement.

- Colombia noted progress in the area of social dialogue and Peru highlighted its strategy for the prevention and eradication of child labour as well as on formalisation of labour.
- Colombia referred to its National Development Plan, which incorporates a crosscutting strategy for green growth, its National Plan for Green Business and its policy on sustainable public procurement. For its part, Peru gave a presentation on its 2015-2016 environmental action agenda.

4) Follow-up activities with regard to Regulation No 19/2013: in accordance with the Regulation, the Commission has been monitoring the evolution of imports of bananas from Colombia and Peru. At the time of writing the report, the Commission neither initiated nor received any requests for initiating a safeguard investigation or introducing prior surveillance measures.

Regarding the stabilisation mechanism for bananas, the average wholesale price of fresh bananas on the EU market did not register any notable change and there were no indications that the stability of the EU market or that the situation of the EU producers have been affected by the increase of Peruvian exports. Consequently, the Commission has concluded that any suspension of the preferential customs duty on imports of bananas originating in Peru was not warranted. The close monitoring of the banana imports and the evaluation of the market situation is therefore proving effective.

In conclusion, the Commission considers that, while the implementation process is going well in most of the areas, some areas need to be addressed rapidly, e.g. the implementation by Peru of the obligations in the area of sanitary and phytosanitary measures and the taxation of spirits most notably in Colombia but also in Peru. The implementation of the market access commitments for procurement at sub central level in Colombia also raises concern.

The Commission will continue focusing on measures aimed at ensuring the full implementation of the Agreement in all its aspects for the benefit of mutual trade and investment and in close cooperation with the partner countries.

EU/Colombia and Peru Trade Agreement

The Commission has presented its third annual report on the implementation of the EU-Colombia/Peru trade agreement.

As a reminder, on 26 June, 2012, the EU signed a trade agreement with Colombia and Peru. The Agreement has been provisionally applied with Peru since March 2013 and with Colombia since August 2013. On 12 December 2014, Ecuador's protocol of accession to the agreement was initialised by the EU and Ecuador.

The Commission is required to submit an implementation report to the European Parliament and the Council on the application of the Agreement but also on [Regulation \(EU\) No 19/2013](#) on the implementation of the safeguard clause Bilateral Agreement and the Stabilisation Mechanism for Bananas.

The main findings of the report are as follows:

General evaluation of trade flows: the Commission notes that, four years after its entry into force, the Agreement is functioning well overall. It is clear that the economic slowdown in Latin America and the fall in commodity prices on the global market have affected trade flows. Yet, the decrease of bilateral trade between the EU and Colombia (23.5%) and between the EU and Peru (11%) is lower than the overall decrease of these countries' trade with the world.

While the share of mineral products in the exports of Colombia and Peru to the EU has decreased, the Agreement has contributed to the diversification of both countries' exports. The Agreement provided opportunities for new exports, notably for agricultural products, which are now a key element in both Colombia's and Peru's export structure to the EU accounting respectively for almost 40% and 51% of the value of total exports to the EU. This diversification also led to an important expansion in the number of new exporters to the EU, notably SMEs.

1) Evolution of trade flows with Colombia: the EU is Colombia's second trading partner, after the US.

Following an increase between 2012 and 2014, trade between the EU and Colombia declined in the past two years. In 2016, bilateral trade amounted to EUR 10.8 billion compared to EUR 14.2 billion in 2012.

- EU exports to Colombia increased from EUR 5.5 billion in 2012 to EUR 6.5 billion in 2015, but decreased EUR 5.4 billion in 2016, a decrease of 15%. The report noted that total EU exports of agricultural products increased by 82% since 2012, a trend across most product categories largely attributed to progress in the implementation of the Sanitary and Phytosanitary chapter.
- EU imports from Colombia amounted to EUR 5.4 billion in 2016, decreasing from EUR 6.7 billion in 2015 and EUR 8.6 billion in 2012 (37.5% drop). Minerals represent 51.3% of EU imports, versus 68.5% in 2012. Besides bananas, other tropical fruits registered important increase). Coffee, increasing by 44.9%, now representing 10.9% of EU imports and the total EU imports of agricultural products (HS01 to 24) increased by 32.9% since 2012.

2) Evolution of trade flows with Peru: the EU is Peru's third trading partner, after China and the US.

Bilateral trade amounted to EUR 8.7 billion in 2016, an 11% decrease compared to 2012, with the EU reducing its trade deficit compared to 2012.

- EU exports to Peru have grown by 4% over the same period, in contrast to a decrease by 22% in overall imports from Peru. Pharmaceutical products, 5% of EU exports (a 76% increase since 2012). Agricultural products (HS01 to 24) increased by 73% since 2012, particularly spirits (by 60%), food preparations for infant use (by 277%) and vegetable preparations (by 156%).
- EU imports from Peru declined by 4% since 2012, compared to a decline in global exports from Peru of 14%. The largest decrease concerns mineral fuels and mineral oils (48% since 2012). Fruit now accounts for 18% of imports into the EU, an increase of 120% (key products other than bananas being avocados, table grapes, mangoes, blueberries). Cocoa, a commodity whose imports have increased by 226%, accounts for 5% of imports into the EU.

3) Trade in services and investment:

- Colombia: bilateral trade in services remained stable in 2015 at EUR 4.3 billion EUR. According to Colombian statistics, EU share in Colombia's total trade in services accounted for 16.2% in 2016.

The EU is the first foreign investor in Colombia. The EU's foreign direct investment (FDI) stocks in Colombia increased by 4% between 2013 and 2015, totalling EUR 18.2 billion in 2015. Colombian FDI stocks in the EU decreased by 8% since 2013, totalling 4.4 billion EUR in 2015.

- Peru: bilateral trade in services increased by 5% in 2015 compared to 2012. While EU exports increased by 11%, Peru exports decreased by 6% over this period. Based on Peru's statistics, EU share in Peru's total trade in services represented almost 30% in 2015.

The EU is the first foreign investor in Peru. EU FDI stocks in Peru increased by 15% between 2013 and 2015, totalling 10.4 billion EUR in 2015. Peru's FDI stocks in the EU increased to 1.5 billion EUR in 2015, a 533% increase compared to 2013.

4) Trade and sustainable development: the implementation of the Trade and Sustainable Development chapter has progressed and there has been an increasingly open dialogue on labour with both countries.

The EU expressed concerns on labour issues raised by the ILO supervisory system, and further encouraged Colombia and Peru to address the identified shortcomings and improve the effective implementation of International Labour Standards.

- Colombia described reforms aimed at ensuring freedom of association for workers and progress in diminishing impunity and violence levels, as well as its ratification of the ILO Domestic Workers Convention;

- Peru set out the priorities of the new government: formalisation; social dialogue; preventing and eradicating child and of forced labour; labour inspection. It referred to its recent ratification of the ILO Maternity Protection Convention.

In conclusion, the Commission considers that while implementation is going well in most fields, some areas need further attention, for example the implementation by Peru of its obligations in the area of sanitary and phytosanitary measures to allow EU exports of agricultural products.

Discriminatory taxation of spirits remains an unresolved issue in Peru.

Discussions with Colombia on the implementation of the market access commitments for procurement at sub-central level in Colombia are also positive.

Both countries need to make further efforts to ensure the enforcement of EU geographical indications in both countries

Regarding the stabilisation mechanism for bananas, there was no indication that the stability of the EU market nor that the situation of the EU producers have been affected by the level of Colombian and Peruvian exports. The close and reinforced monitoring of banana imports and the evaluation of the market situation will continue.

The Commission will continue to pursue the implementation of the Agreement with Colombia and Peru and now also with Ecuador.