



**SIXTH MEETING OF THE ASSOCIATION COMMITTEE**

**ASSOCIATION AGREEMENT**

**BETWEEN THE EUROPEAN UNION AND CENTRAL AMERICA**

**26 November 2020 / Virtual Meeting**

The Association Committee met virtually on 26 November 2020. Senior officials from the European Union (EU) and Central America (CA) participated in the Committee. The main discussions are presented below.

**1. Welcome and introduction**

The EU Chair introduced the Committee by briefly referring to the CA exports resilience during the time of COVID-19. EU highlighted the drivers of its economic recovery, digitalization and green economy. Central America expressed its satisfaction for the organization of this Committee despite all difficulties faced by the region caused by the Pandemic and recent hurricanes that have hit the region. CA highlighted the importance of the relationship between the EU and CA and emphasized the opportunity this Agreement offers to enhance the trade relation under current conditions.

**2. Adoption of the agenda**

CA requested the inclusion of two information issues, related to an electronic platform on trade information for businesses by Costa Rica (CR); and CA cumulation of origin with Venezuela by Guatemala (GT). The Parties approved the agenda with the abovementioned additional issues.

**Information update**

**3. Signature of the Protocol of Croatia's Accession to the EU-CA Association Agreement**

The Parties were pleased to announce the signature of the Protocol of Croatia's Accession to the Association Agreement between the European Union and Central America. With this signature, all Parties will initiate their necessary internal procedures for the entry into force of the Protocol.

**4. Signature of the Decisions of the Association Council regarding modifications to Appendix 2 and Explanatory Notes to Articles 15, 16, 19, 20 and 30 of Annex II of the EU-CA Agreement**

The Association Committee endorsed the text resulting from the legal revisions of EU and Central America of the Decisions proposed to the Association Council, regarding modifications to Appendix 2 and Explanatory Notes to Articles 15, 16, 19, 20 and 30 of Annex II of the EU-CA Agreement, in the context of the EU-CA Association Agreement. The texts of the proposed Decisions are annexed to these minutes.



The EU side will continue working with Central America towards the adoption of the proposed Decisions on rules of origin of the EU-CA Association Council before the end of the year, with the purpose of adopting and signing these Decisions in the first three months of 2021.

## **Implementation of the Agreement**

### **5. Review of the outcome of the meetings of the technical groups:**

The EU provided an overview on the main results achieved in various subcommittees and technical groups; a detailed recount of the results of each subcommittee is included in their corresponding Minutes. After the review of each Subcommittee Meeting, the Parties exchanged views, highlighting the areas of interest and next steps to continue working on the effective implementation of the Agreement in each of those areas:

#### **i) Subcommittee of Market Access for Goods.**

##### **Highlighted issues:**

- The EU presented the importance of the Farm to Fork (F2F) policy to invigorate agriculture trade flows between both regions and the resulting economic benefits of such situation. CA stressed the importance of EUs F2F and Green Deal and mentioned the importance of cooperation with the EU to comply with new requirements under these initiatives.
- The EU indicated the negative effect of Costa Rican law on beer, and hopes for a solution by next year. CR referred to the actions it has taken in compliance with the Joint Declaration of the Agreement regarding beer and that those actions were suspended upon a review on this matter requested to the Constitutional Court. The recent decision by the Constitutional Chamber did not decide on the substance of the case. CR expressed it is reassessing the issue to define future actions and its willingness to establish a bilateral dialogue with the EU to discuss the situation.
- The EU referred to the discrepancies related to TRQ's with CA. CA agreed to exchange monthly data on TRQs with the EU in order to identify possible reasons of discrepancies.
- The EU highlighted the importance to grant the soonest a license for KLM to operate ground handling and maintenance service in Panama (PA). PA explained that they are in the process of modifying legislation on ground handling and aircraft maintenance services and informed that Civil Aviation Authority will meet on a short term to decide. Additionally, Panama elaborated on the current situation with evaporated milk.
- CR also reported on difficulties with banana and pineapple prices in supermarkets in the EU and asked for a future bilateral dialogue with the EU on this issue.

#### **ii) Subcommittee of Customs, Trade Facilitation and Rules of Origin.**

##### **Highlighted issues:**



- The EU emphasized on the importance of solving customs issues, specifically, certificates of origin and the updating of the Central American platform. CA thanked the EU on the facilities provided for customs procedures due to the Pandemic and the cooperation offered through INTEC.

- GT highlighted the importance of using electronic certificates of origin with the purpose of facilitating trading operations. On this regard, GT indicated that from December 1 2020, box 12 of the EUR1 Movement Certificate will include the image of the exporter's signature.

### **iii) Subcommittee of Sanitary and Phytosanitary Measures.**

#### **Highlighted issues:**

- The EU expressed its concerns related to the approval of establishments in PA and insisted that the reform to set a new sanitary authority should not delay the treatment of pending approval requests.

- The EU pointed out its concerns on complex prelisting measures and restrictions imposed by Panama and Nicaragua (NI) over African Swine Fever. NI indicated that its competent authority (IPSA) would submit the information requested by the EU, including a response to the observations provided by the EU in notification G/SPS/N/NIC/113. The CA party referred to African Swine Fever and their efforts to try to facilitate trade. PA referred to the reform of AUPSA and mentioned the circumstances behind delays on the approval of establishments.

- GT emphasized on difficulties faced by their productive sectors due to EU's MRLs regulations and requested the EU to provide scientific evidence for the MRL measures and mentioned that if there is no evidence, it could be a violation to the Agreement and WTO provisions. The EU reminded CA that all scientific evidence on MRL's is published in the EFSA webpage.

-CR expressed its interest that EU holds a workshop in CA on MRLs to specifically address the adaptation needs and the challenges that this EU policy has in the Central American productive sectors. CA also mentioned that technical cooperation from the EU will be appreciated regarding other Green Deal initiatives. The EU will consider a workshop on MRLs for CA.

### **iv) Subcommittee of Technical Barriers to Trade.**

#### **Highlighted issues:**

The EU emphasized on the importance of harmonization of Central American Regulations. CA expressed that they have progressing and hope to advance with the pending RTCAs.

### **v) Subcommittee of Intellectual Property.**

#### **Highlighted issues:**

- The EU emphasized on the importance of protecting GIs and insisted in the relevance of respecting IP protection provisions established in the Agreement, specially mentioning the case



of Parmigiano in GT. EU favored an exchange of good practices and encouraged CR to undertake its internal legal process to approve the Geneva Act. GT expressed that current issue on IP is out of the competition of the Ministry of Economy and the EU indicated that it is a country commitment that requires an effective solution. Finally, El Salvador (SV) reiterated the importance for the CA countries to obtain the protection of new GIs under the Agreement, but emphasized for continue working on the procedure to protect new GIs has to elaborate according with the application of national legislation of each country.

#### **vi) Board on Trade and Sustainable Development and Civil Society Dialogue Forum :**

##### **Highlighted issues:**

- The EU recalled the commitment to enforce the TSD Chapter and the relevance of the Domestic Advisory Groups. CA highlighted the importance of the TSD Chapter to advance international commitments in the areas of environment and labor rights, as well as, the importance of taking into account the needs of small producers in agricultural sectors that have a positive impact on sustainable development, such as reforestation, sustainable use of natural resources, among others, when designing and implementing policies that may affect their ability to continue benefitting from trade with the EU.

#### **6. Other chapters not covered by the technical groups**

##### **i. Progress in meeting the commitments related to competition (Title VII of the Agreement)**

CA informed the progress accomplished by the region to comply with commitments on competition (due on 1/12/20) and informed that a proposal on a regional competition regulation is to be approved by Central American Ministers of Trade. The EU Chair emphasized the importance of a regional competition authority and respective competition law.

##### **ii. Services and investment: general overview (Central America and EU) in light of the commitments in the Association Agreement (Article 168)**

The EU indicated that KLM issue in PA was already covered in a previous point.

#### **Multilateral Issues relating to trade and investment**

#### **7. WTO Reform: Exchange of views on the state of play**

- The EU stated the crucial importance of the WTO reform, aiming to revitalize negotiations, preserve the dispute settlement system and ensure better monitoring of Members' trade practices, in order to respond to the current challenges of world trade (climate change, sustainable development, and digitalization, among others). On the Joint Statement Initiative on Services Domestic Regulation, the EU highlighted CR's leadership and encouraged other CA countries to join the initiative. On dispute settlement, the EU underlined that -together with other WTO Members- have put in place the Multi-party interim appeal arbitration arrangement (MPIA), which allows participating WTO Members to preserve their WTO right to a binding, two-tier and



independent dispute settlement mechanism. The EU thanked the participation of CR, Nicaragua (NI) and GT in MPIA and invited any other interested WTO Member to join.

- CA informed that each country acts individually at WTO level; however, some interests commute. CA countries agreed on the importance of WTO reforms, as well as EU's concerns and interest to support the multilateral trading system, especially in areas such as dispute settlement mechanism, e-commerce, transparency, agriculture and the strengthening of the WTO framework. Additionally, CR highlighted the importance of the selection process of the new Director General to WTO and the appointment of the Costa Rican Ambassador to WTO as President of the Agriculture Committee, who CR believes will contribute and mobilize the global agenda at the trade level on agriculture.

- CA also mentioned areas of interest, in the case of CR, those contemplated in the Joint Statement Initiatives, as well as transparency, supervision mechanisms for the enforcement of WTO disciplines, the need to solve the impasse faced by the Appellate Body, and initiatives related to the COVID 19 response by India, México and Singapore; in the case of NI, investment facilitation; SV mentioned the importance of strengthening multilateralism, resolving the issue of the Appellate Body and the interest in areas such as investment facilitation and fishing subsidies.

### **Other Matters of Mutual Interest**

#### **8. How to promote trade and investment in the Post COVID-19 economy, with the aim of identifying trade and investment opportunities to support the economic reactivation and regional economic integration?**

- Central America informed about the severe effects of the COVID-19 Pandemic and the most recent hurricanes that hit the region. CA stressed the urgency of a comprehensive economic recovery to help CA countries, and asked the EU to contribute with these efforts through a regional dialogue on trade and investment cooperation, concentrated on three areas: a regional reactivation plan, enhancing of regional global chains and the strengthening of CA's trade network. CA reinforced the importance of future EU policies that could favor developing countries such as the ones in CA and requested cooperation to foster fair trade.

- The EU shared the views of the severe effects of the Pandemic in world trade, nonetheless, highlighted the resilience of trade flow between the EU and CA, which have helped economies to better respond to the effects of the Pandemic. The EU stated the measures applied to facilitate trade, in areas such as customs and cooperation and pointed out the projects lead by the EU -in the multilateral arena- aiming to improve world trade. The EU underlined the Green Deal as a tool to facilitate future economic recovery.

#### **9. EU trade-related cooperation.**

The EU shared an overall state of play of the EU trade/related regional cooperation in CA, with a particular focus on the new Period 2021-2027. The EU mentioned its efforts to adapt regional and bilateral cooperation to current context in Central America, in order to facilitate trade and accelerate economic recovery. Central America highlighted that regional cooperation projects, executed by SIECA and sponsored by the EU have contributed to regional integration processes



and the implementation of the Association Agreement. Costa Rica specially thanked the EU for the support and cooperation on its accession process to OECD. Finally, CA committed to continue developing bilateral and regional cooperation projects together with SIECA in matters of mutual interest.

**10. Presentation from the European Union regarding the Partnership Instrument related to the promotion of the Central America market to EU Business and the implementation of the trade part of the Association Agreement.** (not covered)

**11. Information from the European Union about the ex-post evaluation study on Central America after 5 years of the implementation of the Association Agreement.**

The EU communicated the launching -beginning of 2021- of an ex post evaluation on the impact of the implementation of the Trade Pillar of the Association Agreement. The evaluation will provide a well-founded assessment based on an objective analysis and subsequent conclusions and recommendations. The ex-post review will be very important to guide the implementation of the EU-CA Agreement and will address all aspects of sustainable development (including labor, climate change, and human rights). The study will be carried out through an interactive process with opportunities for the participation of governments and civil society, including the National Advisory Groups of the agreement. Results are expected in the first semester of 2022.

**12. Other issues**

- **Presentation from Costa Rica of its electronic platform on trade information for businesses**

CR informed about their new electronic platform SICOMEX <<http://sicomex.comex.go.cr/>>. The platform SICOMEX allows searching for bilateral trade flows, and also features a specific module that detail tariff schedules, rules of origin and sanitary, phytosanitary and other technical requirements. This model used the Association Agreement with the EU as a pilot project. GT mentioned that they have a similar platform available. EU congratulated Costa Rica on its new platform and mentioned the importance of such tools for trade operators.

- **Information from CA on possibilities of cumulation with Venezuela**

GT informed the situation they are facing in terms of cumulation with Venezuela, based on Art 3.3 of Annex II and asked the EU to study possible flexibility actions on this issue. The EU took note of the information and requested CA to discuss this issue in the next Customs Subcommittee Meeting.

**13. Next meetings of the Association Committee and Association Council.**

The Parties agreed that the next meeting would take place in June 2020 in Costa Rica or by any other mean, if necessary due to the Pandemic.

**14. Approval of the Joint Communiqué on the meeting.**



The Parties approved the Joint Statement attached hereto.

At the end of the meeting, delegates of the Parties reviewed the draft minutes and reached consensus.

Final minutes have been approved on 27 November 2020 as an expression of all Parties agreement.





## **Annex**

### **List of participants**

#### **European Union**

- Mr Paolo Garzotti, Head of Unit for Latin America, DG-Trade.
- Mr Olivier Coupleux, Coordinator for trade relations with Central America and Mexico, DG-Trade.

#### **Nicaragua**

- Mr José de Jesús Bermúdez Carvajal, Vice-minister of Economy.
- Mr Cristian Martinez, Director of Foreign Trade.
- Ms Maricruz Prieto, Director of Application and Negotiations of Trade Agreements.

#### **Costa Rica**

- Mr Duayner Salas, Vice-Minister of Foreign Trade.
- Ms Marcela Chavarria, Director of Foreign Trade.
- Ms Adriana Castro, Coordinator for the Association Agreement.
- Mr Alejandro Patiño, CR's special envoy to the EU in Brussels on trade.
- Mr André Sagot, Advisor to the Europe Forum.

#### **Guatemala**

- Ms Edith Flores Ponce de Molina, Vice-minister of Regional Integration and Foreign Trade.
- Mr Alexander Cutz, Director in the Min of Economy, Coordinator for the Association Agreement.

#### **El Salvador**

- Mr Miguel Ángel Corleto Urey, Vice-minister of Economy.
- Ms Margarita Ortez, Director of Administration of Trade Agreements.

#### **Honduras**

- Mr David Antonio Alvarado Hernández, Vice-minister of Foreign Trade.
- Mr Cesar Diaz, Director of Foreign Trade.

#### **Panama**

- Mr Juan Carlos Sosa, Vice-minister of Foreign Trade.
- Mr Norman Harris, Head of the International Trade Negotiations Office.
- Ms Ruth Harding, Director for Administration of International Treaties.