



## 6<sup>th</sup> MEETING OF THE EU-CENTRAL AMERICA ASSOCIATION AGREEMENT

### Sub-committee on Customs, Trade Facilitation and Rules of Origin

9, 11-12 November 2020

Video conference

#### Minutes

- ***Introduction***

The Parties agreed on the adoption of the agenda (Annex A). The list of participants is in Annex B.

- ***Rules of origin***

(1) **Point of information: Association Council Decisions on Explanatory Notes and the revision of the Product Specific Rules for the Harmonized System (HS) 2012 and 2017**

- i. In regards to the Explanatory Notes, the European Union (EU) and Central America (CA) both agreed the final texts in English and in Spanish.
- ii. In regards to the revision of the Product Specific Rules for the HS, the EU explained the different levels of the legislative procedure for EU approval, and that the text is currently before the EU ambassadors (Coreper).

CA reiterated that the text version in Spanish must be based on the original text from the Association Agreement, and not the EU translated version. The text to be adopted in Spanish should then take into account the following factors: CA has found some inconsistencies with the original text that needs correcting; there are changes only for the updates of the HS 2012 and 2017.

The EU informed CA that following consultations the adoption procedures in the EU would continue based on the revised corrected Spanish version following CA comments. The timeline for adoption may be delayed as a result but that adoption by the EU would be done as soon as possible.

Guatemala highlighted the importance of signing the Decisions of the Association Council on the Explanatory Notes and Filling-in Instructions; as well as the adaptation of the Rules of Origin of the Harmonized System from 2012 and 2017; and, the Croatia Protocol. For this reason, Guatemala requested that this matter is discussed in the Association Committee.



(2) **Issues relating to Covid-19**

The EU mentioned that there were some flexibilities introduced regarding the proof of origin and verifications as a result of the COVID-19 pandemic:

- i. Proof of Origin: All EU member states will accept scanned copies of the EUR.1 certificate to accommodate for the crisis. All EU countries except for Bulgaria, the Czech Republic, Germany, and Poland would accept digital signatures.

EU mentioned to Guatemala that the movement certificates EUR.1 that are currently issued in electronic form and contain a bar code for the digital exporter's signature will not be accepted by many EU Member States. Guatemala replied that with the objective of not generating any doubt for the imports of products into the EU under preference, no later than 1 January 2021, the box 12 of the EUR1 movement certificate will include the image of the exporter's signature.

In the meantime, the use of the bar code on the movement certificate EUR.1 will likely continue to be rejected by customs authorities in the EU.

- ii. Verifications: The EU stated that, if there are difficulties with the 10-month verification period, a note can be sent asking for an extension. There are no issues that have appeared to date.

(3) **Central America's proposal regarding Explanatory Notes to Article 12 of Annex II (Concerning Definition of the Concept of "Originating Products" and Methods of Administrative Cooperation) to the Agreement regarding Direct Transport.**

CA made a proposal to the EU, based on an understanding that the EU wanted a modification to the Agreement concerning Annex II, Article 12 regarding direct transport. This CA proposal was that the interpretation of Article 12 could be clarified through an Explanatory Note, the text of which was shared with the EU.

The EU made it clear that an Explanatory Note could only provide an interpretation of the rules for direct transport, and not change those rules. However, the EU will review the proposal sent by CA and present a counter-proposal.

• ***Customs Cooperation and Trade Facilitation***

(4) **Recent developments on Customs legislation and procedures in the EU**

The EU highlighted 2 areas.

- a) Covid-19 measures



The EU presented an overview of the measures that have been taken in customs matters in the EU to respond to the COVID-19 emergency. Outside of rules of origin, these include measures relating to customs decisions, customs debts and guarantees, entry of goods, temporary storage, transit, and temporary admission. The EU referred to the Guidance<sup>1</sup> it has published on its website providing further details on each of these measures.

b) Advance cargo information system Import Control System 2 (ICS2)

The EU is implementing a new customs pre-arrival security and safety program, through an advance cargo information system, called Import Control System 2 (ICS2). It helps to identify high-risk consignments, improve targeting for physical controls and facilitate legitimate trade.

The EU explained that ICS2 will become operational in three releases.

- The first release will become effective on 15 March 2021 and will concern air express carriers, designated postal operators established in the EU and third-country postal operators shipping to the EU.
- The second release will become effective on 1 March 2023 and will require the provision of the Entry Summary Declaration (ENS) to the ICS2 from all air cargo and postal operators, express and air carriers and freight forwarders.
- The third release will become effective on 1 March 2024 when the requirement to submit the ENS to ICS2 will be expanded to cover also maritime, road and rail cargo.

The EU mentioned that it has published all the relevant information concerning ICS2 on the Europa website<sup>2</sup>, also available in Spanish.

(5) **Recent developments on Customs legislation and procedures in Central American Republics**

CA is in the process of a revision of the customs legislation and procedures, and there are significant advances on the CAUCA (customs code), and the RECAUCA. CA expects to complete this revision completed by December 2020.

SIECA provided an update on the development of the DUCA customs declaration form and made a presentation providing an update on the Central American Commerce Digital Platform (PDCC in Spanish) and other intra-regional customs trade facilitation measures. The PDCC project will connect the respective

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<sup>1</sup> Covid-19 customs guidance, [https://ec.europa.eu/taxation\\_customs/covid-19-taxud-response/guidance-customs-issues-related-covid-19-emergency\\_en](https://ec.europa.eu/taxation_customs/covid-19-taxud-response/guidance-customs-issues-related-covid-19-emergency_en)

<sup>2</sup> EU Information Control System 2, [https://ec.europa.eu/taxation\\_customs/general-information-customs/customs-security/ics2\\_en](https://ec.europa.eu/taxation_customs/general-information-customs/customs-security/ics2_en)



institutions of the six CA countries involved in trade operations. This tool is expected to be particularly useful to Authorized Economic Operators (AEOs).

The PDCC will be rolled out in successive releases between January and the end of 2021.

Other ongoing initiatives include the development of IT tools for an integrated Central American risk management system, which will support the work of customs.

#### (6) **EU's Free Trade Agreements (FTA) Negotiations**

The EU informed about ongoing FTA negotiations:

- Mexico (modernization) – agreement reached on the trade part
- Mercosur – agreement reached on the trade part
- Chile (modernization) – negotiations in progress
- The EU-Vietnam free trade agreement came into force in August 2020
- Other ongoing negotiations include Australia, New Zealand, Indonesia and the United Kingdom.

#### (7) **Central America's FTA Negotiations**

CA informed that, as a region, it is not negotiating currently any FTA.

Guatemala - Israel negotiations in progress.

#### • ***Any Other Business***

- (8) The EU has shared updates on mutual administrative assistance, and CA agreed to sending an updated list with the contacts on their end.
- (9) CA expressed interest in concluding an administrative cooperation agreement with the EU for use in the event of cumulation with their trade agreement with the United Kingdom. The EU took note of the request and referred to ongoing EU-UK FTA discussions.

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

Final minutes have been approved on 18 November 2020 as an expression of all Parties agreement.