

# **EURO–LATIN AMERICAN PARLIAMENTARY ASSEMBLY**



## **RESOLUTION:**

### **Trade aspects of the various EU-LAC negotiations currently being conducted**

on the basis of the report by the Committee on Economic, Financial and Commercial Affairs

Co-rapporteurs:           Guillermo Antonio Osorno Molina (Parlacen)  
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**Thursday, 22 September 2016 – Montevideo**

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### **Trade aspects of the various EU-LAC negotiations currently being conducted**

*The Euro-Latin American Parliamentary Assembly,*

- having regard to the EU-CELAC Brussels Declaration of 11 June 2015, and the Santiago Declaration of 27 January 2013,
  - having regard to the outcome document of the Parliamentary Conference on the World Trade Organisation WTO, jointly organised by the Inter-Parliamentary Union (IPU) and the European Parliament on 13 and 14 June 2016,
  - having regard to the European Parliament report on the European Union's trade relations with Latin America (2010/2026 (INI)),
  - having regard to the European Parliament resolution of 26 November 2015 on the state of play of the Doha Development Agenda in advance of the 10th WTO Ministerial Conference (2015/2632 (RSP)),
  - having regard to Commission communication COM(2015)0497 of 14 October 2015 entitled 'Trade for All: Towards a more responsible trade and investment policy',
  - having regard to its resolutions of 29 March 2014 on trade in raw materials between the EU and Latin America, of 19 May 2011 on the prospects for trade relations between the European Union and Latin America, of 15 May 2010 on reform of the WTO, of 8 April 2009 on trade and climate change, of 1 May 2008 on the challenges and opportunities of the Doha Round and of 20 December 2007 on the challenges and opportunities resulting from globalisation for the economic and trade relations between the EU and the countries of Latin America,
  - having regard to the public hearings of the European Parliament Committee on International Trade (INTA) on trade relations between the European Union and Latin America (2010), Mercosur (2011), Central America (2012) and Latin America (2016),
  - having regard to Rule 16 of its Rules of Procedure,
- A. whereas the bi-regional strategic partnership between the European Union (EU) and Latin America and the Caribbean (LAC) has played an important role in the development and internal consolidation of LAC since it was formalised in 1999 at the EU-LAC summit, and whereas this dynamic process continues moving forward at bi-regional, regional, sub-regional and bilateral levels through broad institutional agreements and actions in specific sectors;
- B. whereas the historical, cultural, political and human ties between us extend beyond economic and trade relationships, which have modernised and strengthened traditional ties, providing both regions with a stronger foundation from which to tackle challenges

such as globalisation, geopolitical instability, combating poverty, social and economic inequality, particularly gender-based discrimination, protecting human rights, global migration management, climate change, energy poverty, the economic and financial crisis, combating tax fraud, tax evasion and tax havens and combating corruption;

- C. whereas global governance, regional integration and interconnectedness have proved key to promoting peace, democracy, human rights and more sustainable and inclusive development, and to safeguarding improvements in labour and environmental protection standards; whereas the Bi-regional Partnership does not just address economic or commercial areas but also essentially political areas, as illustrated by our approach to strengthening existing ties between Latin America and the EU; whereas many challenges remain, but our societies are, in relative terms, reaping the benefits of the highly significant and undeniable progress that has been made in consolidating peace, democracy, the rule of law, economic growth, and achieving unprecedented levels of social progress and well-being;
- D. whereas, despite the fall in direct foreign investment in LAC, the EU remains the foremost source of foreign investment in the region, and whereas, through the Development Cooperation Instrument (DCI), it plans to allocate more than EUR 925 million to regional cooperation during 2014-2020, on projects related to issues such as good governance, accountability and social justice, the relationship between security and development, inclusive and sustainable growth, environmental sustainability and climate change, and higher education, which will continue to help revitalise the region in economic, employment and social terms;

## **1. EU-LAC CROSS-CUTTING AND SECTORAL INITIATIVES**

- E. whereas the political impetus for EU-LAC (EU-CELAC) relations and their development has come through dialogue, and through specific high-profile actions and projects, such as those set out in the action plan for bi-regional cooperation adopted at the 2015 Brussels EU-CELAC summit;
- F. whereas raw materials diplomacy plays a crucial role, because such materials are essential to industrial production, and whereas responsible conduct should be promoted in the extractive industries to support sustainable development and the creation of decent jobs; whereas security and sustainability of supply is a strategic issue for European producers, with the EU consequently holding talks on raw materials with Argentina, Chile, Colombia, Mexico and Uruguay to establish and foster communications, cooperation and the exchange and promotion of best practices for exploration, exploitation, and the beneficial and sustainable use of minerals, with particular focus on labour standards, the environmental impact of industry and proper waste management; whereas the main energy security goal should be to eradicate poverty and to ensure that people on both shores of the Atlantic, in particular those living in rural or remote areas, have access to an affordable, sustainable, modern and safe energy supply;
- G. whereas there is a need for missions for growth, including in the circular economy; whereas such mission are being carried out in Argentina, Brazil, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay, which were devised to encourage small and

medium-sized enterprises (SMEs) in the EU to become involved in international trade by improving their access to markets for goods and services in LAC, which, in turn, benefit from foreign investment from these European businesses and from working with both public- and private-sector bodies;

- H. whereas dialogue in support of SMEs is important and must be complemented by a cross-cutting approach taking into account their heterogeneous nature, and ranging from issues such as identifying market niches to access to financing and advice on entering international markets, taking part in public tenders, public-private partnerships (PPPs) or agreements on non-tariff barriers, given that SMEs are far more vulnerable than large corporations; whereas ensuring that LAC businesses are able to compete, in a business-friendly climate, in the EU and vice versa represents a challenge, whereas R&D&I and its application to ICT, entrepreneurship education and training, advice and technical assistance on setting up micro-enterprises and better market access facilities, especially for young people and women, are key elements in enabling SMEs to compete internationally, whereas the PRAIAA project (2002-2017) – which ultimately aims to boost the involvement of regional and national SMEs in overseas trade – has played a major role in the holding of a number of Euroforum events to ensure that SMEs are as successful as possible in exporting goods to Europe;
- I. whereas construction companies in the EU have a great deal of experience in an area that is central to spatial planning, renewing built-up areas and constructing sustainable smart cities designed to fully meet the basic needs of their inhabitants; whereas the opening-up of the public tender market internationally and the mechanism of well-designed and well-monitored PPPs may offer useful tools for developing the infrastructure required to improve logistics and connections; whereas improving infrastructure is essential to enable businesses to increase productivity, take advantage of the opportunities available in other countries, contribute to growth, and help boost the coverage and quality of public services and reduce logistics and mobility costs; whereas a European consortium is involved in widening the Panama canal, which was recently reopened, and developing port infrastructure in other LAC countries, and with that in mind highlights the positive impact with regard to nurturing human talent, creating jobs and competitiveness in the region;
- J. whereas the agreements that have been reached on industry clusters for developing key enabling technologies (KET) on micro-conductors, nanotechnology, advanced materials, biotechnology and photonics need to be promoted (as in the case of Argentina, which has succeeded in attracting PPPs to develop activities in these areas, which are considered essential to sustaining future productivity); and whereas innovation feeds on investment, and is therefore essential to ensure access to credit, foster entrepreneurship, and support demand for innovation and its industrial applications, patents and patent protection, and demand for intellectual property and industrial design and trademark rights, in the way that most benefits society as a whole;
- K. whereas there is a strong bi-regional commitment to prioritise gender equality and the protection and promotion of women's rights, from eliminating all forms of violence against women to ensuring their full participation at all levels of decision-making in political, economic and working life, whereas a successful outcome to the Dialogue on

Gender, launched at the 2015 EU-CELAC summit, is essential in this respect, as is gender mainstreaming in our trade policy, which will need to be accompanied by practical measures such as improving data on its impact on equality, providing support so that companies run by women can compete internationally, and providing mechanisms to ensure that women's human, social and labour rights are upheld within international supply chains;

- L. whereas the above initiatives demonstrate the benefits of genuine economic diplomacy that extends beyond traditional diplomacy and that can strengthen the position and influence of both regions at multilateral level;

## **2. OVERVIEW OF BI-REGIONAL TRADE RELATIONS**

1. Recalls that the development of trade relations between the EU and LAC has played a key role in the success of bi-regional relations; reiterates, further, the need to commit to maintaining trade relations that centre around improving the wellbeing and quality of life of the public as a whole; acknowledges that it is therefore essential to promote transparency and the participation of civil society in common forums, consultative committees, and the consultation and monitoring processes for trade negotiations, and the effective implementation of obligations as regards human rights and labour and environmental standards; reiterates, further, the importance of legal certainty and an attractive environment for entrepreneurs and investors, which will create a diversified industrial and business base, regulated by appropriate standards, with the positive impact of more open trade for the whole of society;
2. Reiterates that, in the medium to long term, recourse to protectionist measures and obstructing market access hinder growth; emphasises, therefore, that the medium-term objective is to achieve more open markets that facilitate investment and interaction, to reduce tariffs in order, among other benefits, to foster the development of SMEs and micro-enterprises, to introduce simplified administrative and customs procedures, to cut unnecessary red tape, to establish a stable legal environment, and to provide high standards of consumer health and safety and environmental protection;
3. Stresses that both the EU and LAC must optimise integration in international production chains and take advantage of the potential and opportunities offered by globalisation; emphasises, further, that they must work together to provide a coordinated, concerted and coherent response to the challenges that globalisation poses; acknowledges that our partnership benefits from the trade and investment flows that currently exist, although they are a long way from achieving their full potential; considers that indigenous communities should always be consulted on matters that directly affect their lives or key economic and social concerns;

### **2.1. MULTILATERAL LEVEL**

4. Reiterates EU-LAC support for a multilateral, open, non-discriminatory trade system with rules that promote inclusive and sustainable trade; emphasises the importance, for both the EU and LAC, of playing an active part and coordinating positions in international forums and institutions, where they generally adopt common positions, in order to safeguard, together, the highest standards of social, labour and environmental

protection and human rights, including gender equality, in all areas, including with regard to trade, with more coordinated action, in particular within the United Nations (UN) system; highlights, further, that all EU and LAC countries are members of the WTO, although only some are members of the G-20 or the Organisation for Economic Cooperation and Development (OECD); considers it important to boost the involvement of LAC in multilateral initiatives such as the Trade Facilitation Agreement (TFA), the Information Technology Agreement (ITA), the Agreement on Government Procurement (GPA) or the Trade in Services Agreement (TiSA) negotiations; stresses the need for bi-regional cooperation to combat trafficking and terrorism and highlights the work to prevent and eradicate terrorism being done by the Inter-American Committee against Terrorism (CICTE), which forms part of the Organisation of American States (OAS);

5. Points out that as the EU and all CELAC countries are members of the WTO, it could be highly beneficial to strengthen our alliance by reforming the organisation to enhance its democratic legitimacy and operational effectiveness, and thus promote a system of international governance for inclusive international trade that boosts sustainable development across the globe; acknowledges that it is essential to continue working together as partners within the WTO to go beyond the objectives of the Doha Round and meet the new challenges of global trade;

## **2.2. REGIONAL LEVEL: EU-CELAC**

6. Recalls that, from the first LAC-EU summit held in Brazil in 1999 until the EU-CELAC summit in Brussels in June 2015, these biennial summits, which bring together the Heads of State and Heads of Government of our 61 countries, have proved to be occasions of great symbolic and political importance, and have enabled a series of discussions on specific issues, such as the Joint Initiative for Research and Innovation, the Structured Dialogue on Migration, and the Coordination and Cooperation Mechanism on Drugs (COPOLAD) and the Latin America, Caribbean and European Union Network on Research and Innovation (ALCUE NET); reiterates, that we must continue to revitalise our approach to these summits, with a broad, comprehensive long-term agenda that fully addresses the concerns of the interparliamentary assembly, in order to ensure that the partnership will continue to benefit future generations; emphasises, further, the clear determination, as set out in the Brussels Declaration adopted at the EU-CELAC summit, to strengthen relations further and deepen dialogue and coordinate our trade policies more effectively at bi-regional and multilateral level; emphasises, in this context, its determination to promote policies that encourage socially and environmentally responsible trade and investment between CELAC and EU countries;

## **2.3. SUB-REGIONAL LEVEL**

7. Stresses that, in political terms, the San José dialogue, launched in 1984, was a milestone in the EU's commitment to LAC, generally, and to the peace process in Central America, in particular, by joining forces with the Contadora Group initiative; considers, further, that this commitment will be consolidated through the EU-Central America Association Agreement, the trade pillar of which is already being applied provisionally; calls on the governments of all EU Member States to ratify the

agreement as soon as possible so that all three pillars can be applied; welcomes the fact that the Sub-Regional Programme for Central America includes a specific allocation of EUR 120 million over 2014-2020 to address regional economic integration, security and the rule of law, climate change, and disaster management; recalls, further, that there are plans to allocate, at bilateral level, more than EUR 925 million under the Development Cooperation Instrument (DCI) to other programmes that have yet to be defined, in partnership with the Latin American countries in question; announces, further, that the process of forming an EP-Parlacen Joint Parliamentary Committee has already begun, as a consequence of the institutional framework laid down in from the association agreement;

8. Welcomes the fact that the association agreement is having a positive impact on trade flows between Central America and the EU; considers that LAC exports to the EU could be increased, but that techniques to enhance production and organisation are needed to achieve that, and that a proper transfer of technologies and know-how would help in this respect;
9. Recalls that, since 2008, the EU has had an economic association agreement with the Caribbean Forum (Cariforum), the purpose of which is to encourage trade in goods and services originating in the Caribbean; expresses, further, support for the economic integration process between Cuba and the EU within the framework of the Political Dialogue and Cooperation Agreement, which was initiated in 2014 and on which negotiations for a cooperation agreement were completed on 11 March 2016, provided that it is accompanied by clear progress towards democracy and respect for fundamental rights and individual civil liberties, with mechanisms monitoring and evaluating that progress;
10. Recalls that economic relationships between the EU, and Colombia and Peru are governed by the trade agreement that was signed in 2012 (and that has provisionally applied since 2013), which provides for progressive reciprocal trade liberalisation and guarantees market access for goods, services, investment and public procurement, linking them to social, environmental and human rights objectives; considers that this agreement was reinvigorated by the last Colombia peace deal; supports the negotiations to incorporate Ecuador into the trade agreement, which were completed in 2014, and calls on all parties to work as quickly as possible to integrate Ecuador into the agreement by the end of 2016; recalls that tariff preferences will apply to Ecuador until the end of 2016, and that, in any case, EU-Ecuador trade relations will also be tied to ambitious sustainability and human rights objectives; notes that, of the Andean countries, Bolivia continues to benefit from the EU's unilateral generalised scheme of tariff preferences (GSP+);
11. Emphasises that negotiations on the EU-Mercosur Association Agreement have reached a decisive stage and that Mercosur has made significant progress in its internal debate on the trade negotiations; stresses that both parties must take advantage of the momentum that has been created and therefore welcomes the exchange of market access offers of 11 May 2016 as a first step in moving the negotiations forward; emphasises that the present historic opportunity for concluding an agreement must not be missed and calls on the parties to redouble their efforts to reach a balanced and mutually beneficial agreement; recalls that among the Mercosur countries only

Paraguay currently benefits from the GSP+ arrangement, and in this regard considers it essential that the negotiations result in an ambitious and balanced agreement that safeguards common interests and the highest standards and, at the same time, takes into account the disparities and particular concerns of each party; reiterates the support for the democratic clause in the EU-Mercosur Agreement, as in any Association Agreement signed by the EU;

## **2.4. BILATERAL LEVEL**

12. Welcomes the Economic Partnership, Political Coordination and Cooperation Agreement (the Global Agreement) between the EU and Mexico, which entered into force in 2000, and the association agreement concluded with Chile in 2002, both of which were very ambitious for their time, in terms of coverage and degree of liberalisation; recalls that they do not have the coverage and ambition of other more recent agreements concluded by the EU; with that in mind, welcomes the fact that negotiations have been opened to update the existing legal framework between the EU and Mexico to broaden into new trade areas and include aspects such as promoting human rights, sustainable development, combating money laundering, tax evasion and avoidance, public procurement, investments, regulatory cooperation and standard-setting;
13. Recalls that at the sixth EU-Chile Association Council, a joint working party (with relevant sub-groups), was established to assess the potential benefit of updating the current agreement, and to explore the scope and ambition of this process; acknowledges the firm commitment of both countries to a sustainable and inclusive growth model that can serve as a reference point, as demonstrated by, for example, Chile's firm commitment to incorporating gender-mainstreaming as a cross-cutting theme in every chapter of an updated association agreement that takes into account the potential impact on equality; supports those efforts and considers that the parties need to commit to starting to update the EU-Chile agreement in the coming months and thus reflect the ambition and full potential of our trade relations;
14. Expresses concern about the serious political, social and economic crisis in Venezuela, with hyperinflation and shortages of basic goods, and its potential impact on the region; calls on the Venezuelan Government and opposition to work together to address the most pressing problems relating to the country's supply situation as quickly as possible, guaranteeing the separation of powers and full respect for democratic principles;
15. Emphasises the growing collaboration between Inter-American Development Bank's (IDB) and the EU built on progress made in energy sector, public sector efficiency, fiscal management, citizen security, and water and sanitation during the past years; stresses its role to support regional integration, climate change and renewable energy, small and medium enterprise (SME) development, and citizen security in LAC;

## **3. CONCLUSIONS**

16. Recalls that EU-LAC relations, including economic and trade relationships, are developing gradually, at strategic bi-regional level and through association and trade



agreements and legal frameworks that are hammered out individually and painstakingly, as well as through institutional events, and are also developed through small steps that channel projects and initiatives in a very wide range of areas;

17. Reiterates that, in recent years, many activities that go beyond pure trading relationships have strengthened the institutionalisation of political relationships between the EU and LAC, demonstrating that there is a long tradition and close cultural ties between the two regions and, above all, a shared vision and strategic plan for the future;
18. Stresses that the future of these relationships and of current political and trade negotiations will also depend on political momentum – in which interparliamentary meetings have an important role to play – and also, primarily, on public acceptance; stresses the importance of rewarding good partners; emphasises in that regard that legal certainty is very important for any trade relations, including EU-LAC trade relations, because it is easier and more beneficial for society as a whole to do business with reliable countries; highlights, therefore, that the successful modernisation of the agreements with Mexico and Chile could act as an incentive to other countries;
19. Considers that promoting corporate social responsibility (CSR) and other trade policies beneficial to human development, such as those designed to eradicate organised crime and torture or to ensure progress in giving the world population access to affordable, high-quality medicines, would highlight the strong values that we in the EU and LAC share, and would enable us to spearhead a global drive to safeguard the highest standards of ethical business conduct together, with one voice;

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20. Instructs its Co-Presidents to forward this resolution to the Council of the European Union and the European Commission, and to the parliaments of the Member States of the European Union and all the countries of Latin America and the Caribbean, the Latin American Parliament, the Central American Parliament, the Andean Parliament and the Mercosur Parliament, the Secretariat of the Andean Community, the Committee of Permanent Representatives of Mercosur, the Community of Latin American and Caribbean States, the Permanent Secretariat of the Latin American Economic System and the Secretaries-General of the Organisation of American States, the Union of South American Nations and the United Nations.