

EURO-LATIN PARLIAMENTARY ASSEMBLY



RESOLUTION

Prospects for trade relations between the European Union and Latin America
based on the report of the Committee on Economic, Financial and Commercial Affairs

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The Euro-Latin American Parliamentary Assembly

- having regard to the Declaration of 9 November 2006,
- having regard to its resolutions of 20 December 2007 on the challenges and opportunities resulting from globalisation for the economic and trade relations between the EU and LA countries, of 1 May 2008 on the challenges and opportunities of the Doha Round, of 8 April 2009 on trade and climate change, and of 15 May 2010 on reform of the World Trade Organisation (WTO),
- having regard to the Declarations made at the six summits of Heads of State and Government of the EU and Latin America and the Caribbean held to date in Rio de Janeiro (28-29 June 1999), Madrid (17-18 May 2002), Guadalajara (28-29 May 2004), Vienna (11-13 May 2006), Lima (15-17 May 2008) and Madrid (18 May 2010),
- having regard to the Joint Statements of the Fifth Mexico-UE Summit of 16 May 2010, the Fourth EU-MERCOSUR Summit of 17 May 2010, the fourth EU-Chile Summit of 17 May 2010, the fourth EU-CARIFORUM Summit of 17 May 2010, the fourth EU-Central America Summit of 19 May 2010 and the EU-Andean Community Summit of 19 May 2010,
- having regard to the Geneva Agreement, initialled on 15 December 2009 and ratified by the European Parliament on 3 February 2011 on Trade in Bananas, between the European Union and Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela and the Agreement on Trade in Bananas between the European Union and the United States,
- having regard to the Agreement establishing an Association between the EU and its Member States of the one part, and the Republic of Chile, of the other part, and to the EU-Chile Association for Development and Innovation,
- having regard to the Economic Partnership, Political Coordination and Cooperation Agreement between the European Community and its Member States, of the one part, and the United Mexican States, of the other part, and to the Strategic Partnership between Mexico and the EU,
- having regard to the conclusion of negotiations on an Association Agreement between the EU and Central America,
- having regard to the conclusion of negotiations between the EU and Colombia and Peru on a Multi-Party Trade Agreement,
- having regard to the re-launch of the EU-MERCOSUR negotiations on an ambitious and balanced Association Agreement between the two regions,
- having regard to the Marrakesh Agreement establishing the WTO,

- having regard to the WTO Ministerial Conference declarations adopted in Doha on 14 November 2001 and in Hong Kong on 18 December 2005, and to the Chairman's summary, adopted in Geneva on 2 December 2009,
 - having regard to the UN Millennium Declaration of 8 September 2000, setting the Millennium Development Goals as criteria collectively agreed on by the international community for the elimination of poverty,
 - having regard to the UN Framework Convention on Climate Change (UNFCCC), its Kyoto Protocol and the results of the 15th Conference of the Parties to the UNFCCC in Copenhagen¹,
 - having regard to the convening of the 16th Conference of the Parties to the UNFCCC, held in Mexico, which succeeded in concluding major agreements on climate change, now that the Kyoto Protocol is about to expire,
 - having regard to the Declaration by the First EU–Latin America Civil Aviation Summit in Rio de Janeiro in May 2010, the ‘horizontal agreements’ between the EU and various Latin American countries, the signing of the memorandum of understanding and cooperation on air traffic management between Mexico and the EU and the opening of negotiations between the Federal Republic of Brazil and the EU for an ambitious agreement on civil aviation,
 - having regard to the report by the Committee on Economic, Financial and Commercial Affairs,
- A. whereas Latin America and the EU not only share common values, a common history and culture, they also committed themselves to forming a strategic partnership reinforced by a series of bilateral and regional agreements and the possibility of making further progress in this direction and concluding new agreements,
 - B. whereas Caribbean countries are part of the Africa, Caribbean and Pacific states (ACP) with which the EU has developed special relations dating back to the Treaty of Rome,
 - C. whereas the EU has intensified its economic and trade relations with Latin America, becoming its second most important trading partner and the main trading partner of Mercosur and Chile; whereas the EU countries constitute the largest source of Direct Foreign Investment (FDI) in Latin America and the EU also attracts FDI from Latin America, mainly from Brazil, Chile and Venezuela,
 - D. whereas over the past years the economic relations between Latin America and other global players has considerably increased and these countries rise as privileged partners for Latin American and Caribbean (LAC) countries and therefore trade agreements should be seen as viable tools to re-balance the trend and increase EU-Latin America exchanges,
 - E. whereas the disparity in levels of development and opportunities for integration in the world economy explains why trade between certain EU and LAC countries is asymmetric in terms of the type of goods that are exported and productivity levels; whereas trade agreements should reflect those asymmetries, enabling Latin America to move from trading in raw

¹ Draft decision -/CP.15 by the UNFCCC, Copenhagen Agreement, FCCC/CP/2009/L.7.

materials to trading in added-value goods,

- F. whereas trade exchanges between the two regions are highly concentrated and, although they have more than doubled since 1990, are developing at a slower rate than those between the two regions and other parts of the world,
- G. whereas the EU-LAC Summit held in Lima in 2008 resulted in the definition of the main axes of the bi-regional strategic partnership, with the aim of creating a network of association agreements between the EU and the various sub-regional integration groups; whereas the EU-LAC Summit held in Madrid in May 2010 marked a major step forward with this approach and led to the resumption of all EU-LAC trade negotiations that had been on ice for the last few years with the relaunching of negotiations for an EU-Mercosur Association Agreement, political approval to the conclusion of a comprehensive trade agreement between the EU, Peru and Colombia, as well as the endorsement of the conclusion of the negotiations between the EU and Central America,
- H. whereas in a changing, globalised world, access to markets in the world's leading economies will always be an important factor in economic growth,
- I. whereas no country has developed successfully by turning its back on international trade and long term capital flows, but it is equally true that no country has developed simply by opening itself up to foreign trade and investment; the successful cases have combined the opportunities offered by world markets with domestic investment and institution-building strategy which stimulates the spirits of domestic entrepreneurs,
- J. whereas the successful conclusion of the Doha trade round, through the support of a multilateral, open, equitable and regulated world trading system, would have a very positive impact on global trade and should benefit developing countries in particular,
- K. whereas the bilateral and interregional trade agreements complement WTO standards and include social and environmental standards, as well as in some cases corporate social responsibility, in an area where global trade talks have so far failed to make progress,
- L. whereas the creation of a network of comprehensive agreements, already in force, finalised or under negotiation, with the various groups of Latin American countries is intended to contribute to enhancing cooperation between the two continents, while allowing for regional integration processes operating at different speeds,
- M. whereas some Latin American countries have been ranked among the countries most vulnerable to climate change in the world, and taking into account the notable impact of the processes of desertification and deforestation and the increase in phenomena such as cyclones and species extinction that affect Latin America to a large extent, as well as concrete, alarming and highly significant examples of the global threat posed by climate change, such as the state of the Amazon rainforest and the risk posed by Andean glaciers,
- N. whereas civil aviation plays a crucial role in relations between Latin America and the EU and is highly important for economic revival in both regions in the current worldwide economic situation,
- O. whereas trade in bananas is concentrated in the hands of multinationals operating mainly in Latin America, which control over 80 % of the global market,

1. Stresses that trade policy is, together with political dialogue and cooperation, one of the tools in achieving the objective of a bi-regional strategic partnership between the EU and Latin America;
2. Points out that regional integration is a process of great significance in enabling the countries of Latin America to adjust to the new global challenges, and emphasises in this respect the important role currently being played by the Union of South American Nations (UNASUR) and welcomes the decision to create the Community of Latin American and Caribbean States (CELAC);
3. Maintains that fairer and more just economic relations should be established to aid peoples and countries by placing development and cooperation on a footing of equality between states and, to that end, entering into alliances and agreements with countries on all continents in order to combat deep-seated social injustices and inequalities, as well as hunger, disease, and poverty;
4. Observes with satisfaction the progress made in those Latin American countries where new trade and social and economic policies accompanied by appropriate internal and structural reforms particularly in the areas of social and fiscal policy have helped to reduce poverty and inequality, although they remain a major problem, notwithstanding the improvement in the Gini coefficients; considers these development to be illustrative of the conditions under which trade policy may have progressive distributive effects;
5. Considers that the rural areas of Latin America are to this day largely under-exploited, particularly owing to the limited number of owners and especially of large owners of arable land; considers that the fight against poverty, inequalities and excessive demographic concentration in urban areas could be supported by specific action to facilitate access to ownership in rural areas;
6. Considers it crucial for Latin America to diversify its trade which is currently based on raw materials and that it should continue to move forward towards sustainable trade in products and services with greater added value in order to compete globally; trade agreements between the EU and Latin America should therefore secure this objective through solid technological cooperation and enabling them to maintain and develop their own food and goods production and processing industries;
7. The European Union and Latin American countries must play their part in reducing trade barriers, in order to facilitate cross-border trade. The substantial reform of agricultural export subsidies, committed to in the WTO Doha Development round, should be completed at the earliest possible date;
8. Considers that the agreements in the spheres of education, training and technological exchange should help to reduce the wide differences existing in Latin American countries, thereby resulting in better use of the projects for trade exchange with the EU;
9. Calls for closer cooperation between the EU and Latin America so as to jointly to push for the conclusion of a fair ambitious and comprehensive WTO Doha agreement according to

the principle of special and differential treatment for developing countries, thereby contributing effectively to poverty reduction; stresses that an open and fair rules based multilateral trade system will contribute to the recovery of world economies from the economic crisis promoting sustainable growth and development;

10. Sets the long term objective of having the same social, ecological, health, technical and qualitative standards in the economy of the EU and of Latin America and thereby preventing a 'race. to the bottom' in these areas; considers that trade related technical assistance must be in addition to official development aid and must be mobilised to fund programmes that provide local and regional production opportunities in order to guarantee food security, the promotion of local food production and sustainable access to markets for communities, small-scale producers and small and medium-sized enterprises; it should also help small producers reduce the operating costs involved in complying with regulatory and quality standards; considers that in addition programmes should be developed to help small and medium-sized firms with inspection, testing and official certification;
11. Stresses the importance of applying environmental, traceability and food security standards to imported agricultural products in the context of the cooperation agreements between the EU and Latin American countries;
12. Calls on EuroLat members to reduce the cost of transactions, particularly in the fight against corruption;
13. Emphasises that the attainment of the UN Millennium Development Goals is a major objective compatible with the current multilateral and bilateral trade negotiations; stresses that keeping the promises reiterated in the Madrid Declaration on attaining the Millennium Development Goals and eradicating global poverty will require a fair trade environment in which the developing countries in Latin America have real gradual access to the markets of developed countries, in particular those of the EU, with particular focus on strengthening the local business landscape largely made up of small and medium-sized enterprises; trade practices must respect human and labour rights, social development, environmental protection laws and the transition towards economic models allowing a fairer distribution of wealth, a lesser use of non-renewable natural resources whose extraction could damage the environment, food security and the promotion of local food production;
14. Welcomes the fact that the Madrid Declaration explicitly recognises the principle of the sovereign right of states to manage and regulate their natural resources, while stressing that due attention should be paid to sustainability criteria;
15. Recognises that the conclusion of the WTO agreements on trade in bananas put an end to a long-term dispute between the EU and Latin America, could facilitate progress in the Doha round negotiations and has contributed to concluding the negotiations on the agreements with Central America, Colombia and Peru; considers that, in response to the deregulation of the world banana market, measures should be taken to increase the competitiveness of producers facing greater geographical disadvantages because of their remote and insular location, promoting traditional, sustainable and quality activities complying with minimum social and environmental standards;
16. Notes with satisfaction the introduction of a human rights clause in the bilateral agreements, allowing for the unilateral and immediate suspension of any agreement in the event of

human rights violations, reflecting a clear improvement in terms of the GSP+ Generalised System of Preferences; also welcomes the inclusion of separation of separate social and environmental clauses, respectively relating to the ratification and compliance with the WTO's basic regulations and participation in a multilateral effort to combat climate change; points out that compliance with these clauses must be binding and that they must incorporate participatory monitoring mechanisms;

17. Advocates a strategy making for effective regulation of capital markets, whereby multinationals would be penalised for transferring production, financial transactions would be taxed, and tax havens would be eliminated;
18. Emphasises the constructive role that EU-based companies operating in Latin America should play by applying high environmental, social protection and quality management standards and by offering decent wages and job security; points out that the EU as a whole, with those EU-based companies operating in Latin America, should display exemplary behaviour in environmental, social and employment-related matters within a wider framework of transparency and respect for human rights that ensures the protection of all involved; stresses that European multinationals are responsible to a great extent for the EU's image in the region and must promote its values, whilst observing the principles of corporate social responsibility;
19. Considers the inclusion of a chapter on far-reaching sustainable development essential to any agreement; considers that a forum on trade and sustainable development made up of trade union management and specialised NGOs could guarantee greater access to markets and must be accompanied by clear social and environmental standards; therefore believes it necessary for bodies responsible for supervising the agreements (councils and committees) to consider the Forum as having consultative status;
20. Stresses the right of indigenous communities throughout Latin America to decide by themselves the degree to which they want to be integrated into the global market economy; reiterates the need to protect indigenous traditional knowledge and rare species on their territories by intensifying work under the Convention on Biological Diversity in accordance with the commitments made in the Madrid Declaration;
21. Welcomes the initialling of the EU Central American Association Agreement which, as a first example of a region-to-region agreement, should contribute, with appropriate accompanying policies, to sustainable development and the promotion of regional integration;
22. Welcomes the initialling of the Multi-Party Trade Agreement between the EU and Columbia and Peru pending parliamentary ratification; recognises that, after bloc-to-bloc negotiations were abandoned, the EU is open to negotiations with Bolivia and Ecuador; calls, therefore, on the relevant parties to adopt the necessary and appropriate steps in order to overcome the existing obstacles and promote a future association agreement negotiated region by region with all the countries of the Andean Community;
23. Supports the resumption, following the 2010 Madrid Summit, of negotiations on the EU-Mercosur Association Agreement, since it will, when concluded, be one of the world's most ambitious bi-regional agreements; is aware that a balanced outcome for both parties has to be achieved in the end, making sure to take full account of recent developments in the

global economy, global environmental challenges and the concerns expressed by the various parliaments and civil society;

24. Points out, however, that the EU–Mercosur trade agreement should necessarily be ambitious and balanced on the agricultural issues, in terms of trade reciprocity, compliance with health and environmental standards and the protection of small producers of foodstuffs;
25. Welcomes the signature of the CARIFORUM-EU Economic Partnership Agreement on 15 October 2008; considers it as a significant tool for the promotion of development for the Caribbean countries involved through the increase of trade exchanges with the EU; in this respect calls on the relevant bodies set up in this Agreement to ensure the proper and effective implementation of the Agreement with the objective of fostering the sustainable development of the Caribbean region;
26. Supports the road map and work programme for the Chile-EU Association for Development and Innovation (ADI) and the mutually beneficial rise in trade in goods and services that the Association Agreement has made possible, as evidenced by the fact that trade between Chile and the EU has more than doubled since 2003; considers that the appropriate, flexible and balanced utilization of the review clause gives concrete possibilities to deep the trade pillar of the Association Agreement and effectively react to the new opportunities and challenges of the bilateral trade relations;
27. Supports the approval of the Joint Executive Plan for the Mexico-EU Strategic Partnership and the negotiations with a view to fundamentally modernising trade relations so as to unlock the full potential of the EU-Mexico Association Agreement which, since coming into force, has led to an increase of 122 % in trade flows; is confident that this agreement will continue to promote relations between both parties in quantitative and qualitative terms;
28. Considers that the next reform of the generalised System of Preferences (GSP) must take place soon to make it more efficient and stable and to ensure that all the parties involved are able genuinely and substantially to reap its benefits.
29. Welcomes the decision to establish an EU-LAC Foundation, which will serve to strengthen the biregional partnership, including with regard to trade, to raise its profile and to unlock its full potential;
30. Reiterates that the EU should actively and concretely support those developing countries that use the so-called flexibilities built into the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement) in order to be able to ensure that medicines are provided at affordable prices under their domestic public health programmes; considers that intellectual property rights must permit and facilitate access to medicines in Latin American countries, especially to combat HIV, tuberculosis, malaria and other epidemic diseases;
31. Supports the European Investment Bank (EIB) lending in Asia and Latin America (ALA); stresses that under the current mandate (ALA IV), covering the period 2007- 2013, the EIB is authorised to lend up to EUR 2.8 billion to Latin American countries for financing operations supporting the EU cooperation strategies in these regions and complementing other EU development and cooperation programmes and instruments in these regions;

32. Expresses regret at the rise in biopiracy, especially in the Amazon region, and calls for the recognition of traditional knowledge, and cooperation mechanisms that promote the transfer of technologies, technical assistance and the strengthening of capacities, to be incorporated into the agreements;
33. Reiterates its support for a lifting of the embargo against Cuba in accordance with successive resolutions by the UN General Assembly;
34. Acknowledges the contribution that air transport can make to expanding trade and tourism between Latin America and the EU and recommends that cooperation between the two parties be strengthened in the field of environmental protection, security and air transport efficiency by means of specific programmes;

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35. 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 Permanent Secretariat of the Latin American Economic System and the Secretaries-General of the Organisation of American States (OAS), UNASUR and the United Nations.