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A7-0388/2012

27.11.2012

RECOMMENDATION

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
(14762/1/2011 – C7-0287/2012 – 2011/0249(NLE))

Committee on International Trade

Rapporteur: Mário David

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

CONTENTS

	Page
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	6
OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS	9
OPINION OF THE COMMITTEE ON DEVELOPMENT	12
RESULT OF FINAL VOTE IN COMMITTEE	15

DRAFT EUROPEAN PARLIAMENT 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

(14762/1/2011 – C7-0287/2012 – 2011/0249(NLE))

(Consent)

The European Parliament,

- having regard to the draft Council decision (14762/1/2011),
 - having regard to the draft Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part (14764/2011),
 - having regard to the request for consent submitted by the Council in accordance with Article 91, Article 100(2), Article 207(4), first subparagraph and Article 218(6), second subparagraph, point (a)(v) of the Treaty on the Functioning of the European Union (C7-0287/2012),
 - having regard to Rules 81 and 90(7) of its Rules of Procedure,
 - having regard to the recommendation of the Committee on International Trade and the opinions of the Committee on Foreign Affairs and the Committee on Development (A7-0388/2012),
1. Consents to conclusion of the Agreement;
 2. Instructs its President to forward its position to the Council, the Commission and the governments and parliaments of the Member States and of Colombia and Peru.

EXPLANATORY STATEMENT

1. Introduction

The Trade Agreement between the European Union and its Members States, on the one hand, and Colombia and Peru, on the other hand, (hereafter "the Agreement") is part of a long lasting relationship between the EU and the Andean Community (CAN). In 2007, negotiations were launched with the aim to conclude a region-to-region association agreement. Regrettably, disagreement between Andean countries on approaches to a number of key trade issues covered under the foreseen agreement led to the suspension of talks in June 2008. New negotiations, now only with Colombia and Peru, were launched in January 2009 and successfully concluded in May 2010. The Agreement was signed with Colombia and Peru on 26 June 2012, but an accession clause (Art 329) is included for other CAN countries to join.

In terms of scope and ambition the Agreement is in line with EU FTA policy as articulated in the 'Global Europe' policy of 2006 and affirmed in the 'Trade, Growth and World Affairs' statement of 2010. The Agreement is comprehensive in that it removes virtually all tariffs after a transition period, extends services commitments well beyond GATS, includes (largely procedural) WTO – plus provisions on non-tariff barriers (TBTs, SPS) and the four Singapore issues of investment, procurement, competition and trade facilitation, strengthens intellectual property right protection while reflecting the needs of Colombia and Peru, and includes institutional provisions (dispute settlement, monitoring committees and a speedy review mechanism for non-tariff and regulatory barriers).

Whereas the Agreement is economic in its focus, it contains an enforceable human rights clause (Art.1) and a Title on sustainable development, covering core ILO labour standards and multilateral environmental agreements.

The agreement will provide access for EU companies to relatively small, but growing markets. Trade between the EU and Colombia and Peru grew by 10% between 2006 and 2010. The Agreement in itself can also be seen as a stepping stone for stronger relations, in trade particularly, with Central and Latin America.

2. Trade benefits of the Trade Agreement

It is the classic EU export sectors that stand to benefit most from enhanced access to the Colombian and Peruvian markets, namely machinery, transport equipment (including in particular automobiles), chemicals and above all services. For the manufacturing sectors the three sectors mentioned account for more than 80% of current EU exports. For services, the sectors to benefit the most are telecommunications, construction, distribution and financial services.

Almost all Colombian and Peruvian exports already enter the EU free of tariffs under the GSP+ scheme. But the Agreement is important as Colombia and Peru will lose this access in the revised GSP. Strengthened trade and investment rules can also be expected to lead to increased EU investment. Procedural rules in the field of SPS should help facilitate Peruvian and Colombian exporters' effective access to the EU market. In addition fruit (especially bananas and grapes) and shrimp will benefit from lower tariffs. According to an independent

study, this Agreement could boost Colombian GDP by 1.3% and Peruvian GDP by 0.7% in the long term.

On the other hand, periods of adjustment are foreseen to enable Colombia and Peru to satisfy social and other national policy objectives. Their tariff liberalisation is phased in over time. There are also horizontal exemptions for both Colombia and Peru that provide the right to adopt or maintain any measure according rights or preferences to socially or economically disadvantaged minority ethnic groups or communal lands.

3. Human Rights and Sustainable Development aspects of the Agreement

The TA with Colombia and Peru is one of few EU trade agreements to contain a human rights clause. Article 1 states that "*respect for democratic principles and fundamental human rights, as laid down in the Universal Declaration of Human Rights, and for the principle of the rule of law, underpins the internal and international policies of the Parties. Respect for these principles constitutes an essential element of this Agreement.* Failure to respect human rights and democratic principles would constitute a "material breach" of the TA which, under public international law, could give rise to the adoption of appropriate measures, including the possibility to terminate or to suspend partially or totally the Agreement. As the European Parliament has pointed out on various occasions in relation to human rights clauses, it is essential that proper monitoring of the respect of human rights by all signatory parties is ensured and that the practical enforceability of the Human Rights Clause is guaranteed.

There are also provisions on sustainable development including Labour rights, which partially overlap with those on human rights. The parties commit to promote the effective implementation of core ILO Conventions including freedom of association and the effective recognition of the right of collective bargaining. There are also wordings to incorporate the obligations set out in multilateral environmental agreements. Parties undertake not to lower their levels of environmental protection to attract investment or fail to enforce labour and environmental standards in a manner that affects trade between the parties. While this chapter is legally binding, it is however not subject to the dispute settlement mechanism.

Both Colombia and Peru have made major efforts to improve their human rights record in the past years. There is no doubt, however, that there is still a substantial work to be done, both in Colombia and Peru. For many years, Colombia has been the country with the highest homicide rate of trade unionists worldwide, though in recent years, the numbers have significantly decreased, from 250 per year at the beginning of the 1990's, to 26 cases in 2011, according to the Human Rights Watch 2012 World Report Colombia. While too many cases remain unresolved, the Colombian government has invested a lot in extended protection programmes and by increasing the number of investigators at the General Prosecutors Office (FGN).

While the Agreement foresees an active role for the civil society, your rapporteur would like to see this role even further reinforced, especially as regards the monitoring of implementation of human rights and sustainable development provisions.

4. Conclusions

In the view of your rapporteur, the Commission has reached the objectives to eliminate high tariffs, tackle technical barriers to trade, liberalise services markets, protect valuable EU geographical indications (GIs), open-up public procurement markets, include commitments on the enforcement of labour and environmental standards and offer effective and swift dispute settlement procedures, thereby also ensuring a level playing field with competitors in the region such as the US.

This agreement is also an opportunity 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.

Human rights concerns do remain. It is therefore essential that the parties provide sufficient technical and financial capacities in order to guarantee the full compliance with the sustainability standards under the TA, and that there will be a full review, monitoring and assessment of the implementation of the chapter for trade and sustainable development.

Under these circumstances, your rapporteur considers that the European Parliament should give its consent to conclusion of the Trade Agreement between the European Union and Colombia and Peru.

20.9.2012

OPINION OF THE COMMITTEE ON FOREIGN AFFAIRS

for the Committee on International Trade

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
(14762/1/2011 – C7-0287/2012 – 2011/0249(NLE))

Rapporteur: José Ignacio Salafranca Sánchez-Neyra

SHORT JUSTIFICATION

The Trade Agreement with Peru and Colombia forms part of the process to strengthen relations between the European Union and the countries of Latin America and the Caribbean and consolidate the bi-regional partnership. This relationship is based not only on close historical and cultural links, but also on shared values which lead to a similar approach to contemporary international issues.

The Agreement includes a democratic clause, normally contained in third-generation agreements. It also goes beyond the current trade framework, which is based on a unilateral system of generalised preferences, by including a reciprocal, negotiated structure for the gradual liberalisation of exchanges of goods and services, public procurement and action to encourage investment. This results in the definition of a predictable framework of legal security and certainty, able to inspire mutual trust, which is essential to building exchange and investment. Lastly, it leaves the door open for other Andean Community countries to join the agreement, confirming the aim of moving towards a global association agreement with the whole Andean Community, as was initially envisaged.

The Agreement reached with Peru and Colombia contains a number of important elements which help to secure the goals of the EU's external action, as enshrined in Article 21 of the Treaty on European Union and, in particular, to develop and consolidate human rights and democracy, a sustainable economy and social and environmental development.

Thus, Article 1 of the Agreement refers to respect for democratic principles, fundamental human rights and the principle of the rule of law as 'essential elements' of the Agreement, so that failure to observe them by any of the parties would result in the adoption of measures which could eventually lead to the partial or total suspension of the Agreement. Altogether, it should be borne in mind that the Agreement falls within the broader context of the bilateral

dialogue on human rights between the EU and Peru and Colombia. In the case of both countries, human rights are a priority on the political agenda.

It is also important to note that, in line with other EU trade agreements, Article 281 outlines suitable mechanisms for consultation with civil society and that sustainable development is given prominent consideration in the agreement, emphasising the determination on both sides to take action, by means of trade and investment policies, to mitigate the impact of shared global challenges such as climate change.

It should also be noted that the Agreement contains a commitment to apply and develop the standards enshrined in the eight core conventions of the International Labour Organisation (ILO), which have already been ratified by Peru and Colombia.

The Trade Agreement with Peru and Colombia cannot be seen as a definitive framework for the relationship between the EU and these countries. On the contrary, the EU should strengthen its cooperation mechanisms with these countries and the rest of the Andean Community, maintaining a broad and decisive outlook, as equal partners in the fight against social inequality, for inclusive development and in the constant struggle to overcome persistent social, economic and political challenges.

As Parliament has repeatedly insisted, the EU and Latin America should advance together to meet the global and largely common challenges facing our societies, which are today more interdependent than ever before. The EU should therefore hold fast to its objective of a bi-regional partnership with Latin America, a broader and stronger association covering as many different fields as possible. The Trade Agreement with Peru and Colombia should therefore be seen as one more step in this direction. Altogether, this Agreement will strengthen the political and institutional relationship between both parties, opening up our markets even more, in a bilateral sense, and helping to consolidate Peru and Colombia as motors of regional economic growth, integration and development.

The Committee on Foreign Affairs calls on the Committee on International Trade, as the committee responsible, to propose that Parliament gives its consent.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	20.9.2012
Result of final vote	+: 54 -: 9 0: 1
Members present for the final vote	Franziska Katharina Brantner, Elmar Brok, Jerzy Buzek, Tarja Cronberg, Arnaud Danjean, Mário David, Michael Gahler, Marietta Giannakou, Andrzej Grzyb, Liisa Jaakonsaari, Jelko Kacin, Ioannis Kasoulides, Nicole Kiil-Nielsen, Evgeni Kirilov, Maria Eleni Koppa, Paweł Robert Kowal, Eduard Kukan, Vytautas Landsbergis, Krzysztof Lisek, Sabine Lösing, Ulrike Lunacek, Francisco José Millán Mon, María Muñoz De Urquiza, Annemie Neyts-Uyttebroeck, Norica Nicolai, Pier Antonio Panzeri, Ioan Mircea Pașcu, Alojz Peterle, Bernd Posselt, Hans-Gert Pöttering, Cristian Dan Preda, Libor Rouček, Tokia Saifi, José Ignacio Salafranca Sánchez-Neyra, Nikolaos Salavrakos, Jacek Saryusz-Wolski, György Schöpflin, Werner Schulz, Marek Siwiec, Sophocles Sophocleous, Laurence J.A.J. Stassen, Charles Tannock, Inese Vaidere, Johannes Cornelis van Baalen, Geoffrey Van Orden, Sir Graham Watson, Boris Zala
Substitute(s) present for the final vote	Laima Liucija Andrikiienė, Elena Băsescu, Marije Cornelissen, Jacek Protasiewicz, Teresa Riera Madurell, Carmen Romero López, Marietje Schaake, Helmut Scholz, Alf Svensson, Indrek Tarand, Traian Ungureanu, Ivo Vajgl, Luis Yáñez-Barnuevo García, Joachim Zeller, Janusz Władysław Zemke
Substitute(s) under Rule 187(2) present for the final vote	Maria Badia i Cutchet, Ivari Padar

20.6.2012

OPINION OF THE COMMITTEE ON DEVELOPMENT

for the Committee on International Trade

on the draft Council decision on conclusion of the Trade Agreement between the European Union and Colombia and Peru
(14672/1/2011 – C7-0287/2012 – 2011/0249(NLE))

Rapporteur: Pino Arlacchi

SHORT JUSTIFICATION

Negotiations between the EU and the Andean Community for a region-to-region association agreement, including political dialogue, cooperation and trade, were launched in 2007. Regrettably, disagreement between Andean countries on approaches to a number of key issues led to the suspension of talks in June 2008.

The Commission presented a recommendation to the Council with a view to modifying the existing authorization so as to pursue negotiations on a trade agreement with those countries of the Andean Community willing to move ahead. In January 2009, the Council authorised the Commission to negotiate a multiparty trade agreement with Colombia and Peru, with the general objective of a balanced WTO-compatible agreement.

The rapporteur points out that Article 208 of the Lisbon Treaty requires the EU to take account of development cooperation objectives. He considers that this agreement is an opportunity to provide an anchor for reforms to integrate the global economy, increase welfare and consolidate growth in Colombia and Peru. Members of the Andean Community are also encouraged, via an accession clause, to take part in the trade agreement whenever they see fit.

The rapporteur acknowledges that the Commission included in the agreement measures on the protection of human rights and the rule of law, as well as commitments to implement international conventions on labour rights and environmental protection.

Nevertheless, with regard to the sustainability impact assessment, the rapporteur notes that without appropriate measures, the implementation of the agreement might have an impact on human rights, labour and environmental standards. For this reason, he considers that the EU should actively contribute to the implementation of flanking measures, enforcing the obligations of all parties under the agreement and stresses also that the European Parliament

should continue to follow closely the efficacy of the existing monitoring and implementation provisions.

Calls on the EU to implement, efficiently and transparently, the provisions on technical assistance and capacity building.

The rapporteur took note of concerns expressed by civil society organizations, and considers that a significant number have been properly addressed in the final text.

The Committee on Development calls on the Committee on International Trade, as the committee responsible, to propose that Parliament give its consent.

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	19.6.2012
Result of final vote	+: 16 -: 7 0: 5
Members present for the final vote	Thijs Berman, Michael Cashman, Véronique De Keyser, Nirj Deva, Leonidas Donskis, Charles Goerens, Catherine Grèze, Filip Kaczmarek, Michał Tomasz Kamiński, Gay Mitchell, Norbert Neuser, Jean Roatta, Birgit Schnieber-Jastram, Michèle Striffler, Keith Taylor, Eleni Theocharous, Patrice Tirolien, Ivo Vajgl, Anna Záborská, Iva Zanicchi
Substitute(s) present for the final vote	Agustín Díaz de Mera García Consuegra, Gesine Meissner, Csaba Óry, Judith Sargentini, Patrizia Toia
Substitute(s) under Rule 187(2) present for the final vote	Ioan Enciu, Iliana Malinova Iotova, Gabriele Zimmer

RESULT OF FINAL VOTE IN COMMITTEE

Date adopted	27.11.2012
Result of final vote	+: 20 -: 4 0: 1
Members present for the final vote	Laima Liucija Andrikiienė, Daniel Caspary, María Auxiliadora Correa Zamora, Christofer Fjellner, Metin Kazak, Franziska Keller, Bernd Lange, Paul Murphy, Cristiana Muscardini, Helmut Scholz, Peter Šťastný, Gianluca Susta, Henri Weber, Jan Zahradil
Substitute(s) present for the final vote	Josefa Andrés Barea, George Sabin Cutaş, Mário David, Elisabeth Köstinger, Marietje Schaake, Inese Vaidere
Substitute(s) under Rule 187(2) present for the final vote	Isabelle Durant, Francisco José Millán Mon, José Ignacio Salafranca Sánchez-Neyra, Ivo Strejček, Renate Weber