



Brussels, 10.2.2016  
COM(2016) 58 final

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**Second Annual Report on the Implementation of the EU-Colombia/Peru Trade  
Agreement**

# REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

## Second Annual Report on the Implementation of the EU-Colombia/Peru Trade Agreement

### 1. INTRODUCTION

Between 11 and 19 June 2015 the second round of Trade Committee and of the eight subcommittees took place in Bogotá, Colombia. The meetings marked the second year of the provisional application of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part<sup>1</sup> (hereafter the "Agreement") which started in March 2013 with Peru and in August 2013 with Colombia<sup>2</sup>.

On 30 June 2015 the Parties signed a Protocol amending the Agreement to take account of Croatia's accession to the EU. The Protocol is undergoing internal ratification procedures in the three parties.

On 12 December 2014 the Protocol of Accession of Ecuador to the Agreement was initialled by the EU and Ecuador. Before submitting the Protocol to the respective internal ratification approval procedures, it needs to be approved by the Trade Committee established by the Agreement.

In accordance with Regulation (EU) No 19/2013<sup>3</sup> (hereafter the "Regulation") the Commission committed to submit an annual report to the European Parliament and the Council on the application, implementation and fulfilment of obligations of the Agreement and the Regulation.

This is the second such report. In line with Article 13(1) of the Regulation, it is structured in three parts:

- an overall assessment of trade flows;
- information on the activities of the various bodies implementing the Agreement;
- information on the monitoring activities referred to in the Regulation.

### 2. OVERALL ASSESSMENT: EVOLUTION OF TRADE

#### 2.1. Methodology

The analysis of bilateral trade flows is based on comparing the data for the calendar year 2014 with the data for calendar year immediately preceding the Agreement (2012). While the presented figures hereunder can offer an early indication on how trade between the EU, on the one side, and Colombia and Peru, on the other, developed, one should keep in mind that such

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<sup>1</sup> OJ L 354, 21.12.2012, p. 3.

<sup>2</sup> The status of the ratification of the Agreement by the EU Member States is available on the Council's website: <http://www.consilium.europa.eu/en/documents-publications/agreements-conventions/agreement/?aid=2011057>

<sup>3</sup> Regulation (EU) No 19/2013 of the European Parliament and of the Council of 15 January 2013 implementing the bilateral safeguard clause and the stabilisation mechanism for bananas of the Trade Agreement between the European Union and its Member States, of the one part, and Colombia and Peru, of the other part (OJ L 17, 19.1.2013, p. 1).

conclusions cannot be considered final and also the changes observed cannot be attributed merely to the effects of the Agreement.

## **2.2. Evolution of trade flows with Peru**

Imports of Peru<sup>4</sup> from the EU have registered a 4% reduction in 2014 (EUR 3 716 million) as compared to 2012 (EUR 3 891 million). This is broadly in line with the reduction of Peru's imports from the world (3%). This being said, the reduction essentially occurred in the products that enter MFN duty free (10% reduction), whereas the imports of those products that have been fully liberalised under the Agreement increased by 19%, those partially liberalised by 15% and those under the preferential tariff quotas - albeit from a very low level - by 86%. Interestingly, Peru's imports from the EU of products that do not benefit from preferential treatment through the Agreement and which therefore face an MFN duty, have increased by 14%, while the increase of Peru's imports of these same products from the World have increased by only 3%.

As for product category, the biggest fall in Peru's imports from the EU can be observed in mineral products (25%) and in base metals (25%), although in absolute terms the most notable fall is observed for machinery and mechanical appliances (EUR 159 million or 9%). This is particularly the case for chapter 84 (nuclear reactors, boilers, machinery and mechanical appliances; parts thereof) where the EU represents a quarter of all imports into Peru and an 11% fall has been observed. On the other hand, the biggest increases can be observed for works of art (184%), animals and animal products (47%) and prepared foodstuffs (46%). In absolute terms only foodstuff and chemical products represent a noteworthy increase (each by EUR 43 million). In the latter group the most important increase occurred for pharmaceutical products (31%).

As for imports by the EU<sup>5</sup> from Peru, these have seen a reduction of 21%; from EUR 6 072 million in 2012 to EUR 4 789 million in 2014. Again, the reduction is observed primarily for products that already enter MFN duty free (34% reduction). All other group of products have seen an increase, notably the ones that are fully liberalised by the Agreement (by 22%), those that are partially liberalised (by 11%), those that face MFN duty and were not subject of liberalisation through the Agreement (by 12%) and those subject to preferential tariff quota (by 102%).

Given the heavy concentration of imports from Peru in terms of product categories, the category that observed a noteworthy fall in EU imports from Peru are mineral products (a decrease of EUR 1 062 million or 38%), which can be attributed to the worldwide fall in mineral prices, as well as the category of pearls, (semi-)precious stones and metals with a decrease of EUR 145 million or 75%. A notable increase is that of EUR 47 million or 24% in animals and animal products, most notably for products of chapter 03 (fish and crustaceans, molluscs and other aquatic invertebrates). An important increase can also be observed for chapter 08 (edible fruit and nuts, peel of citrus fruits or melons) with an increase of EUR 157 million or 38%.

In the first two years of the Agreement, 1133 new companies exported from Peru to the EU, 38% of them in the agricultural sector. Most of the new exporting companies are SMEs (97.4%), but the large new exporters (remaining 2.6%, i.e. 30 companies) account for 68% of

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<sup>4</sup> Source: ITC/ Comext (R1)

<sup>5</sup> Source: Comext (R1)

the total value exported by new companies. In the same period, there were exports from Peru to the EU in 370 new tariff lines (10 digit) for a total value of USD 60 million (0.5% of total exports, of which half is crude oil).

### **2.3. Evolution of trade flows with Colombia**

Imports of Colombia<sup>6</sup> from the EU have registered an important increase between 2012 and 2014, from EUR 4 870 million to EUR 6 602 million (36%). It should be noted, though, that the biggest increase occurred in 2013 (23%), whilst the Agreement only started being applied in August 2013 and the Agreement can therefore not be considered solely responsible for such an increase. This is confirmed by the fact that the biggest increase occurred for products that already enter at MFN duty free (increase by 1 133 mio euro or by 42%). Nevertheless, also the increase of Colombia's imports from the EU of products that have been fully liberalised by the Agreement has been important – EUR 306 million or 43%. Imports of products partially liberalised by the Agreement have increased by 27% and those subject to preferential tariff quotas by 71% (albeit from a very low value – EUR 21 million). As a result of these positive developments, the EU's share in Colombia's imports increased from 11% in 2012 to 14% in 2014.

Practically all product categories with significant trade have registered an increase in Colombia's imports from the EU. The most important increases were registered in transport equipment (EUR 951 million or 146%, chemical products (EUR 294 million or 22%), and measuring and musical instruments (EUR 116 million or 42%). In terms of product areas, the biggest increase in Colombia's imports was registered for category 88 (aircraft, spacecraft, and parts thereof) and 30 (pharmaceutical products), namely EUR 980 million (450%) and EUR 235 million (35%).

On the other hand, EU imports from Colombia<sup>7</sup> registered a slight decrease of 2% between 2012 (EUR 8 040 million) and 2014 (EUR 7 867 million). This is particularly due to the fall of imports of products that enter MFN duty free (EUR 197 million decrease), while there has been a notable increase in EU imports of products that are fully liberalised under the Agreement (EUR 71 million). It should be noted, however, that the decrease occurred in 2013, whereas in 2014 (as compared to 2013) EU imports from Colombia increased by EUR 533 million or 7%. Indeed, if we were to consider the first year of the Agreement's application, i.e. from August 2013 through July 2014 as compared to the same period before that, EU imports from Colombia in fact increased by 10%.

Looking at the product categories the sole biggest noteworthy decrease occurred for base metals and articles thereof (EUR 265 million or 78%). Almost the entire decrease within this category takes place in chapter 72 (iron and steel), notably a decrease of EUR 264 million or 88%. As for increases, noteworthy changes can be observed for vegetable products (increase of EUR 73 million or 5%) and for animal or vegetable fats (EUR 45 million or 66%). The biggest increase can be observed in chapter 09 (coffee, tea, maté and spices) with an increase of EUR 113 million or 28%.

Another important development is that since the start of the Agreement's application and until the end of 2014, there were 526 new companies which managed to export from Colombia to the EU, 328 of them for less than USD 10.000 and only 8 for more than USD 1 million, indicating that this are probably small enterprises. In the same period of time, 336 new tariff

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<sup>6</sup> Source: ITC/ Comext (R1)

<sup>7</sup> Source: Comext (R1)

lines registered exports from Colombia to the EU with main products as diverse as tuna (USD 4 615 647 over the observed period), self-propelled machinery (USD 3 109 501) and anise liquors (USD 1 691 638)<sup>8</sup>.

#### 2.4. Use of tariff rate quotas (TRQs)

Table 1 shows rate of utilisation of tariff rate quotas (TRQs) that were established by the EU for Colombia and Peru<sup>9</sup>. Only the TRQ for cane or beet sugar and chemically pure sucrose is being truly utilised by Colombia and Peru, and to some extent the TRQ for sweetcorn by Peru, whereas the remaining TRQs<sup>10</sup> are quite underutilised or not used at all.

Table 1: Rate of utilisation of TRQs by Colombia and Peru

	TRQ use by Colombia		TRQ use by Peru	
	2013	2014	2013	2014
Cane sugar and chemically pure sucrose	88.40%	85.72%	100%	100%
Other sugar confectionery	1.37%	1.32%	0.02%	0.01%
Maize			0.7%	3%
Sweetcorn			21%	76%

Source: TARIC

On the other side, it can be observed that the EU is using the TRQ established by Colombia for mushrooms, dairy products such as milk and cream in powder, whey and cheese as well as preparations for infant use, sweetcorn and to a lesser extent ice cream and sugar confectionery. In the case of Peru, only the TRQ for ice-creams was used in 2014, and also milk and butter in the first half of 2015. Table 2 shows the complete set of the EU's utilisation of TRQs established by Colombia and Peru.

Table 2: Rate of utilisation of TRQs by the EU

	EU use of TRQs in Colombia		EU use of TRQs in Peru	
	2013	2014	2013	2014
Mushrooms	1.57%	4.95%		
Milk and cream in powder	0.00%	34.92%		
Whey	57.60%	49.96%		
Preparations for infant use	40.45%	67.50%		
Sweetcorn	0.42%	54.18%		
Ice cream	5.26%	13.35%	0%	90%
Cheese	9.07%	8.02%		
Sugar confectionery	1.82%	3.41%		
Milk				4%

Source: DIAN Colombia and SUNAT Peru

<sup>8</sup> Source: PROCOLOMBIA

<sup>9</sup> Only TRQs that were used are mentioned.

<sup>10</sup> The EU established 8 TRQs for Colombia and 18 TRQs for Peru.

## **2.5. Trade in Services and Foreign Direct Investment (FDI)<sup>11</sup>**

Services trade data is produced with a significant time lag. At the time of writing this report, data is only available for the year 2013 and thus only a limited analysis can be done considering that the Agreement is being applied with Peru since March 2013 and with Colombia since August 2013.

In 2013 EU exports of services to Peru amounted to EUR 1.215 billion, having decreased by 18% compared to the previous year. At the same time, EU imports of services from Peru amounted to EUR 839 million, a decrease of 4% compared to 2012. In 2013 the EU's FDI stock in Peru was EUR 7.678 billion, whereas Peru's FDI stock in the EU amounted to EUR 218 million.

As for Colombia, EU exports of services in 2013 were equal to EUR 2.581 billion, having decreased by 10% compared to the previous year. While EU imports of services from Colombia amounted to EUR 1.475 billion, an increase of 3% compared to 2012. In 2013 the EU's FDI stock in Colombia was EUR 15.622 billion, whereas Colombia's FDI stock in the EU amounted to EUR 3.839 billion.

## **3. ACTIVITIES OF THE IMPLEMENTATION BODIES**

The Agreement establishes a Trade Committee and eight specialised bodies for overseeing its implementation. The second round of meeting took place between 11 and 19 June 2015 in Bogotá, Colombia, as summarised below.

### **Sub-Committee on Technical Barriers to Trade – 10 June 2015**

The meeting was useful to raise specific issues of concern and to get clarifications from the other parties. In the case of Colombia the EU raised concerns in relation to the need for third party certification to be carried out in Colombia and the forthcoming implementation of the National Quality System. The EU also raised concerns on the National Development Plan that appears to establish pricing as one of the requirements for the issuing or renewal of marketing authorisations for medicines and medical devices. In the case of Peru the EU raised the issue of the pending application for the "High Health Surveillance" (Alta Vigilancia Sanitaria) status for exports of pharmaceuticals and medical devices.

### **Sub-Committee on Intellectual Property – 11 June 2015**

Discussion on Geographical Indications (GIs) resulted in an accurate state of play of the protection of GIs, identified critical areas regarding the effective protection and registered a push from Colombia and Peru to initiate the process for adding new GIs to the list. Parties agreed to try to streamline the procedure for adding new GIs to the list.

In addition, Colombia and Peru answered EU's list of questions on various IPR issues. Most noteworthy are the confirmation by Colombia of the opportunity to contribute to a forthcoming public consultation on the definition of national emergencies in the health sector and on arranging a meeting between the relevant stakeholders on licensing of digital material.

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<sup>11</sup> Source: Eurostat and DG Trade Chief Economist Unit

### **Sub-Committee on Agriculture – 12 June 2015**

The meeting was an opportunity to exchange statistics on trade flows and quota utilisation. Most notably, the meeting confirmed the difficulties of Peru and Colombia to comply with their commitments under the Agreement in the area of spirit drinks, where trade distorting measures are experienced by EU (and other imported) products. Neither Peru nor Colombia were able to indicate a roadmap for addressing these shortcomings. The EU side clearly stated that all options were currently being considered for addressing this situation, including the use of dispute settlement mechanisms. The stabilisation mechanism of bananas and the Colombian request for equivalency in the organic farming were amongst the other topics on the agenda.

### **Sub-Committee on Government Procurement – 16 June 2015**

The main elements raised in relation to Colombia were the market access at sub central level and the application, by procuring entities, of unusual and sometimes very high indicators for determining economic capacity of tendering companies, and on which the discussions need to continue. Peru, on the other hand, informed that an ongoing reform will make a delegation of public procurements to international organisations, currently the main problem in this area, impossible.

### **Sub-Committee on Sanitary and Phytosanitary Measures – 16-17 June 2015**

In relation to Colombia, the meeting noted the advances on a single approval procedure for EU exports of animal products. In relation to Peru it was not possible to discuss and identify solutions to the lack of an approval procedure compatible with the Agreement due to the absence from the meeting of one of the responsible entities (i.e. SENASA).

### **Sub-Committee on Trade and Sustainable Development (see also point 4 below) – 16-17 June 2015**

The second meeting served as a transition to a more substantive agenda, in particular on labour-related issues. The parties drew up a list of potential topics for follow-up action which will need to be studied in more detail and prioritised. An open session with civil society (about 80 participants) was held, in which the two sides summarised the discussions in the government to government meeting the previous day. Most civil society interventions in the session focussed on the impact of the trade agreement on Colombia. (see also point 4 below)

### **Sub-Committee on Customs Procedures, Trade Facilitation, and Rules of Origin – 17 June 2015**

The meeting was an opportunity to present the latest developments on the subject and address some current points of interest. The interpretation of the provision defining direct transport received particular attention, albeit with no final agreement, and discussion began on the possibility for extended cumulation with Chile and Mexico.

## **Sub-Committee on Market Access – 19 June 2015**

To improve the evaluation of the functioning of the Agreement, the Parties agreed to a regular exchange of import statistics. On market access issues, the EU highlighted the concerns in relation to the truck scrapping policy in Colombia.

## **Trade Committee – 19 June 2015**

The Trade Committee was used to take stock of progress achieved by the subcommittees and to reiterate some of the main concerns, including the continued discrimination of imported spirits most notably in Colombia but also in Peru, EU market access to public procurements at sub central level in Colombia and problems in Peru in relation to certification of EU exports of animal products.

EU offered an update on the state of ratifications of the Agreement by the EU. The meeting also served to push forward the signature of the Croatia Protocol to the Agreement which materialised on 30 June 2015. Regarding the Protocol of Accession of Ecuador to the Agreement it was agreed to continue discussions with a view to find a solution agreeable to all as soon as possible and that Colombia and Peru would provide more detailed comments.

## **4. FULFILMENT OF OBLIGATIONS ON TRADE AND SUSTAINABLE DEVELOPMENT**

### **Sub-Committee on Trade and Sustainable Development**

The second meeting of the Sub-Committee on Trade and Sustainable Development (the Subcommittee) was held in Bogota on 16 and 17 June 2015. Discussions covered the following:

#### **4.1. Implementation of labour-related provisions**

Colombia made reference to its recently adopted National Development Plan, which includes a national policy for decent work as well as to efforts to strengthen labour inspections, improve collection of fines and address inappropriate outsourcing and collective bargaining practices by some companies. Progress had been made on social dialogue through mechanisms such as the Committee on Resolution of Conflicts (CETCOIT) and a major exercise of collective bargaining in the public sector had been carried out successfully. While recognising that much remained to be done, Colombia stated that increased resources had been employed to improve the protection of trade union leaders threatened with violence and it reiterated its commitment to fight against impunity.

Peru presented its strategy and action plan on formalisation of labour and reported on progress in implementing policies to combat forced labour as well as in implementing its strategy for the prevention and eradication of child labour. Peru notably informed that the labour inspection regime under the National Superintendency for Labour Inspection (SUNAFIL) had been strengthened. In addition, some positive developments on labour conflict resolution and social dialogue were highlighted. A national prize to recognise companies with good working practices had been instituted.

The EU gave an update on the ratification of ILO Conventions by its Member States. It underlined its commitment to promote decent work and reported on actions undertaken to allow swift ratification of the ILO Protocol on Forced Labour by its Member States. It asked

for clarifications on a number of points that had been raised in ILO expert reports on Colombian and Peru.

#### **4.2. Implementation of environment-related provisions**

Colombia referred to its National Development Plan, which incorporates a cross-cutting strategy for green growth, its National Plan for Green Business and its policy on sustainable public procurement.

For its part, Peru gave a presentation on its 2015-2016 Environmental Action Agenda and highlighted the setting up of a national environmental prize as an incentive for good practice.

The EU provided information on the development of a new cross-cutting policy on a circular economy, developments in CITES and the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, plans for an EU Action Plan Against Wildlife Trafficking, and information on the review of the EU Forest Law Enforcement Governance and Trade (FLEGT) Action Plan.

#### **4.3. Domestic consultation and Sub-Committee sessions with civil society**

The EU domestic mechanism for consultation with civil society ("domestic advisory group") met several times and agreed its rules of procedure. The European Economic and Social Committee (EESC) provides the Secretariat as well as three members of the group and set up a dedicated web-page on its website. Colombia and Peru informed the EU side intersessionally that they intended to use existing domestic consultative mechanisms in the fields of labour and environment. The EU and Colombia shared details of the members of their groups with each other and with Peru.

An open session was held in Bogota on 17 June 2015 with approximately 80 representatives of Colombian civil society and several members of the EU domestic advisory group. The session had been publicised on the website of the Colombian Ministry of Trade as well as other websites. Representatives of the parties informed civil society about their discussions in the Sub-Committee on Trade and Sustainable Development through an oral and written report. Colombian civil society representatives made a number of general statements, mainly expressing concern about the overall impact of the Agreement. Moreover, some speakers addressed problems linked to trade union rights, working conditions, labour informality and labour inspections. A joint statement by EU and Colombian representatives called for more interaction between the groups.

#### **4.4 Follow-up**

Following a presentation by the EU, Colombia and Peru expressed interest in learning more about how the EU assesses the labour and environmental impacts of trade agreements – and this was identified as a potential area of future cooperation. The Sub-Committee identified a broad range of labour-related topics on which cooperation could be developed such as good practices in labour inspection, labour market, mobilisation of informal to formal work, prevention and resolution of labour conflicts as well as prevention and eradication of child and forced labour. On the environment side interest was expressed in cooperation on trade and biodiversity, including CITES, trade in forest products, chemicals and hazardous waste, environment information systems. Corporate Social Responsibility was also identified as a topic of interest, and the EU underlined its support to the work of the OECD on this issue, in

particular with respect to the textile and minerals sectors. It was agreed to work intersessionally to prioritise the topics with a view to their implementation.

#### **4.5 Other Activities**

The Commission participated in a meeting of the INTA Committee of the European Parliament Monitoring Group on the EU-Colombia-Peru trade agreement on 5 May 2015, which focussed on labour rights in Colombia and Peru.

The EU Delegation to Colombia, with support of DG Trade, organised an event on trade and sustainable development on 18 June 2015 with the Bogota Chamber of Commerce in which over 400 people participated. The event included presentations on themes such as renewable energy, geographic indications, trade facilitation, fair trade, organic certification. Colombian fair trade producer organisations and distributors of European food and drinks displayed their products in stands at the event.

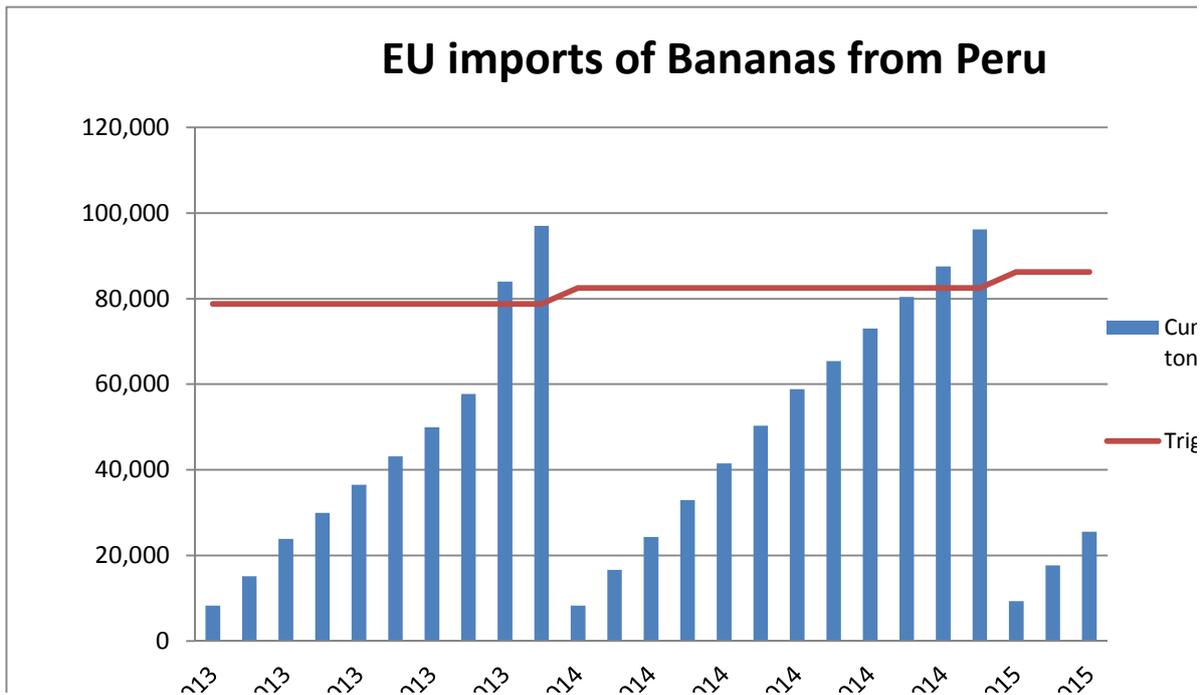
### **5. IMPLEMENTATION OF REGULATION (EU) NO 19/2013 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL IMPLEMENTING THE BILATERAL SAFEGUARD CLAUSE AND THE STABILISATION MECHANISM FOR BANANAS**

The Regulation provides for the possibility to initiate a safeguard investigation or introduce prior surveillance measures under conditions set out in the Regulation. In accordance with Articles 3 and 13 of the Regulation, the Commission has been monitoring the evolution of imports of bananas from Colombia and Peru. By the time of writing this report, the Commission neither initiated nor received any requests for initiating a safeguard investigation or introducing prior surveillance measures.

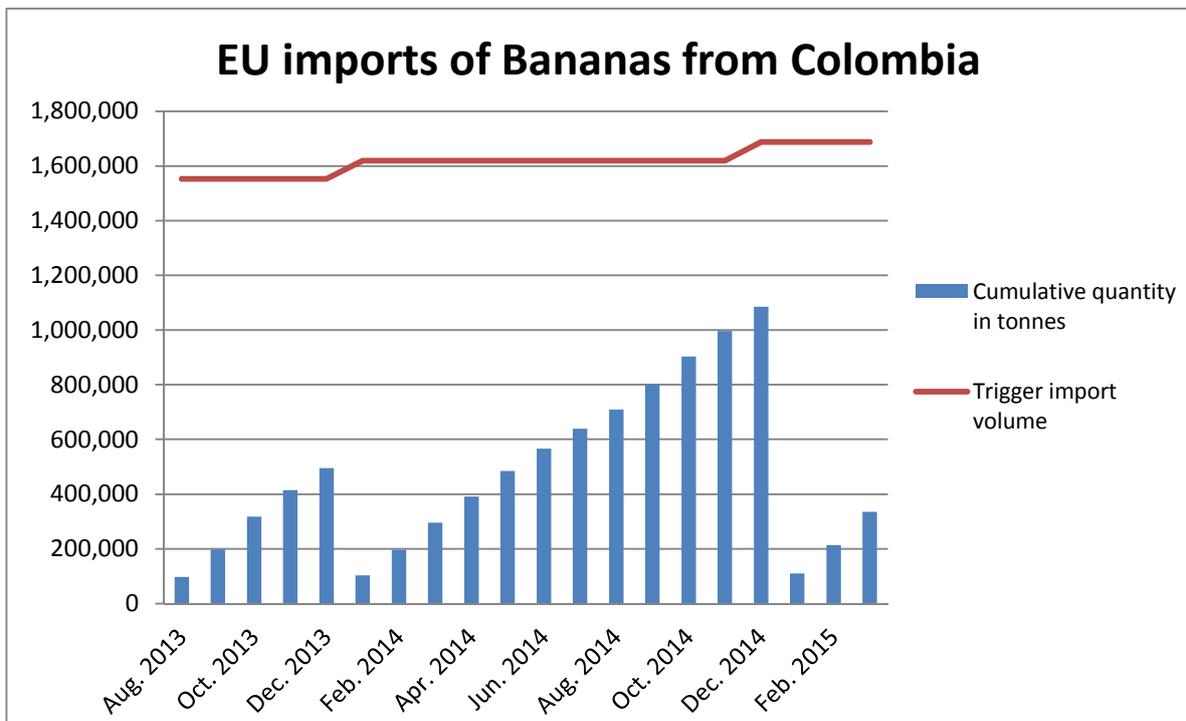
#### **5.1. Evolution of Colombian and Peruvian fresh banana exports to the EU**

Imports of fresh bananas from Peru in 2014 fell by 14% as compared to the 2013 volumes; 96 136 tonnes and 112 396 tonnes, respectively. Nevertheless, Peru again reached its trigger import volume for 2014 as established by the Agreement (i.e. 82 500 tonnes), notably in November – see chart below. Pursuant to Article 15(3) of the Regulation the Commission examined the impact on the EU banana market, taking into account, inter alia, the effect on the price level, the development of imports from other sources and the overall stability of the Union market.

Given that the imports of fresh bananas from Peru represented only 1.9% of the total imports of fresh bananas into the EU, that imports of fresh bananas from other traditional exporting countries remained largely below the thresholds defined for them in comparable stabilisation mechanisms, that the average wholesale banana price did not register notable changes and that there were no indications of a negative effect for the stability of the EU market, for the EU producers or for the EU outermost regions, the Commission concluded that the suspension of the preferential customs duty on bananas originating in Peru was not be appropriate.



Like in the case of Peru, also the imports of fresh bananas from Colombia in 2014 decreased as compared to the year before, in this case by 6% as compared to the 2013 volumes; 1 086 096 tonnes and 1 150 980 tonnes, respectively. As can be observed in the chart below, Colombia remained significantly below its trigger import volume as established by the Agreement (only 64% of the trigger volume has been reached).



## 6. CONCLUSION

Two years after its entry into force, the implementation process continues and the Agreement is functioning well overall to the satisfaction of all Parties. It is still difficult to make assessments in some areas, e.g. because data for trade in services and investment flows are not available yet or only partially so. The economic slowdown in Latin America and the fall in commodity prices on the global market also affected EU trade flows between the EU and Colombia and Peru. Overall, since 2012 both EU imports from and exports to Peru show a reduction in value, in line with the general trend in Peruvian trade. The EU's share of Colombia's imports increased from 2012 to 2014, while exports from Colombia to the EU increased in value in 2014, following a decrease in 2012 and 2013.

Trade in products liberalised under the Agreement indicates a positive effect of its implementation. Imports into the EU from Peru and Colombia of products liberalised under the Agreement have increased, in some cases significantly. EU has significantly increased its exports to both Colombia and Peru of products that have been liberalised under the Agreement, either fully, partially or by means of preferential tariff quotas. In terms of diversification, since 2012, a significant number of new tariff lines registered imports.

The fact that 526 Colombian companies and 1133 Peruvian companies exported for the first time to the EU since the entry into force of the Agreement is a welcome development, even more so since a significant number of them are SMEs. EU development programmes to support implementation of the agreement aim to further strengthen this trend.

While the implementation process is going well in most of the areas, some areas need to be addressed rapidly, for example the implementation by Peru of the obligations in the area of sanitary and phytosanitary measures and the taxation of spirits most notably in Colombia but also in Peru. The implementation of the market access commitments for procurement at sub-central level in Colombia also raises concern.

The mechanisms for implementation of the Trade and Sustainable Development Chapter of the Agreement, which reflect a priority for the EU are now in place and with tangible civil society involvement. Colombia noted progress in the area of social dialogue and Peru highlighted its strategy for the prevention and eradication of child labour as well as on formalisation of labour.

Regarding the stabilisation mechanism for bananas, the average wholesale price of fresh bananas on the EU market did not register any notable change and there were no indications that the stability of the EU market or that the situation of the EU producers have been affected by the increase of Peruvian exports. Consequently, the Commission has concluded that any suspension of the preferential customs duty on imports of bananas originating in Peru was not warranted. The close monitoring of the banana imports and the evaluation of the market situation is therefore proving effective.

The Commission will continue focusing on measures aimed at ensuring the full implementation of the Agreement in all its aspects for the benefit of mutual trade and investment and in close cooperation with the partner countries.