Press release

MEPs back two major pacts with Latin America

Plenary sessions [11-12-2012 - 13:09]

Two landmark pacts freeing up EU trade with Colombia, Peru and six countries in Central America can now take effect, after Parliament approved them on Tuesday. Before giving their consent, MEPs also approved rules to shield EU manufacturers and banana growers against adverse effects of import surges.

The pacts with Peru, Colombia and six Central American countries – Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama – will free up markets on both sides by cutting import tariffs, removing technical barriers to trade, liberalising services markets and opening up public procurement.

These pacts also include commitments to enforce labour rights and environmental standards. For the EU, the biggest gains are likely to be in exports of machinery, cars, chemicals, and telecoms and transport services.

Colombia and Peru

Before giving Parliament's go-ahead to the trade agreement with Colombia and Peru, MEPs asked both countries to set out binding roadmaps for implementing labour and environmental clauses.

Both roadmaps were presented to the International Trade Committee in November and welcomed by most members. However a minority remained sceptical about the agreement's beneficial effects on human rights and social conditions and urged Parliament to vote against the deal. In the end, it was, nonetheless, approved by 486 votes to147, with 41 abstentions.

In Colombia and Peru, the biggest beneficiaries of removing tariffs will be producers of fruit (especially bananas and grapes) and shrimp. Once in force, the deal is likely to boost Peru's GDP by 0.7 % and Columbia's by 1.3 %. EU exporters should save €270 million in duties annually, according to Commission estimates.

Central America

Central America's key traditional exports to the EU are microchips, coffee, bananas and pineapples.In the long run, the deal could boost national income in the six countries by amounts ranging from 0.5% in Nicaragua to 3.5% in Costa Rica.EU exporters could save up to €87 million annually in customs duties(Commission estimates).

Besides liberalising trade, the pact also has development cooperation and political dialogue clauses designed to help promote sustainable development, reduce poverty and consolidate stability by integrating the Central American region as a whole.

MEPs backed the deal by 557 votes in favour, 100 against and 21 abstentions.

Safeguards for EU banana growers

Costa Rica and Colombia are among the world's leading banana exporters, and a surge in their exports to the EU could crowd out those of the EU's own “outermost” regions, such as the Canary Islands, Guadeloupe and Martinique, which together grow about 12% of the bananas sold in the EU. To avoid harming their fragile economies, MEPs voted into law two regulations which provide a general safety net for EU industries and special “stabilization mechanisms” for bananas.

What's next?

Both pacts were signed by the EU and its partners in June 2012. As is the case for all international agreements after Lisbon, they need Parliament's consent to be ratified in the EU. The will apply provisionally following a formal decision in the Council, but to be concluded formally, they must be also ratified by all EUmember states.

Procedure: Consent (for associationagreement and trade agreement), ordinary legislative procedure (for safeguardregulations)

Press conference:Tuesday, 11 December,16.00

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