

**Minutes
Meeting
Market Access for Goods
June 21, 2019
Guatemala**

1. Approval of the Agenda

The agenda was approved.

2. Presentation and analysis of trade statistic data

i. Trade statistics (tariff preferences and quotas)

Central America and the EU reported statistical data on the evolution of trade. The positive evolution in terms of increased annual trade flows, was highlighted.

ii. Preference Utilization Rates

The EU thanked Central America for the data provided in relation to preference utilization, the data was based on information provided by each of the customs offices in the region.

Moreover, the EU stated that in spite of the variable level of utilization, the data provided reflects a positive evolution in comparison with previous years.

iii. Use of Quotas

Both parties expressed their interest in enhancing the utilization of tariff-rate quotas. In this regard, the EU expressed its concern with regard to the under-utilization of EU quotas for certain products, since the entry into force of the Agreement.

3. Points of Interest of the European Union

i. Costa Rica: Taxes on liquors and beer.

The EU requested further information on the compliance by Costa Rica to review its internal taxes on alcohol beverages in 2017, in accordance with the Joint Declaration of Chapter I, title II of the Agreement, and specifically data on national production. In this respect, Costa Rica requested the submission of a written communication in order to help the process of making such a petition with the competent authorities. The EU took note and made reference to requests previously made.

The EU considers that the existing tax structure may work in favor of national production. Nevertheless, Costa Rica stated that the law clearly stipulates that specific taxes based on alcohol percentage are applicable to both national production and imports, thus there is no discrimination.

The EU expressed its concern with the progress of the commitment undertaken by Costa Rica in 2014, in relation to taxes applicable to imported beers. Costa Rica reiterated that the case is currently pending a resolution by the Constitutional Court.

ii. **Nicaragua: Reply to the letter of 2015 requesting information about the tax on scan services at border posts**

The EU reiterated its request for an official reply to the application of the Scanner Act on trade.

In this regard, Nicaragua informed that discussions are being held with its Customs Office, which is the competent authority for the enforcement of the Act. It is possible that a reply will be provided at the Coordinators meeting to be held next week.

iii. **Honduras: Reply to the letter of 2015 requesting information on the import licensing regime for onions.**

Honduras submitted a reply with the information requested by the EU, through official letter 164-DGANT-SDE-2019 and also provided additional clarifications; moreover, Honduras submitted to the EU the Ministerial Agreement No. 042-2016. The EU expressed its thanks for the reply and will examine the information provided.

iv. **Panama: Possible safeguard measures on pork products; import of onions from the EU.**

Panama informed that possible safeguard measures to be applicable on imports from USA, Canada, Spain, Colombia and Costa Rica remain in a stage of enquiry carried out by the Directorate of Commercial Defense, at the request of Panama's Pork producers.

The EU considers that the opening of this investigation presents significant deficiencies and put in question their compatibility with WTO standards and made reference to the written comments sent to Panama. Panama does not agree with the opinion expressed by the EU and states that this matter should be discussed in a different forum.

As for onions, and in relation to the technical regulation DGNTI-COPANIT-52-2017, Panama reiterated that the regulation is applicable to both imported or domestically-produced onions. The said regulation specifies that onions must be sold over a period not exceeding 120 days following their harvest.

v. **Panama: Draft Act No. 680 on the adoption of temporary measures for the stabilization of the agricultural sector.**

Panama informed that the President of the Republic, through a note dated November 20, 2018, rejected the Draft Act No. 680 on the adoption of temporary measures applicable to imports of agricultural products, the Draft Act is therefore not currently in force.

vi. **El Salvador/Guatemala: formalities and requirements for the importation of wine and other specialized food products from the EU.**

Information was exchanged on the requirements for importing wines and specialized food products into Guatemala, El Salvador and Honduras.

In this respect, the EU made reference to certain hindrances that have arisen in El Salvador and Honduras in relation to the import and commercialization of wine. Said countries expressed their readiness to acquaint themselves with the cases and work jointly with the competent authorities and the EU in order to properly address the identified hindrances.

4. Points of interest of Central America

i. **Costa Rica: Amendment to the quota distribution for textile products under chapter 61 and 62, established under Note 4 of Appendix 2A of the Agreement**

The EU requested Costa Rica to formally submit the latest proposal for amendment of the textile quota for its assessment.

ii. **Review of provisions stipulated in Note 1 of Appendix 2A, Annex II of the Agreement, related to products under tariff item 1604 (Tuna, skipjack and bonito (Sarda spp)).**

El Salvador stated that this issue is of particular relevance as it is related to the 15% tolerance level set out in Note 1, Appendix 2A, Annex II of the Association Agreement, given that the Agreement does not provide a prescriptive approach to enable accounting segregation enabling the use of these tolerance levels for tuna products. The EU presented the proposal

made in the subcommittee of Customs, Trade Facilitation and Rules of Origin. This proposal will be analyzed by the Central American Party.

Guatemala emphasized its interest on the bilateral cumulation of origin with Mexico and Chile.

Both parties agreed that these issues should continue to be discussed in the Sub-committee on Origin.

iii. European Union monitoring mechanisms on Export Certificates issued by Central America and customs control. (In accordance with Paragraph 3 of Appendix 2, Annex I of the Agreement)./ Application of Taxud a.4 for products with high sugar content, according to footnotes 56 and 57 of Appendix 2, Annex I of the Agreement.

With the aim of providing a solution to issue arising from differences in the accounting procedures applied on EU imports of sugar and products with high sugar content originating from CA, the EU proposed:

1. That CA re-submits the documentation used by the countries for the export of sugar and products with high sugar content under tariff-rate quotas (export certificates, stamps, authorized signatures, security paper) as well as any updates thereof.
2. Exchange of information on the use of tariff-rate quotas: The EU will send information on the use of tariff-rate quotas for sugar, on a monthly basis; Central America will send data on the use of tariff-rate quotas assigned to the EU, on a monthly basis.

Furthermore, the EU handed over a document that specifies the sugar conversion formula for conversion to sugar equivalents at 92 degrees of polarization, which is attached to these minutes.

CA thanked the EU for this offer, which will be considered and will submit the data on issued certificates every month. Nevertheless, CA reiterated that the ideal mechanism for solving this issue would be that the EU requires an Export Certificate for each entry of the product into the European market.

Guatemala made a proposal with the aim that the EU carries out a monitoring by country of origin, thereby ensuring an improved transparency in the implementation of such monitoring mechanism. The rest of CA countries will assess this proposal. The EU, for its part, highlighted the importance of receiving a common and agreed position from Central America, in order to be able to consider it.

iv. Examine the improvement of tariff liberalization of bananas, in accordance with Paragraph 3 of Appendix 3 in Annex I of the Agreement

With reference to Paragraph 3 of Appendix 3 in Annex I, CA requested a review of an improvement of tariff conditions for bananas.

The EU made a presentation on the positive evolution that the Agreement has had for agricultural and food exports from CA. At the same time, the EU provided information about the positive evolution of banana exports from Central America to the EU, within the framework of the Agreement and referred to the sensitivities of European producers. The EU stated that under current circumstances and for the reasons provided, an improvement on tariff conditions, in addition to what has been established for 2020, is not feasible.

CA expressed its interest in a future consideration of this matter. The EU indicated that, in accordance with the Agreement, an assessment should be carried out during the course of 2019.

5. Identification and correction of errors in the EU-CAAA

With regard to the errors identified in the EU-CA AA, this issue will be addressed in the Coordinators meeting.

6. Other issues

Both delegations expressed their readiness to coordinate videoconferences, when necessary, in pursuit of trade facilitation and the resolution of pending issues.

7. Drafting and signature of minutes