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PRESS RELEASE

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EU Trade deal with Honduras, Nicaragua and Panama becomes operational

As of 1 August 2013, the EU – on one side - and Honduras, Nicaragua and Panama - on the other - will start applying the trade part of an Association Agreement signed in 2012. The agreement will open up markets and create a stable business and investment relation with our Central American partners.

The aim of this agreement is also to reinforce economic integration and promote sustainable development in the region. The EU looks forward to the moment when provisional application will be effective with all six Central American countries.

'This Association Agreement is another proof of our interest and involvement in Central America,' said EU Trade Commissioner Karel De Gucht. *'It will further cement our strategic alliance based on common values and mutual respect. The benefits are not just economic: as European unification has shown, economic integration has a positive impact on political integration, so this agreement should bring more stability to the region. I am glad that Honduras, Nicaragua and Panama are now taking a step in this direction and I am looking forward to seeing other partners in the region joining in very soon.'*

The comprehensive trade part of this agreement will open up markets for goods, public procurement, services and investment on both sides. This will create a stable business and investment environment based on predictable and enforceable trade rules which, in many instances, go further than the commitments the parties have made in the World Trade Organisation (WTO).

The agreement also sets up institutions to tackle trade related issues and provides a transparent way to settle trade disputes. The trade part of the agreement includes far-reaching provisions guaranteeing the protection of human rights, as well as commitments on labour standards and environmental protection that will underpin sustainable development.

The benefits of the agreement at a macroeconomic level are expected to be considerably more tangible for the Central American countries. This is due to the relative size of the economies involved with Central American GDP representing less than 1% of the European GDP. Central America's economy is expected to grow by over two and a half billion euros annually once the agreement applies to the entire region.

Background

The EU is Central America's second largest trading partner. In 2012, the total trade flows in goods amounted to €14 billion, including almost €1.4 billion worth of trade with Honduras, €1.2 billion with Panama and €0.4 billion with Nicaragua.

The Central American countries export mostly agricultural and fisheries products (coffee, bananas, pineapples, sugar and seafood) as well as some industrial products (microchips, medical and optical instruments). The EU exports mainly pharmaceutical products, petroleum oil, cars and machinery.

The Association Agreement contains three pillars - political dialogue, cooperation, and trade - aimed at supporting economic growth, democracy and political stability in Central America. Pending the completion of ratification procedures by the 28 EU Member States, only the trade pillar will apply. However, during the period of this provisional application, companies can already benefit from all the trade preferences set out in the agreement.

For more information

Full text of the Trade Agreement

MEMO: Highlights of the trade pillar of the Association Agreement between Central

America and the European Union

On EU-Central America trade relations

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