



Brussels, 05 January 2007

Mrs. Angela Merkel
Mrs. Benita Ferrero-Waldner,
Mr. Peter Mandelson,

REF: Reflections about the upcoming negotiation of an Association Agreement with Central America.

We welcome the intention the European Commission has to “reinforce political, social and economic stability, help to create conditions for reducing poverty, as well as ensure an appropriate balance between economic, social and environmental components in a sustainable development context”. We also welcome its will to “foster a deeper political partnership with both regions based on promotion of human rights, democracy and good governance” and its “commitment to defend these common values on the world stage and to develop multilateralism”¹. However, we would like to communicate you some of our reflections and concerns about the upcoming negotiation of an Association Agreement with Central America.

We agree with the European Commission that this Association Agreement should be an instrument designed to back-up Central America in its development process. As you reminded, the European Union has already contributed to political peace building in the region. If it now wishes to contribute to “social peace”² building, we think that this can only be done by placing the three pillars of the Association Agreement (political dialogue, cooperation and trade) on an equal footing. That means that the negotiation process has to include the three pillars at every

¹ European Commission, Press release “Central America & Andean Community: Commission proposes negotiating directives for Association Agreements”, Brussels, 6 December 2006
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/06/1689&format=HTML&aged=0&language=EN&guiLanguage=en>

² Benita Ferrero-Waldner, “Desde el proceso de Esquipulas hacia un Acuerdo de Asociación: estrechando lazos entre la Unión europea y Centroamérica”, December 2006
http://www.delgtm.ec.europa.eu/files/dms/Articulo_BFW_AmericaCentral_mandate_41206.pdf

stage to respect the “trinitaria” nature³ of the Association Agreement. Otherwise the Association Agreement would be turned into a mere free trade agreement and it would lose its added value and political objective.

The Association Agreement must consider, recognize and address the existent asymmetries between both regions and within Central America, not only from an economic perspective but also in terms of social, democratic and technological development. The environmental vulnerability of the region must be taken into account as well.

The Association Agreement should primarily aim at promoting the human sustainable development of the countries of Central America. This means that the notion of development should include social, economic, cultural, democratic and environmental dimensions. The Association Agreement must help the Central American countries in their efforts to achieve the Millennium Development Goals and has to be coherent with the European Consensus on Development.

As far as the Political Dialogue and the Democratic Clause are concerned, the 27 agreements contained in the SGP Plus must be included, as well as the ILO Convention n° 169, as the Commission told us it would be done. The monitoring mechanism must appear as well and it must consider the effective participation of civil society in both regions.

As far as the trade component of the agreement is concerned, we would like to express our highest reservations with the directions proposed in the ‘Global Europe’ Communication issued on 4 October 2006. Particularly, we oppose the inclusion of the so-called ‘Singapore Issues’ in the negotiations, as those have been repeatedly rejected by Central American countries at the multilateral level. We are also opposed to negotiations to facilitate the access of European companies to Central American natural resources, as long as proper natural resources management systems in the region are not put in place. These sectors are too fragile to be opened to further trade liberalisation in the present conditions.

The intended Trade Sustainability Impact Assessment (SIA) on the agreement should be carried out in a timely manner, and surely finalised well before the negotiations are concluded. Its findings should be communicated to all parties involved in the negotiations, including all EU Member States and civil society on both sides, and properly taken into account in the negotiations⁴

We agree with the Commission that regional integration is important for Central America and we welcome the initiative of the European Union to make Central America benefit from its own experience⁵. However, we believe that regional integration can not be realized properly if a free trade agreement is signed before Central America has advanced in its regional integration process and counts with a solid political, economical and institutional set-up. We remind the Commission’s commitment made in Vienna in May 2006, to start negotiations only when the agreed basic conditions were fulfilled (to implement as planned the decisions taken by CA Heads of States on 9 March 2006 in Panama, ratification of the CA Treaty on investment and services and to develop a jurisdictional mechanism that could secure enforcement of regional economic

³ Op. Cit.

⁴ See *EU Trade Sustainability Impact Assessments: A Critical View*, Statement of European Civil Society Organisations, October 2006, http://www.foeeurope.org/publications/2006/siastatement_eucivilsociety_oct2006.pdf

⁵ Op. Cit.

legislation throughout the region). As none of these conditions have been fulfilled adequately by CA and the Trade SIA has not been prepared to date, we urge the Commission to ensure that these commitments are respected before starting the negotiations.

The negotiations must be transparent and the participation of civil society in both Europe and Central America must be foreseen at all stages of the negotiations.

Thank you for the attention and consideration of our concerns. We would be interested in discussing further these issues with you.

Yours faithfully,

Oxfam International

Friends of the Earth Europe

Alop

Grupo Sur

CIFCA

Please send your answer to:

CIFCA - Iniciativa de Copenhague para América Central y México.

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PS: This letter was send in copy to Wilhelm Schönfelder, Ambassador of Germany with the European Union and to Tomas Dupla del Moral, Director for Latin America in the DG External Relations of the European Commission