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## PRESS RELEASE

# The progress of the Association Agreement between the EU and Central America

Brussels, June 3, 2015 - Negotiations of the Association Agreement (AA) between the EU and the countries of Central America were concluded in 2010. This agreement is based on three pillars: political dialogue, cooperation and trade. From the 1st of December 2013, the trade pillar, although provisionally, came into force for the six Central American countries that are part of the AA (*Guatemala, Honduras, El Salvador, Nicaragua, Costa Rica and Panama*).

Within the institutional framework of the AA, a parliamentary monitoring body will be soon established. This joint Parliamentary Committee will comprise representatives from the European Parliament, the Central American Parliament and the Legislative Assembly of Costa Rica. A meeting of the three Parliaments is scheduled in the European Parliament in Brussels on Friday, June 5, 2015 at 02h30pm.

After only a period of 18 months, it is not evident to provide precise information on the progress made under the AA. But what is for sure is that Central America got a positive vision on increasing exports to the European Union, on raising direct investments from the EU and finally, on progressive trends in tourism from Europe. In 2014, exports from Central America to the EU in 2014 went up to US \$ 4.067 million, a slight increase compared to 2013. By tearing down the tariff barriers, the AA seems to create clearly new economic opportunities in terms of trade between the two regions.

Recent information shows that Costa Rica, Honduras and Guatemala currently benefit most from the trade pillar of this Agreement. Together they represent 83% of all exports to Europe, and largely half of it originates from Costa Rica.

Looking at Central America, the AA aims at promoting a sustainable development, and at deepening the integration process in the region. It is therefore important to apply, economically and politically speaking, the most efficient social and cultural integration policy between the countries of the region. This integration is obviously essential to draw not only more investments. It also helps local businesses to expand their markets and to become internationally more competitive. This type of assistance is supported by different programmes of the European Union.

One of the best known projects is PRAAIA, the *"Support Project of Regional Economic Integration in Central America and the implementation of the Association Agreement"*. This project specifically tries to facilitate bilateral regional trade by harmonizing complementary policies and to highlight both the benefits of the AA and the institutional strengthening of regional integration.



Thanks to the PRAIAA Project, establishing a Customs Union in Central America exceeds the cooperation with the EU. However, the results of the project not only comprise the harmonization, standardization and simplification of custom procedures. They also include the improvement and facilitation of the electronic interconnection of customs systems in the signatory countries of the Agreement, and the strengthening of statistical data, regional transport and financial services.

Central America will benefit from the improvement of the cooperation development with the European Union during the 2014-2020 period, which is estimated at one billion US\$. To this adds the bilateral cooperation of EU member states, which becomes the world's leading source of cooperation in the Central American region. Part of this cooperation will be realized by private institutions and companies, and regional networks.

En outre, il est attendu un meilleur accès aux financements octroyés par la Banque Européenne d'Investissement (BEI). De son côté, la Banque Centraméricaine d'Intégration Economique (BCIE) dispose d'un portefeuille de financement auprès des banques publiques de développement international des pays européens. Par ce biais, les deux banques mettent à disposition de crédits pour des projets dans les secteurs publics et privés d'Amérique Centrale.

In addition, better access to financing granted by the European Investment Bank (EIB) is expected, while the Central American Bank for Economic Integration (CABEI) has built up a portfolio for project financing in coop with public international development banks in European countries. This way, both banks will be able to make loans available for projects in the public and private sectors in Central America.

PARLACEN, le Parlement Centre Américain invite les entreprises privées européennes à s'engager dans ce processus d'élargissement des relations économiques, financières et commerciales entre les deux régions.

Therefore, PARLACEN (the "*Central American Parliament*") encourages European private companies to engage in the process of expansion of the economic, financial and commercial trade between the two regions.

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**Note for the editor:**

- The commercial objective of the "Association Agreement" is to establish a free trade zone between Central America and the EU, and to facilitate, expand and diversify investments between the two regions
- The AA aims at the disappearance, finally or gradually, of the entry rights
- It also favors the non-discriminatory treatment of European investments and products
- Finally, the AA want to bring down other non-tariff trade barriers
- See also: [www.parlacen.int](http://www.parlacen.int)
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