

**REPORT TO THE CIVIL SOCIETY FORUM OF THE FOURTH MEETING OF THE
BOARD OF TRADE AND
SUSTAINABLE DEVELOPMENT
ASSOCIATION AGREEMENT BETWEEN CENTRAL AMERICA
AND THE EUROPEAN UNION**

Brussels, Belgium 13 June 2018

The Board on Trade and Sustainable Development (hereinafter the Board) of the Association Agreement between Central America and the European Union (hereinafter the Agreement) met on 11 and 12 June 2018 in order to review implementation of Title VIII on Trade and Sustainable Development.

Recent events relevant to the Trade and Sustainable Development Title

The EU mentioned that increasing importance is being attached in Europe to Trade and Sustainable Development (TSD) chapters in trade agreements. There had been an intense debate on the effective implementation of these chapters, in particular on the effectiveness of their dispute settlement mechanism. Some argued in favour of a mechanism with the possibility of sanctions. After a few months the European Commission concluded that the current model should be retained, but at the same time implementation of TSD chapters should be strengthened. To this end it had published a 15-point Action Plan, which was presented to the Board. Among these points is a more assertive use of the mechanisms of consultation and expert panels in cases of serious non-compliance.

For its part, Central America presented the contents of the Labour and Environment chapters of its recently negotiated Free Trade Agreement with South Korea.

State of progress in the implementation of the articles of the Trade and Sustainable Development Title relating to labour in the framework of the ILO

The EU reported on progress in the ratification by Member States of the 2014 Protocol to the Forced Labour Convention and underlined its commitment to promote its ratification. The EU made a presentation on informal work and on actions by the EU and the Member States to combat this phenomenon. In this context it mentioned the importance of strengthening labour inspection in order to ensure the proper application of labour law. The EU shared information on the European Pillar of Social Rights, which was adopted in November 2017. The Pillar is one of the EU's most important policy initiatives in the field of employment and social policies and has as its main objective to ensure that economic and social development go hand in hand.

In the context of commitments in Title VIII on Trade and Sustainable Development (TSD) on the effective implementation of ILO Fundamental Conventions, the EU expressed its interest

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to strengthening the bilateral dialogue and in a more regular follow-up between meetings of the Board, taking into account the observations and recommendations identified by the ILO's mechanisms on serious cases in some countries.

Costa Rica underlined the important impact that its accession process to the Organisation for Economic Co-operation and Development (OECD) had had in strengthening policies on labour and employment, encouraging it to adopt policies and regulations of the highest standards. Costa Rica was positively assessed in the OECD Committee on Employment, Labour and Social Affairs in 2017. In addition, Costa Rica highlighted progress in labour issues related to the implementation of fundamental ILO conventions, highlighting the implementation of procedural reforms in the labour sector in order to ensure more effective application and enforcement of its labour law, including the right of non-discrimination and collective rights; its strategy for the transition from informality to formality; progress on corporate social responsibility and the recent adoption of its National Policy on Social Responsibility.

El Salvador stressed the government's commitment to compliance with the provisions of ratified ILO conventions. In this context it highlighted efforts to ratify Convention 189 on Decent Work for Domestic Workers and its efforts to raise awareness through public forums; as well as the setting up of an Interinstitutional Committee for the ratification of this Convention.

With respect to Convention 182 on the Prohibition of the Worst Forms of Child Labour it reported that in the period 2008 to 2017 the number of cases of child labour had decreased by 60,368.

In relation to Convention 144 on Tripartite Consultation (international labour standards), El Salvador stated that there is a political will at the highest level to reactivate the Higher Labour Council. To this end, the government had facilitated conditions for dialogue and accepted technical assistance by the ILO. In this context, it had received an ILO technical cooperation mission to mediate with trade union organisations with the aim of achieving the necessary consensus for the reactivation of the Higher Labour Council. Furthermore, it had received in July 2017 an ILO direct contacts mission.

On the other hand, El Salvador stated that it is making significant efforts to strengthen labour inspection and to conduct more inspections. It also commented that it is working

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with over 20,000 companies on gender equality seals with the aim of promoting the incorporation of women and youth in the labour market.

Guatemala stated that in relation to Convention 87 concerning Freedom of Association and Protection of the Right to Organise, in the 333th meeting of the ILO Governing Body recognised progress and called on the government and social partners, with the support of the International Organisation of Employers (IOE) and the International Trade Union Confederation (ITUC) and ILO technical assistance, to continue discussions so as to make progress on the national agreements aimed at addressing the complaint made in the ILO. It also stated that it is working on the issues of child labour and informal work with the consensus of the Tripartite Labour Committee. Finally, it stated that a presentation would be sent subsequently providing an update on these issues.

Honduras emphasised aspects related to the implementation of Convention 81 on Labour Inspection, highlighting the approval of the new Labour Inspection Law and the process of development of regulations that will contribute to the implementation of this law. It noted positive results since the entry into force of the above-mentioned law in relation to the number of inspections carried out and the penalties imposed for infringement of its labour law.

Regarding Convention 87 on Freedom of Association and Protection of the Right to Organise, Honduras stated that in 2015 it has adopted a Law for the Protection of Human Rights Defenders, Journalists, Social Communicators and Operators in the field of Justice. Another important aspect is the follow-up by the government of recommendations made by workers and the private sector for reforms of the Labour Code in relation to Convention 87. In addition, it indicated that the Ministry of Employment and Social Security will establish a mechanism to monitor information on cases of violence against union leaders with the technical assistance of the ILO.

In relation to Convention 169 on Indigenous and Tribal Peoples, the Government of Honduras has received support and technical assistance from the ILO, as a result of which it has submitted to its National Congress a draft Law on Consultation and Free, Prior Informed Consent (FPIC). It also indicated that the dialogue had been a key element in the development of this draft law.

Nicaragua stated that it would present relevant developments at a later stage and undertook to answer in written form questions made by the European Union.

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Panama presented progress in the implementation of ILO Conventions 138 and 182 on Child Labour, indicating a continued reduction in the number of cases of child labour, with support of technical assistance from the ILO and funding from the US Department of Labour.

In the case of Conventions 29 and 105 on Forced Labour, Panama stressed regulations related to the National Policy for Combating Trafficking in Human Beings; approval of the construction of a hostel for victims and the National Plan 2017-2022; and the creation of a unit for the identification and care of victims.

Regarding Conventions 87 and 98 on Freedom of Association, Panama stressed the granting of legal personality to trade unions in the public and private sector and the continued operation of round tables for dialogue under Committees of the Tripartite Agreement.

With regard to Conventions 100 and 111 on Equal Remuneration, Panama stressed its participation in the Equal Pay International Commission (EPIC). It also highlighted important initiatives for gender equity led by the Ministry of Labour and Labour Development to implement the Gender Equality Seal for companies and the work of the National Institute for Women on the Equality Seal in the public sector and the Initiative on Gender Parity (IPG).

As a follow-up to the presentations of the countries of the Central American region the EU asked questions and made comments on some issues that were clarified by the members. The EU pointed out that in some cases it will follow up bilaterally on the issues that had been discussed.

State of progress in the implementation of the articles of the Trade and Sustainable Development Title relating to the environment

The EU presented its overall policy on climate change, emphasising its target of becoming the economy with the lowest consumption of CO₂ per unit of gross national product in the G20 and its commitment to the Paris Agreement. In order to reach the targets set by the international community is essential to mobilise private sector investments and develop public policies favourable to such investments. The projections suggest major impacts on climate change in agricultural production that will lead to changes in trade flows. The international community will have to take important decisions in this and coming years to establish rules for implementation of the Paris Agreement, as well as the establishment of more ambitious targets.

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The EUROCLIMA+ programme for Latin America was also presented. The programme supports subregional activities or activities of groups of countries on climate change mitigation and adaptation. These may be in the following areas: climate governance, forests, management and reduction of risks of disasters, urban mobility, resilient food production, energy efficiency, water management. The Board on Trade and Sustainable Development underlined the relevance of this programme to the objectives of the TSD Title.

Costa Rica stated the importance that its accession process to the Organisation for Economic Co-operation and Development (OECD) had had in the development of their environmental policies; encouraging it to adopt policies and regulations of the highest standards. In addition, Costa Rica highlighted the publication of the first report on the State of the Environment and the strengthening of the environmental information system, through which the country has further developed statistical information related to the state of the environment and natural resources. Costa Rica stated that this will improve policy decision-making and environmental protection. It reported on its Policy for Sustainable Consumption and Production and the National Strategy for the replacement of single use plastics by renewable and compostable alternatives. Finally, it reported on the recent signature of the Regional Agreement on Access to Information, Public Participation and Access to Justice in Environmental Affairs in Latin America and the Caribbean.

EL Salvador noted progress in the following areas: legal and institutional framework, infrastructure, water, energy, agriculture and forestry, which were notified on 15 November 2015 as priority areas in its nationally determined contribution under the Paris Agreement. Regarding its institutional framework, it indicated that it is working on a draft Framework Law on Climate Change for 2019. As regards the strategy of diversification of the energy matrix and the promotion of renewable energy, it highlighted progress in tenders for procurement of non-conventional renewable energy such as wind and solar energy. It also reported on progress in the development and implementation of climate change related policies and plans on agriculture, livestock farming and forestry.

Guatemala presented the implementation of the UN Framework Convention on Climate Change consistent with Paris Agreement commitments. In addition, it provided information on the current legal framework in the country and on the National Climate Change Fund, which aims to finance plans, programmes and projects on risk management, reducing

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vulnerability, adaptation and mitigation as well as capacity building on climate change and payments for environmental services.

Honduras reported on progress in the implementation of the Basel, Stockholm and Minamata Conventions and the Montreal Protocol. In this context it highlighted the strengthening of national capacities for the implementation of these international instruments. It also pointed out that it has carried out actions to provide information, to raise awareness and provide training as well as scientific research and development and strengthening of the legal framework. With regard to the Paris Agreement, it reported on the change of its energy matrix, aimed at generation of 60 % from renewable energy and 40 % from fossil fuels. This change has led to a reduction of emissions of 2,4 million tonnes of CO₂ per year.

Honduras also provided information on National Programme for the Recovery of Ecosystem Assets and Services, emphasising the restoration of one million hectares of forest over a period of ten years. It also mentioned the Efficient Stoves NAMA initiative under the Better Life Programme, with an average reduction of three tons of CO₂ per stove per year.

Honduras highlighted the importance of the signature of the FLEGT Voluntary Partnership Agreement (FLEGT VPA) with the EU, which strengthens compliance with environmental law for wood products, both for domestic consumption and for export. The VPA will be an important element in the fight against deforestation and to address the adverse effects of climate change. It has facilitated the participation of the private sector and civil society in the implementation of initiatives. This contributes to strengthening of the process and of forest governance, through the inclusion of various working groups which include indigenous people and communities of African descent.

Nicaragua stated that it would present relevant developments at a later stage. However, it pointed out that Nicaragua had acceded to the Paris Agreement.

Panama provided information on its General Law on Environment which for the first time includes a chapter on climate change. It reported on the five main axes of action in environmental matters: New Model of Management, Ecotourism in Protected Areas, Water Resources, the Alliance for Reforestation of One Million ha and Climate Change. It also highlighted the development of a draft National Climate Change Strategy.

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It also described progress of the country as Presidency of the Coalition for The Tropical Forests, achieving the inclusion of forests in the Paris Agreement. It was also the first country in the Americas and third globally to submit its Nationally Determined Contribution (NDC). It explained that the NDC of the energy generation subsector will be achieved through the National Energy Plan and for Land Use and Land Use Change through the Alliance for Reforestation of One Million ha.

It highlighted the creation of the International Centre for the Reduction of Emissions from Deforestation and Forest Degradation (ICIREDD) in Panama, the establishment of forest reference levels for measuring progress in reducing emissions and submission of its Third National Communication to the United Nations Framework Convention on Climate Change.

Regarding the Cartagena Protocol it provided information on the reactivation of the National Committee for Biosafety for Genetically Modified Organisms as well as work related to the National Biodiversity Strategy and Action Plan 2018-2050. It also described progress in the implementation of the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

Cooperation

The EU presented the broad lines of its development cooperation policies, with a focus on intersections with trade policy and support to the private sector. It presented several EU programmes in the social area that are open to the Central American countries such as SOCIEUX+ and EUROsociAL. The Board recognised the relevance of these programmes to support the implementation of the TSD Title and expressed its interest in exploring possibilities under these programmes with the focal points established for these programmes.

Discussion of the written recommendations of the Advisory Groups

On this occasion the Advisory Groups of Central America and the European Union did not submit written recommendations regarding the implementation of Title prior to the meeting of the Board. The Board received and took note of a letter sent by the Advisory Groups dated 8th June 2018. With regard to this letter the TSD Board underlined the importance of maintaining an open channel of communication with the Advisory Groups and in turn highlighted the importance of strengthening the work they carry out. To this end, it was

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agreed to include the strengthening of these groups as one of the points in the work plan to be prepared by the Board.

Furthermore, it was agreed to ask the Advisory Groups to actively support the Civil Society Dialogue Forum (CSDF). Taking into account that the participation and support of the Advisory Groups is very important to strengthen the opportunities public participation provided for in the Agreement, the TSD Board agreed to establish a permanent agenda item in the Civil Society Dialogue Forum under which the advisory groups can present their recommendations.

Work plan and priorities for implementation

The Board discussed and evaluated the results of events undertaken as a follow-up to the work priorities identified during the III meeting of the TSD Board in Tegucigalpa, namely an event on “Global Value Chains and Sustainable Development” carried out in Costa Rica in May 2017” and on “Decent Work, Corporate Responsibility and the EU-Central America Association Agreement Contributing to a Sustainable Economic Growth” held in May 2018 in Guatemala.

Overall it considered that these events had had a very positive impact on strengthening of work on these issues in the region. Costa Rica mentioned the positive impact that it had had on work and coordination of various sectors for discussion and development of the National Policy on Social Responsibility. The broad participation and interest of various sectors in the event on decent work carried out in Guatemala was also noted. Based on these experiences it was agreed to continue efforts to boost these issues in the region. The European Union’s efforts to provide funding for the participation of some members of the Central American advisory groups were appreciated. The importance was noted of clarifying procedures so as to ensure the inclusive participation of members of the advisory groups.

The TSD Board agreed to continue to coordinate efforts to drive forward an agenda for the promotion of trade and sustainable development. To that end, both regions will work on a plan which includes areas of joint interest on the basis of which specific activities can be developed. This work plan will cover regional activities and activities that can bring together the interests of two or more countries. With this objective in mind the following areas of interest were identified: corporate social responsibility/responsible business conduct, responsible and sustainable supply chains, boosting employment that takes into account the decent work agenda, gender and promotion of green economies, sustainable agriculture



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including climate change and compliance with market requirements, strengthening advisory groups. It was agreed to finalise this document by December 2018.

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