



#### CIVIL SOCIETY DIALOGUE

## MEETING ON THE EX-POST EVALUATION OF THE IMPLEMENTATION OF THE EU-CENTRAL AMERICA ASSOCIATION AGREEMENT, TRADE PILLAR: INCEPTION REPORT

**Date:** 7 May 2021  
**Time:** 10:00-12:00  
**Location:** Webex

#### Lead speakers

- Head of Unit - Latin America Unit, Directorate-General for Trade, European Commission
- Team Leader for the study, BKP Economic Advisors, accompanied by study team members

#### Moderator

- Deputy Head of Unit - Transparency, Civil society and Communication Unit, Directorate-General for Trade, European Commission

### 1. Introduction

In the introductory remarks, DG TRADE reminded participants that the ex-post evaluation is carried out eight years after the Trade Pillar's provisional entry into force. Trade Pillar of the EU Association Agreement with Central America has been designed as ambitious, belonging to the first new generation trade agreements, along the EU-Korea FTA and Trade Agreement with the Andean countries. Its objectives laid down in Article 78 include facilitation of trade in goods and liberalisation of trade in services, expansion and diversification of trade thanks to reduction of tariff and non-tariff barriers, promotion of regional economic integration in Central America, creation of favourable climate for investment, promotion of free and undistorted competition, protection of intellectual property, a gradual and reciprocal opening of public procurement markets and promotion of international trade and investment contributing to sustainable development.

Ex-post evaluation will analyse economic, social, environmental, and human rights impacts of the Trade Pillar, as well as its effectiveness and efficiency in achieving its objectives. Will also represent an example of transparent and inclusive trade policy.

DG TRADE recalled as well that the ex-post evaluation will be carried out further to the new EU trade strategy published in February 2021 which emphasises importance of implementation and enforcement of EU trade agreements and their trade and sustainable development chapters, and is supposed to contribute to the Green Deal's

goals, supporting the green transition, promoting responsible and sustainable value chains, diffusion of clean and more efficient production methods and technologies and creation of market access opportunities for green goods and services.

The draft Inception Report from the study follows a well-established methodology, with a broad consultation programme and a selection of case studies.

## **2. Presentation of the draft Inception Report**

The study team presented the draft Inception Report focusing on the methodology in analysing economic, social, environmental, and human rights effects of the EU-Central America FTA, as well as its institutional aspects. The corresponding slides are available on the evaluation webpage.<sup>1</sup>

## **3. Discussion / Questions and Replies**

A representative of the European Federation of Investors and Financial Services Users suggested that the study should focus first and foremost on impacts for the EU, while currently, there is a lot of discussion in it focusing on Central America. Regarding financial services, the EU does not seem to have included ambitious provisions in this area into its trade agreements and is trying to do it now to catch up with international competitors. The participant inquired whether the evaluation would assess the level of ambition of the provisions on services, notably financial services in the EU-CA FTA and possible changes in the Agreement. Moreover, there is a question of the planned obligatory due diligence for European companies to ensure respect for human rights and labour and environmental standards along their supply chains, incl. their third country suppliers. The participant inquired whose responsibility the checks will be.

- DG TRADE replied that assessment of the level of ambition of provisions in the EU-CA FTA does not fall within the scope of the study and the same goes for future proposals regarding due diligence (given that they relate to the future and the ex-post analysis looks backwards). The study will however analyse economic, social, environmental, and human rights impacts of the existing Agreement, including sectors and supply chains covered.
- The study team complemented that impacts for the EU will also be analysed, including through the questionnaire in open public consultations to capture their diversity, however, they are expected to be relatively limited, and the analysis will be adapted accordingly. Moreover, EU stakeholders will have an opportunity to contribute with their views and materials at any stage of the study through a wide range of activities, as outlined in the presentation.

Representative of CNV International referred to the proposed case study on freedom of association and inquired what the preliminary impact analysis will entail which will provide the basis for the study and the selection of sectors for further analysis.

- The study team responded that the analysis of baseline (the real-life situation in the EU and partner countries in the period between 2008/2009 and 2019), as well as the general part of the social impact analysis based on the economic model will provide an indication regarding sectors involved in trade between the EU and Central America, notably in exports from CA, and issues related to the freedom of association which are of importance and may be linked to trade.

Representative of EU-LAT Network observed that it will be important for the ex-post evaluation to combine desk research with interviews and inquired about plans for interviews under the study. Moreover, it will be important to include intersectional

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<sup>1</sup> <http://central-america.fta-evaluation.eu/en/consultations-2/civil-society-dialogue-meetings>

considerations, e.g., in the part analysing impacts for women to cover limitations and impacts faced by indigenous women and inquired how this will be achieved.

- The study team explained that interviews form an integral part of the outreach programme and will be included in the analysis under all pillars. For each part of the analysis the most relevant stakeholders will be identified for interviews and these will be conducted either by the European part of the team or the local team for Central America. For example, the analysis of implementation of the Trade and Sustainable Development chapter will include interviews with members of the EU and Central American civil society Advisory Groups.
- Regarding the analysis of impacts on women, it will consider the situation of women in their four roles, as workers, entrepreneurs, traders, and consumers and for each of these groups, impacts will be analysed. To the extent data will be available, a more targeted analysis may be provided e.g., for indigenous women or women in rural areas, if they are affected in a specific way by the Agreement.

Representative of Friedrich-Ebert-Stiftung observed that there is a need to register with the EU ECAS system to be able to provide replies in public consultations survey and asked if this may represent an obstacle for stakeholders. Another question was related to the consultation programme for Central America and whether similar presentations, like the one here, are envisaged for Central American stakeholders.

- The study team explained that Central American stakeholders will also be informed about progress in the study and consulted, although the programme will not be identical with this for the EU. For example, a newsletter with links to the Inception Report will be sent to CA stakeholders from the database and they will be encouraged to provide comments. Similar newsletters will also be sent out at other milestones, e.g., when public consultations will be launched. Moreover, the study team's representative will deliver a presentation about the ex-post evaluation in a meeting with Central American Advisory Groups, and further to preparation of the draft Interim Report (i.e., the second report from the study), workshops for Central American stakeholders will be held in November and December.
- Regarding access to the public consultation survey, indeed, there is a need to create an account on a dedicated website before getting access to the survey. While the team is not aware of stakeholders' feedback on this, it may be seen as a potential barrier. The system is provided by the European Commission and the study team needs to follow the applicable rules.

Representative of the EESC (National Trade Union Confederation MERIDIAN) referred to cases of workers' migration between CA countries and criminality or cases of not adequate working conditions and inquired if the evaluation will include the analysis of working conditions in sectors exporting to the EU (e.g., pineapple) and whether it will cover also questions related to migration and security in Central America.

- DG TRADE replied that questions related to migration (Article 19) or citizen security (Article 21) as such will not be addressed given that these areas are covered by the Political Dialogue part of the Association Agreement that has not entered into force yet pending ratification by some EU Member States.
- The study team added that the social (and human rights) part of the analysis will include consideration of working conditions in Central America in particular in sectors involved in exports to the EU, as well as respect of labour standards, including in relation to prohibition of forced labour and child labour. Therefore, if there is evidence of inadequate working conditions, cases of trafficking in persons, forced labour or other violations of human rights and workers' rights in those sectors, notably in agriculture, the study will analyse it.

Representative of the EESC (CGIL) referred to information about restrictions in trade union operation, violence against trade union members and poor working conditions in Central America, notably in agriculture and agro-industry (e.g., in banana sector or palm oil), as well as difficulties to get more detailed evidence on the ground. The EU Advisory Group will be ready to support the analysis, however, the question would be how the study team will collect evidence.

- The study team responded that information and data for the analysis will be collected from many diverse sources. These will include reports of the ILO, other UN agencies, and other relevant international organisations, including those having offices in Central America, research studies and civil society inputs, to name a few. These will be complemented by interviews with the relevant stakeholders. The study team will very much appreciate cooperation with the EU and Central American Advisory Groups in this context and will be grateful for all materials which can be shared to support the analysis.

Representative of the Syndicat du Sucre de La Réunion referred to the case study on bananas (with a focus on impact for EU producers, including Outermost Regions) and suggested extending the scope of the analysis to also cover the sugar sector.

- The study team thanked for the proposal and indicated that sectors from the Outermost Regions which may be affected by trade under the EU-CA FTA will be identified and analysed as part of the general analysis of economic impacts. If outcomes suggest a need for a closer look, a case study may be considered, however, the decision of where the analysis of the sugar sector is best placed will be made later in the process. It will be helpful if any materials are shared that will facilitate the analysis.

Representative of the EESC (Soft Drinks Association, ANFABRA) referred to the conclusions from a recent EU-LAT Network meeting and inquired whether impacts of the COVID-19 pandemic will be analysed in the study.

- The study team replied that the objective of the ex-post evaluation is to analyse effects of the Trade Pillar of the EU-CA Association Agreement and for this reason, the study will consider data from 2008/2009 until the end of 2019 to be able to focus on effects of the Agreement. The effects of the pandemic as such are therefore outside the scope of the study and will not be analysed. It may be that there will be a reference to them in the baseline description, but not in the analysis of impacts.

Representative of EU-LAT Network asked if the study would consider the existence and operation of the monitoring mechanisms in Central America related e.g., to respect for labour standards or human rights.

- DG TRADE replied that it specifically tasked the study team to assess the dialogue and monitoring mechanisms set by the TSD Board and civil society Advisory Groups and suggest recommendations for its improvement.
- The study team replied that this aspect may be included in various places of the analysis. For example, under task evaluating implementation of the Trade and Sustainable Development (TSD) chapter, it will consider to what extent the Parties have met their commitments under this chapter and how the TSD Board and civil society Advisory Groups have played their role in monitoring the situation and addressing any concerns. Similarly, in parts of the analysis related to social and environmental aspects or human rights, the study will describe and evaluate implementation of relevant international conventions

and other commitments and how this is ensured by domestic mechanisms, including enforcement, such as inspection services.

DG TRADE thanked the participants for discussion and concluded the meeting.