



Subject: Eight annual meeting of the EU-Colombia/Ecuador/Peru Trade Committee and Sub-committees – 15 November – 3 December 2021

I. Summary

The 8th annual meetings of the EU-Colombia/Ecuador/Peru Trade Committee met virtually on 2 and 3 December 2021 at senior official level. It was preceded by eight subcommittee meetings (Market Access, SPS, TBT, IPR, Customs, AGRI, GP and TSD), which took place between 15 and 30 November. The minutes are under discussion and will be agreed and sent to TPC ahead of the meeting planned on 21 January.

The meetings took place in a constructive atmosphere. Over the two day of meetings, the two sides discussed specific implementation issues, but also reviewed the status of the bilateral trade relation and latest developments in their respective trade policy areas, and covered other areas of common interest.

Featuring highly on the Andean's list of concerns is the **impact that the EU "Green Deal" and more specifically the EU Farm to Fork Strategy** could have on their exports of agricultural products to the EU.

Art.4.1 (a)

Andean countries stressed that some **decisions on minimum residue levels** taken by the EU are not based on risk assessment and requested the application of import tolerances for active substances already established. They reiterated their request for **special and differential treatment or to exemptions that only Member States can request under EU law for domestic production**).

The Andeans also pressed the EU for starting negotiations on **equivalency recognition agreements on organic products** as this would support their efforts to convert their agriculture towards a more sustainable model.

Discussions on TSD subcommittee were interesting with civil society playing an important role; the parties discussed the functioning of the **domestic advisory groups** and the role of civil society, a topic of great prominence in the on-going TSD policy review. For the first time, during the open session, the EU managed to include a reference to the submission made by the civil society during the previous TSD Committee.

The meeting was useful to advance the mutual understanding on EU key concerns such as public procurement (Colombia, Peru), tax discrimination (Peru), technical regulations (Colombia – wine and spirits, Peru – labelling), and agricultural market access (Colombia, Peru, Ecuador – regionalization on African Swine Fever).

Art.4.1 (a)

Parties were informed of the conclusions and recommendations of the **Ex-post evaluation** of the Agreement, whose final report is to be published in the first quarter of 2022. The Staff Working Document on the Ex-post evaluation will be presented to the Regulatory Scrutiny Board.

Parties agreed to carry on technical discussions along the year on the different points still outstanding and hold the next Trade Committee in Ecuador, hopefully in a face-to-face meeting if the sanitary situation allows.

II. Details

COLOMBIA

On **government procurement**, the EU continued to press for a pragmatic solution to Colombia's interpretation of the Decision of the Trade Committee of 2017 that, in their view, does not extend access to the utility sectors at sub-central level. In this regard, the EU specifically asked Colombia to update its guidelines for public entities, so as to enable a clear, transparent and effective implementation of the Agreement. Colombia informed that it is undertaking this revision and reiterated its position that utilities and *Corporaciones Autónomas Regionales* (CARs) are not covered by Decision 1/2017 or the FTA. Colombia claimed that coverage of those entities should be object of future negotiations.

On **SPS**, heated discussions were held on the application of the regionalization principle as enshrined in the WTO and the FTA.

Art.4.1 (a)

The EU complained about these undue delays.

On **AGRI**, the EU asked Colombia to consider European Free Sales Certificate (FSC) sufficient to comply with the Good Manufacturing Practices (GMP) certification requirements introduced for wine and spirits, which the EU considers unnecessary red tape. On its side, Colombia called for ten launch of negotiations on an equivalency recognition agreement on organics. It also complained about the stigma that has developed in the EU around cocoa, banana, palm oil or coffee as products that generate deforestation, which affects Colombian exports.

On **GIs**, the EU stressed the importance to finalize the investigations on usurpations launched in 2016

Art.4.2

On **TSD**, the EU urged Colombia to take the necessary measures to put an end to the persisting violence against social and union leaders. In response, Colombia stressed its strong commitment to fight and eradicate such phenomenon.

ECUADOR

On **SPS**, despite welcoming some positive developments, the EU urged Ecuador to remove the unnecessary administrative burden to complete authorization process for questionnaires. Ecuador committed to improve the overall pre-listing proceeding.

On **TSD**, the EU encouraged Ecuador to keep working to guarantee full protection of labour rights, particularly to align its practices with ILO recommendations on freedom of association and collective bargaining.

On **AGRI**, the EU raised concerns on the provisions of the draft regulation on non-automatic import licenses for agricultural products and its alignment with the provisions of the Agreement.

Art.4.1 (a)

On **IPR**, the EU called for a swift recognition for protection of several GIs bearing in mind that the process necessary for recognition was already finalised in 2014 and recalled that the "IP implementing act" did not address plant varieties and copyright exceptions.

PERU

On **GP**, discussions focused on Peruvian technical specifications, which the EU considers too restrictive, and on the burden of proof for equivalence of standards, which further disincentives EU companies from engaging in Peruvian public procurement. Peru informed that they are working on solving these problems and organizing extensive workshops to make contracting entities aware of their obligations.

On **Market Access**, the EU expressed its concerns on a possible discrimination treatment of EU cross-border services in relation to a request by an EU laboratory that was denied solely because it is located outside Peruvian territory. Peru replied that is looking for a solution that requires regulatory changes that expects to have in place before summer 2022.

On **TBT**, the EU expressed concerns that the deadline for the use of stickers (31 March 2022) was approaching and requested to allow indefinitely the use of stickers to avoid disproportionate costs for EU exporters. Peru informed that the issue is under discussion and committed to find a solution that ensures health protection without generating unnecessary technical barriers to trade.

On **SPS**, the EU pressed for compliance with the principle of regionalization.

On **AGRI**, concerns persist for the discrimination of EU spirits with regard to Pisco, which currently enjoys a fiscally favorable treatment.

Art.4.1 (a)

Peru welcomed recent EU's efforts to solve **IPR** issues related to Peru's national spirit, particularly the registration of trademarks in the EU with the Peruvian GI "Pisco".

REGIONAL ISSUES

The Andean countries voiced their concerns – in several subcommittees – about the impact of **EU SPS measures** foreseen in the implementation of the Green Deal and more specifically the **limits reduction of pesticides MRLs** presented in the Farm to Fork Strategy.

Art.4.1(a)

The Andean countries agreed on the overall sustainability objectives of EU policies and reiterate that are restrictive to trade, in contravention with the provisions of the Agreement, stressing that they will **affect their agricultural market access** to the EU.

The Andeans made a common front underlining that MRLs reductions are not in line with Art. 5 of the WTO SPS Agreement and that these measures are the result of a "hazard approach" advocating for the application of the provision of the Agreement on "**Special and Differential Treatment**". The Andeans requested the creation of a specific ad-hoc group of experts to discuss these issues in parallel to the Trade Committee framework, while the EU considered that the current institutional framework was sufficient. In the context of the special and differentiated treatment, the Andean countries requested to have the possibility, as it is the case for products originating in the EU member States, to apply for emergency authorization for some active substances of pesticides that have been banned.

The EU indicated that the measures are not being restrictive to trade, as proven by the good performance of the Andean exports. Their first goal is to protect public health and are based on sound scientific criteria and adopted in a transparent manner, after a risk assessment carried out by an independent body. The EU defended the objectives of the F2F strategy as the EU's

contribution to the global objectives and stressed that the targets are internal ones. The EU also reminded the Andean partners that it has made exceptional efforts to facilitate the implementation and adaptation to its Regulations (e.g. MRL of cadmium in cocoa from Peru), including a deferred entry into force with a transitional period of more than 4 years, technical assistance, information and dissemination measures. Regarding the request for some kind of Special and Differential Treatment, the EU recalled that emergency authorizations can only be granted for the exceptional use by EU producers of banned substances in the EU, but not for providing flexibility on MRLs; according to the current Regulations; however, third countries may apply for import tolerances, which are granted after a positive assessment by EFSA.

On **AGRI**, Ecuador and Peru requested to start negotiations with the EU on **equivalence agreement on organic products** and Colombia expressed its interest to continue the discussions.

On **Market Access**, the Andeans expressed severe concerns for the **revision of the EU autonomous tariff quotas**, especially for some fishery products, which they consider will lead to an erosion of their preferences and loss of competitiveness. The EU informed that a new Regulation will enter into force in January 2024. It will be based on a study outsourced to an external consultant. The Andeans requested to be consulted on the findings of this study before the EU proceeds to modify the system.

Colombia and Ecuador also reiterated how **negative labelling “palm oil free”** is affecting their market access, stressing that such labelling provides inaccurate information.

The discussions in the **customs, rules of origin and trade facilitation** subcommittee were constructive.

Finally, the EU presented the finding of **the ex-post evaluation report** carried out by an independent consultant. It reported that the impact of the Trade Agreement on trade flows and GDP of all Parties has been positive; for the Andeans the impact was more positive in those sectors trading with the EU: i.e. the agri-food sectors while contractions in some industrial sectors were observed. Nonetheless, the magnitude of this impact is limited as these countries enjoyed GSP+ status prior to the signature of the Trade Agreement.

A tangible impact of the implementation of the Trade and Sustainable Development (TSD) Title can be identified in areas where assistance projects have been implemented.

The impact of the Agreement on environment and on human rights is found to be limited.

The report also signal opportunities to improve the dialogue with civil society representatives by improving the dialogue with advisory groups or domestic mechanisms and by better following-up civil society recommendations to be included in the discussion of the subcommittees and Trade committee.

III. Conclusions

The Andean countries’ concerns around the Green Deal and Farm-to-Fork Strategy featured highly on the agendas of a good number of subcommittee meetings and at the Trade Committee meeting.

Art. 4.1 (a) and efforts should be continued to explore solutions and provide assistance while not compromising on the safety of the EU consumers. As regards the implementation of the Agreement, it will be important to discuss with the CTEO how to find the necessary leverage to solve longstanding irritants in light of Member States concerns (e.g. Colombia – procurement, Peru – tax discrimination , Ecuador – agri-food), industry concerns (e.g. Peru –

EU cross-border services, Pisco, Colombia – GMP on wine and spirits, Biological controls) and civil society concerns.

Thanks to all colleagues for the continued work and support throughout the year on the implementation of the Agreement and the essential contributions or participation in the Trade Committee or sub-committee meetings.

All the minutes of the meetings will be shortly available in DG TRADE website:

<https://circabc.europa.eu/ui/group/09242a36-a438-40fd-a7af-fe32e36cbd0e/library/48db684c-602f-470f-87a5-79b1932de21e>