

FINAL DECLARATION

JOINT COMMITTEE EU-CAN

Quito, Ecuador, April 28, 2004

1. Introduction

The Joint Committee, established in the context of the Framework Agreement on Cooperation between the European Economic Community and the Cartagena Agreement and its member countries (Bolivia, Peru, Ecuador, Colombia and Venezuela), held its Seventh meeting on 28 April 2004 in Quito.

The Andean Community's Delegation was chaired by Mr. Carlos Abad Ortiz, General Director of Integration - Ministry of Foreign Affairs of Ecuador, acting as representative of the *pro-tempore* presidency of the CAN. The other Andean countries' delegations were presided by:

- Bolivia, Ambassador Edil Sandoval Morón, Ambassador of Bolivia in Ecuador
- Colombia, Ambassador Fabio Ocazones Jiménez, General Director for the Americas – Ministry of Foreign Affairs.
- Peru, Ambassador Gonzalo Gutierrez Reinel, Undersecretary of International Economic Affairs – Ministry of Foreign Affairs.
- Venezuela, Ambassador Marisol Black Llamozas, Director of International Economic Affairs – Ministry of Foreign Affairs.

The CAN General Secretariat was represented by Ambassador José Antonio García Belaunde, Director General.

The EU Delegation, including representatives from the EU Member States and from the Commission services, was chaired by Mr. Hervé Jouanjean, Deputy Director General in the Commission's Directorate General for External Relations.

The list of participants of the delegations accredited to this meeting figures in annex 1 of this Declaration.

Discussions were held in a constructive and friendly atmosphere.

2. Approval of the agenda

The agenda was approved by both sides (see annex 2).

3. Introduction – opening speeches

The two co-chairmen made their opening speeches.

Mr. Jouanjean, representing the EU delegation, presented an overview of the present political, trade and cooperation relations between the European Union and the Andean Community. The attention was drawn in particular to the recent strengthening of these relations, notably by the conclusion of the negotiations of the Rome 2003 Political Dialogue and Cooperation Agreement and to the extension of the current GSP Drugs regime until the end of 2005 which he considered to be important qualitative steps towards upgrading the EU-CAN relationship. Mr. Jouanjean also welcomed the timing of the Joint Committee as a useful opportunity to reflect and exchange views on the future of the EU-CAN relations and on the forthcoming EU-LAC Summit in Guadalajara in particular.

Ambassador Jose Piedrahita, Under Secretary for Multilateral Relations, representing the Andean Community, expressed satisfaction at the new direction that the relations between the Andean Community and the European Union have taken after the conclusion of the Political Dialogue and Cooperation Agreement between the CAN and the EU.

In order to give a further impetus to future relations among both blocks, the Andean side reiterated the interest of the Andean Community to negotiate an Association Agreement with the EU that includes a Free Trade Area. The launching of these negotiations should be announced during the next EU-LAC Summit in Guadalajara. In this regard, Mr. Piedrahita underlined the important progress made in the Andean process of integration and the need to strengthen and widen the political, economic, trade and cooperation relationship between both regions on a stable and long-term basis.

4. Situation in both regions, including relations with third countries

4.1. CAN (FTAA, MERCOSUR, various bilateral agreements)

The Andean Community provided an update on the state of negotiations it is currently engaged in at hemispheric, regional and bi-regional levels. Information about the state of bilateral negotiations undertaken by individual CAN countries was also provided.

4.2. EU (MERCOSUR, Chile, Mexico, Cotonou, enlargement)

The EU side outlined the current state of its negotiations with Mercosur, provided information on its relations with Chile and Mexico, explained the Cotonou process and informed about enlargement and its impact upon EU-CAN relations.

5. Preparation of the Mexico summit

5.1. Future of the bi-regional relationship/regional integration

The EU side highlighted the importance of the meeting, taking place at an important juncture in the relations between the two regions. It referred to the new Political Dialogue and Co-operation Agreement between the EU and the Andean Community, negotiated in line with the conclusions of the Madrid Summit and signed in Rome in December 2003. The EU delegation underlined that this Agreement, which will enter into force once all contracting parties have ratified it, institutionalises and strengthens the political dialogue and cooperation between the two regions by expanding their scope to include important new areas of mutual interest.

Both sides expressed their satisfaction with the rapid conclusion and signing of the Political Dialogue and Cooperation Agreement. The Andean side said that the Agreement will be adopted at the next Andean Presidential Summit, to be held in Ecuador on July 12th, 2004. The EU side expressed the hope that ratification procedures would be finalised promptly to allow a quick entry into force of the Agreement.

The EU Delegation further explained that the Commission had recently issued a Communication setting out its objectives for the Guadalajara Summit which emphasises that the Summit should help pave the way towards the opening of negotiations on an Association Agreement including a Free Trade Area between the EU and the Andean Community. The EU side explained that such an Association Agreement between the European Union and the Andean Community is a strategic objective and that the process leading to such agreement between the two blocks could be developed in two phases: a first phase involving an exchange of information and experiences of both integration processes, which will lead to a second phase of negotiations. Therefore as outlined in the Communication, such Agreement should be built upon the outcome of the Doha Development Agenda, with regional integration then becoming the trigger for launching negotiations. The EU invited the Andean side to provide a comprehensive overview of steps taken and/or envisaged in order to foster the regional integration process and in particular towards the declared objective of a common market between the five Andean countries by 2005.

The EU said it would be willing to cooperate with the Andean Community during the first phase of this process, to contribute to the reinforcement of Andean integration. The Andean side expressed the view that the explanation provided was a very constructive one and expressed the hope that a successful outcome at the Guadalajara Summit on this issue could be reached.

The Andean side emphasised the importance of moving beyond the Agreement on Political Dialogue and Cooperation. Information was provided on the current state of regional integration in the Andean Community and it was indicated that on the basis of the progress made, the Andean Community

expected the Heads of State and Government to announce in Guadalajara that the process of negotiation for an Association Agreement, including a Free Trade Area, be initiated as from 2005.

5.2. Social Cohesion

The EU side highlighted the importance of social cohesion as one of the main topics of the forthcoming EU-LAC Summit in Guadalajara. The EU side indicated that despite further democratisation, economic restructuring and several important policy reforms, inequality and exclusion remain at an alarmingly high level in Latin America as a whole and in the Andean Community in particular. The EU side pointed to the very high political, economic and social cost this implies for the Andean society.

The EU delegation encouraged, and stated its support for, Andean Community policies aiming to reduce poverty, inequalities and exclusion. The EU side further announced its intention to share actively its experience and know-how in this field, developed over the years.

The Andean side recalled that since 1999 it agreed upon the elements of the Andean Social Agenda to be implemented. This Agenda should contribute to create conditions which will enable the region to attain higher levels of social cohesion both at national and Andean level.

In this framework, an Integrated Social Development Programme to attain higher levels of social cohesion will constitute the principal axis of the Andean strategy. The Programme will be adopted at the next Andean Presidential Summit. In the future, it is expected to develop specific actions addressed to overcome poverty, social exclusion and inequality, notably by promoting focused policies to improve education, nutrition and health programmes, rural development, Small and Medium Enterprises -SME- and competitiveness in order to guarantee the well-being for the people of the Andean Region.

The Andean side recalled that the process of achieving social cohesion requires taking into account, in addition to overcoming poverty, inequality and social exclusion, issues such as external debt and trade barriers to Andean exports, which adversely affect the attainment of such goals. In response, the EU side underlined the importance of pursuing social cohesion as a domestic priority on its own merits.

6. Economic and trade EU-CAN issues

6.1. GSP

The Andean side recalled that until 1996 the GSP Drugs scheme had a fundamental importance because it contributed to the growth in exports and to the diversification of the Andean export offer. However, the results of the Uruguay Round, the trade agreements signed by the EU in the past few years, as well as the concession of preferences to other countries or the

opening of quotas with preferred tariffs for certain products had eroded the Andean preferences under this important scheme, which is now an insufficient mechanism to achieve its goals. The Andean side insisted that the best way to consolidate Andean preferences and to provide safety to our mutual commercial relations would be to negotiate an Association Agreement that includes a Free Trade Area.

The EU side explained that the GSP preferential imports from the five Andean countries, has increased by almost 6% from 2001 to 2002. There were similarly positive developments with regard to the GSP utilisation rate which demonstrated the ability of CAN countries to take full advantage of the export opportunities made available by the GSP. As regards the erosion of preferences, the EU recalled that this resulted primarily from multilateral trade liberalisation to which both the EU and the CAN were committed. Nonetheless, GSP would remain an important instrument to foster trade and development for the CAN until such time as a region-to-region free trade agreement could be negotiated.

Both parties agreed to hold a new meeting to evaluate the GSP Drugs Regime and to consider proposals including product coverage for the future in view of recent decisions in the WTO. The date and venue of this meeting would be agreed as soon as practicable.

The EU side further explained the situation as regards the WTO panel and elaborated on the December 2003 Regulation extending and improving the current GSP 'drugs regime'.

6.2. Market access

Both sides put forward a series of specific trade problems affecting their exports and investments. These trade problems were related to non-tariff measures, principally those referring to sanitary and phyto-sanitary regulations and technical regulations (certification), environmental measures, tariff classification etc.

Both sides agreed to have more detailed discussions on the respective points in the context of a Trade and Industry Subcommittee to be convened for this purpose during the second semester of this year.

7. Cooperation

7.1. Centralised programmes

The EU and Andean side discussed and exchanged views on the ongoing regional cooperation programmes in which the Andean Community takes part, notably ALFA II, AL-INVEST, @LIS, ALβAN and URBAL.

7.2. Regional projects

The EU side recalled the main substance of the recently concluded, ongoing and envisaged regional projects and conveyed messages where considered useful.

Both sides expressed satisfaction with progress made in bi-regional cooperation and its contribution to the deepening of Andean integration and the consolidation of relations between both parties. They further agreed that their cooperation activities, such as the support for the rapid adoption and implementation of an Andean Common Security Policy, the effective preparation for and prevention of natural disasters, the strengthening of democratic principles, values and practices, and the full respect for human rights make a contribution to the consolidation of the Andean peace zone.

7.2.1. Economic as well as technical and financial cooperation

The following projects were discussed: GRANADUA/customs, CALIDAD/quality standards, COMPETENCIA/competition, ESTADISTICAS/statistical cooperation, TRTA/Trade related technical assistance, Disaster preparedness and prevention, Civil Society.

7.2.2. Other budget lines

The following projects were discussed: DIPECHO, Drug precursors, Conflict prevention (“Lima Commitment: Andean Charter for Peace and Security”), Andean human rights programme

7.3. Revision of the Regional Strategy Paper

The EU side explained the state of play of the ongoing revision of the Andean Regional Indicative Programme. Information was provided on the content of the revision, notably that it was foreseen, subject to approval by Member States, to re-allocate funds which were initially assigned to an initiative in the field of air safety to a strengthening of activities in the field of trade related technical assistance and to a new project on synthetic drugs. The Andean side took note of these explanations and expressed the wish that the revision process be completed as quickly as possible and the new projects envisaged should start without delay.

7.4. Future perspectives for cooperation: the new Regional Strategy Paper 2007- 2012

The EU side invited the Andean side to reflect upon future priorities for cooperation and expressed its willingness to continue supporting the Andean integration process in its key dimensions.

The Andean side indicated that the Andean Ministers of Foreign Affairs informed Commissioner Christopher Patten, during his recent visit to Ecuador, about the Andean priorities for the implementation of the Political Dialogue

and Cooperation Agreement. These priorities are democracy and democratic governance; trade and social development; new threats such as terrorism and drug trafficking; migration; and environment and biological diversity.

8. Other business

Both sides expressed their satisfaction with the successful drugs meetings which took place the preceding week in Brussels, notably the Chemical Precursors meeting on April 20th and the EU-CAN High Level Specialised Dialogue on Drugs on the 21st of April 2004.

9. Approval of the final declaration

The final Declaration was approved by both sides.

For the EU

For the Andean Community

Mr. Hervé Jouanjean
Deputy Director General in the
Commission's Directorate General
for External Relations

Ambassador José Piedrahita
Undersecretary for Multilateral Affairs

Annex 1:

LIST OF PARTICIPANTS

For the EU Commission:

Mr. Jouanjean (Relex, co-chair), Ms. Schomaker and Ms. Van Steen (Relex)
Mr. Houben (Trade)
Mr. Koetsenruijter (Bogota Delegation)
Mr. Goldstein and Mr. Rasquin (Lima Delegation)
Mr. Ceccarelli (Quito Delegation)

For the EU Member States:

Ms. Wendy Dorman-Smith, MFA, Dublin
Ms. Beatrix Van Hemeldonck, Head of Mission, Embassy of Belgium, Quito
Mr. Felipe de la Morena, Deputy Head of Mission, Embassy of Spain, Quito
Mr. Antonio Millán, MFA, Madrid
Mr. Julián Izquierdo, Economic and Commercial Counsellor, Embassy of Spain, Quito
Mr. Lorenzo Morini, First Secretary, Embassy of Italy, Quito
Mr. Steffen Koch, Deputy Head of Mission, Embassy of Germany, Quito
Mr. Peter Evans, Deputy Head of Mission, Embassy of the UK, Quito
Mr. François Cousin, Head of Mission, Embassy of France, Quito
Mr. Jean-Luc Bodin, First Counsellor, Embassy of France, Quito
Ms Odile Fouchet, Commercial Attaché, Embassy of France, Quito
Mr. Frans Bijvoet, Head of Mission, Embassy of the Netherlands, Quito
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For the Andean Community Member States:

Bolivia

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Minister Guillermo Romero, Embassy of Bolivia in Ecuador

Colombia

Ambassador Fabio Ocaziones Jiménez, Director of America, Ministry of Foreign Affairs of Colombia
Doctor Eduardo Muñoz, Director of Trade Relations, Ministry of Trade, Industry and Tourism of Colombia.

Ecuador

Ambassador José Piedrahita, Under-secretary for Multilateral Affairs, Ministry of Foreign Affairs of Ecuador

Doctor Cristian Espinosa, Under-secretary for Foreign Trade, Ministry of Foreign Trade
Minister Carlos Abad Ortiz, Director General of Integration, Ministry of Foreign Affairs of Ecuador
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Mr. Carlos Romero, Ministry of Agriculture and Animal Husbandry
Engineer Walter Segovia, Ecuadorian Customs Corporation
Economist Eva García, Director, Eurocentro
Engineer Eduardo Egas, Vice-president, CORPEI
Mr. Francisco Rivadeneira, CORPEI

Peru

Ambassador Gonzalo Gutiérrez Reinell, Under-secretary of Economic Affairs, Ministry of Foreign Affairs of Peru
Ambassador Carlos Zapata López, Chief of Co-ordination Cabinet, Peruvian International Co-operation Agency.
Minister Carlos Bérrinzon Devéscovi, Integration Office, Ministry of Foreign Affairs of Peru
First Secretary Alberto González Mejía, Embassy of Peru in Ecuador

Venezuela

Ambassador Marisol Black Llamozas, Director of International Economic Affairs, Ministry of Foreign Affairs of the Bolivarian Republic of Venezuela
Counsellor Gilberto Plaza Moreno, Chargé d'Affaires a.i. of the Embassy of the Bolivarian Republic of Venezuela in Ecuador.

General Secretariat of the Andean Community

Ambassador José Antonio García Belaúnde, Director General
Doctor Elsa Luengo Federico, Coordinator
Mr. Rafael Suárez Camacho, Project Manager

**Annex 2:
Joint Committee EU-CAN
Quito, 28 April**

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 - 4.2. EU (*MERCOSUR, Chile, Mexico, Cotonou, enlargement*)
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 - 5.1. Future of the bi-regional relationship/regional integration
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 - 7.1. Centralised programmes
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9. Approval of the Final Act