

Antigua Guatemala, 24-25 June 2019

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 24 and 25 June 2019 to follow up on the implementation of Title VIII on Trade and Sustainable Development.

Recent developments relevant to the Trade and Sustainable Development Title

The EU stated that it intends to carry out an ex-post evaluation on the implementation of the trade pillar of the Agreement, covering economic, environmental and social impacts. The European Union has published a roadmap for the evaluation on its website, on which comments are invited until the end of August. The next steps will be the drafting of terms of reference and the hiring of a consultancy, which should initiate work in early 2020.

Central America appreciated the information provided by the European Union and asked to be kept informed during the various stages of the evaluation process, since the evaluation had an impact on both regions.

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 presented recent developments concerning the ratification by EU Member States of Protocol 29 on forced labour; legislation concerning working conditions and the establishment of the European Labour Authority. It underlined the importance of the Protocol, which has been actively promoted by the EU, and urged Parties to ratify it. The EU highlighted its extensive policy and legislative framework on working conditions, labour law and occupational safety and health - areas where the EU has had a major impact. These efforts have contributed to a significant reduction in work accidents in the EU. However, it recognised that challenges remain that will require continued efforts. In addition, the EU reported on the new directive on transparent and predictable working conditions, which incorporates new material rights and defines specific information to be provided to workers at the start of their employment relationship, as well as important elements concerning social dialogue, to ensure the effective involvement of social partners.

The EU expressed its commitment to promote good working conditions, decent work and the objectives of the 2030 Agenda in its external relations. Finally, it informed the Board about the creation of the European Labour Authority, which will have an important role in facilitating the functioning of the European labour market in the context of a significant increase in labour mobility in the region.

Nicaragua highlighted the country's efforts to ensure labour rights, with a focus on gender, child labour, health and safety at work and freedom of association and collective bargaining, in addition to the implementation of actions to ensure compliance with labour law in 2017 and 2018.

The EU welcomed progress made in the fight against child labour and reiterated the request made in the Committee on the Application of Standards (CAS) of the International Labour Conference (ILC) concerning the individual case of Nicaragua in relation to Convention 117 on Social Policy, and asked about the next steps. It also asked about Nicaragua's intentions to align (as pointed out by the ILO) the



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age of compulsory education (12 years) and the minimum age of employment (14 years). It was agreed to follow up these questions in writing.

Costa Rica highlighted progress in implementing the fundamental ILO conventions, highlighting progress specifically in implementing concrete actions on issues of collective rights, eradicating child labour, eradicating forced labour as well as equality and non-discrimination. In addition, it reported on the latest processes of adoption of international labour standards, specifically ILO Recommendation 205 on employment and decent work for peace and resilience, and on the adoption by the Legislative Assembly of ILO Convention 156 on workers with family responsibilities.

The EU welcomed progress made on gender equality. It requested additional information on ILO observation concerning the ability of foreigners to exercise management or authority in trade unions. In addition, it requested information on the implementation of the National Programme for the Transition of the Informal Economy to the Formal Economy. With regard to these consultations, Costa Rica pointed out that concerning the ILO observation, the Costa Rican government prepared a draft law amending Article 60 of the Political Constitution which is due to be considered by the Legislative Assembly. Finally, Costa Rica reported that it continues to implement the National Strategy for Transition of the Informal Economy to the Formal Economy.

Guatemala referred to the decision reached by the ILO Governing Body in its 334th (November 2018) on the closure of the complaint concerning a breach by Guatemala of the Convention on Freedom of Association and Protection of the Right to Organise, 1948 (No.87) under Article 26 of the ILO Constitution, with an emphasis on b) in which "... and urges the government to continue to devote all necessary efforts and resources to the country's social partners and to the technical assistance of the Office and its representative in Guatemala in order to achieve the full implementation of the other aspects of the national agreement by addressing the points of the Roadmap which are still to be resolved."

In this regard, in order to comply with the Tripartite Agreement reached in November 2017 in Geneva, and to follow up the points in the Roadmap that are still pending, Guatemala commented on:

- 1. The establishment of the Tripartite National Commission on Labour Relations and Freedom of Association
- 2. The Roadmap on Freedom of Association and Collective Bargaining, including:
 - Right to life (key indicators 1, 2, 3) regarding the significant increase in the number of cases of homicide of trade union leaders and trade unionists, which was brought to the attention of the ILO and which have resulted in a conviction and security measures for trade union leaders and trade unionists.
 - Drafting and submission to the Congress of a bill, based on the comments of the Committee
 of Experts on the Application of Conventions and Recommendations (CEACR), so as to bring
 national legislation into conformity with the Freedom of Association and Protection of the Right
 to Organise Convention, 1948 (No87) and the Right to Organise and Collective Bargaining
 Convention, 1949 (No98) linked to point 5 of the Roadmap.



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- 3. Application of the Convention: reference was made to the registration of trade unions, the approval of collective agreements and awareness-raising campaigns to raise awareness about freedom of association.
- 4. Emphasis was placed on the importance of social dialogue and tripartism.

The EU welcomed the progress made with regard to the freedom of association and expressed the need to make progress on this issue, in particular with the implementation of the ILO Roadmap. It also emphasised the importance of sustaining social dialogue and the functioning of the Tripartite National Commission.

Guatemala expressed its interest to continue working on compliance with the Convention concerning Freedom of Association and Protection of the Right to Organise, and to make progress on the indicators of the ILO Road Map providing orientations on the actions needed to ensure full compliance. The Tripartite Commission is a permanent and high level body, taking into account that the ILO is based on the principle of tripartite dialogue. Guatemala expressed its willingness to continue discussions with the EU on a bilateral basis.

Honduras stated that in relation to the ILO Forced Labour Convention, actions have been taken under the Strategic Plan against Sexual Exploitation and Trafficking Of Persons in Honduras (2016-2022), coordinated by the Inter-Institutional Commission to Combat Commercial Sexual Exploitation and Human Trafficking (CICEST). In this regard, preventive activities have taken place as well as comprehensive assistance to victims, prosecution and punishment of crimes. Reference was also made to the improvement of institutional capacity through various training and capacity-building processes of key actors and sectors dealing with the issue. Sexual exploitation of minors in tourism is being tackled with the assistance of the Tourism Secretariat and as a member of the Regional Action Group for the Americas (GARA).

Regarding progress in the implementation of the Convention on the Worst Forms of Child Labour, it was stated that under the Second National Plan of Action the Ministry of Labour and Social Security has developed a process for the prevention and eradication of child labour in the country with the support of employers, workers and civil society, by implementing Optional Protocols to the Convention regarding the trafficking of children, child prostitution, child pornography and the involvement of children in armed conflicts. Specific mention was made of instruments supporting the Action Plan namely the Basic Manual integrating child labour in labour inspection, the drawing-up of a list of dangerous work and working conditions for child labour and the launching of procedures for the integrated care of children and working adolescents.

Finally, the Board on Trade and Sustainable Development was informed with regard to developments in relation to the Labour Inspection Convention in the framework of the new Labour Inspection Law. Between 2018 and 2019 over 25,500 inspections were carried out and fines for infringements amounted to 264 million Lempiras. In addition, the Global Vision Project "Brilliant Futures" project was highlighted, the key objective of which is to reduce child labour and improve labour rights in Honduras, particularly in the agricultural areas of the South of Honduras and in the area of San Pedro Sula. Similarly, the project contributes to the development of the technical capabilities of the Secretariat of Labour and Social



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Security to identify and use all available tools and thus help to remedy violations of labour law related to the freedom of association, the right of organisation and collective bargaining in the maquila sector.

The EU welcomed progress made in the implementation of the Labour Inspection Law and highlighted the individual case of Honduras in the ILO Committee on Standards Application of Standards in relation to Convention 87 on Freedom of Association. In addition, it expressed its expectations regarding the adoption of a Roadmap for Labour Reform and other ILO observations. In this regard, Honduras stated that it was ready to receive any consultations that the EU wished to send by electronic means and that these consultations would be forwarded without delay to the Secretariat for Labour and Social Security; both parties agreed to follow up on this matter.

EL Salvador, stated that since a new government took office, the results of actions taken for compliance with the various Conventions ratified by the country related to labour in the Association Agreement cannot be communicated due to the fact that there had been insufficient time to carry out an analysis of the information set out in a report covering June 2018 - May 2019, its submission to the Legislative Assembly by the Ministry of Labour and Social Security is pending.

One of the important commitments of the Ministry of Labour and Social Security is the formation of tripartite bodies for the monitoring and protection of labour rights, with the urgent necessity of revival of the High Labour Council and the National Minimum Salary Council. Additionally, it was noted that the High Labour Council had been inactive since 2012, since the outgoing government failed to achieve dialogue and consensus between the social partners, the workers and employers, for the establishment and selection of members of that Council, and on the other hand indicated that the period of appointment of members of the National Minimum Wage Council has expired.

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One of the important commitments of the Ministry of Labour and Social Security is the establishment of tripartite bodies for the monitoring and protection of labour rights, with the revival of the High Labour Council and the National Minimum Salary Council being an urgent necessity. Additionally, it was noted that the High Labour Council had been inactive since 2012 because the outgoing government failed to achieve dialogue and consensus between the social partners, the workers and employers, for the establishment and selection of members of that Council, and on the other hand indicated that the period of appointment of members of the National Minimum Wage Council has expired.

El Salvador stressed that the Minister of Labour, even 24 days after taking office, has already taken actions to develop closer bilateral relations both with the workers and employers sectors. To this end it held a meeting with Federations and the trade union movement from the public and private sectors, which bring together and represent 194,553 persons, meetings had also been held with the most representative business associations. In these meetings there was acceptance of the need to start social dialogue in order to reach consensus for the relaunch of the tripartite bodies responsible for monitoring the above-mentioned labour rights and for trade union participation.



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Finally, at the last meeting of the International Labour Conference (ILC), El Salvador was obliged to report to the Committee on the Application of Standards for failure to comply with ILO Convention 144 on Tripartite Consultation on international labour standards, with the participation of worker and employers' organisations. Positive results were obtained from the meeting and commitments were made; the Minister is convinced that it will be possible to establish the High Labour Council and the other tripartite bodies shortly, in this light a Roadmap for fulfilment of these commitments and of other actions concerning signed ILO Conventions would soon be sent to the European Union, as the new government is committed to comply with the international conventions it has signed, and to maintain partnerships with international organisations.

The EU recognised the commitment made to make progress on social dialogue and the reactivation of the High Labour Council, as follow up of the individual case of El Salvador in the ILC in relation to Convention 144 on Tripartite Consultation, and the need to respond to the comments of the ILO on Conventions 87 and 98.

El Salvador explained that extensive efforts are being made to achieve compliance as soon as possible, and it is expected that results will be obtained within 100 days of the new government, and a roadmap will be sent. However, it also expressed the need for closer bilateral cooperation between the EU and El Salvador on labour issues.

Panama reported that it has made progress in implementing Conventions 29 and 105 on Forced Labour during the last year, namely through the regulation of the National Policy against Trafficking in People, the creation of a temporary resident migration category and work permit under Humanitarian Permit for Protection that were made part of Panamanian law in 2019 and the drafting of repatriation, return and resettlement protocols for victims of trafficking in persons.

Regarding Conventions 87 and 98 on Freedom of Association, Panama highlighted the signature of the first collective agreement with a public service union, the continuation of Tripartite Dialogue and the inclusion of the Republic of Panama in the list of cases where progress had been observed in the 2019 report of the ILO Committee on the Application of Conventions and Recommendations (CEACR).

With regard to Convention 81 on labour inspection, Panama highlighted the implementation of the Single Labour Inspection System, which consists of a technology platform that systematises the entire inspection process, thus contributing to more effective checking of compliance with labour law and the project "YO SI CUMPLO" through which 113 Panamanian companies have been certified as having good working practices involving employers and workers.

The EU welcomed progress in the fight against child labour. The EU requested additional information on the law on collective labour relations and on national tripartite bodies.

Panama reported that the draft Law on Collective Labour Relations in the Public Sector had been presented to the Committee on Health, Labour and Social Development of the National Assembly of Deputies. On 1 July 2019 a new elected National Assembly will be installed, following elections in May; thus the discussions on the draft law are expected to be held in the next legislative period. It also indicated that tripartite dialogue continues on trade union freedom and collective bargaining in the Committees of the Tripartite Agreement of Panama: the Commission for Regulatory Affairs and the Commission for Rapid



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Processing of Complaints. The Commission for Rapid Processing of Complaints is reviewing the new cases raised in the ILO Committee on Freedom of Association.

The EU referred to its intervention in the previous meeting of the Board regarding the EU Action Plan on implementation of trade and sustainable development chapters. In this context it informed the Board that it initiated consultations with Korea on the implementation of the commitment on labour issues in the trade agreement between the EU and Korea at the end of 2018. It stated that there was a high level of public and political pressure in the EU for the full compliance of labour and environment commitments.

The EU noted that the discussion on labour matters had been carried out with transparency and with a positive spirit. Nevertheless some cases have been open in the ILO for some years. The EU stated that it favours a constructive relationship to help resolve such cases but nevertheless emphasised the need to demonstrate progress.

Progress in the implementation of the Trade and Sustainable Development Title relating to the environment

The EU made three presentations related to progress on the environment. In its first presentation, it provided information on the new Directive on Single Use Plastics (Directive 2019/904), which uses a number of approaches to address the complex topic of reduction of single-use plastics. Several countries commented that legislation has been or is in the process of being enacted with the same objective. In the second presentation the EU reported on the 2050 vision for climate change, highlighting the need for profound changes in the economy to mitigate the effects of climate change as well as the need for a just transition. Finally, it presented a recent study by the International Trade Centre (ITC) on the European Union market for sustainable products. This study shows important trends in preferences of retailers and consumers for sustainably produced products. The opportunities and challenges that this trend implies for trade were discussed and recognized, specifically for SMEs with regard to compliance with sustainability standards.

Nicaragua highlighted the actions it is carrying out to implement the commitments of the United Nations Framework Convention on Climate Change, progress made in the process of ratification of the Kigali Amendment to the Montreal Protocol and the Amendment to the Basel Convention, the latter with respect to the inclusion of additional wastes regarded as hazardous.

Costa Rica reported on progress in strengthening its implementation of the Basel Convention, notably by developing regulations that set high standards for the handling and transboundary movement of waste, strengthening local controls and capacities in this regard. It also highlighted progress and results achieved to date with the implementation of its National Strategy for Single Use Plastics. In addition, in the context of implementation of the Paris Agreement, it highlighted the launch of the Decarbonisation Plan, which sets out a roadmap for five sectors: energy, waste, agriculture, industry and biodiversity. The short, medium and long term targets of this plan aim to achieve the objective of being a net-zero emissions economy by 2050. Costa Rica reported on progress in the implementation of the Montreal Protocol and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).



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Guatemala reported on progress on climate change, which is addressed in the administrative structure of the Ministry of Environment and Natural Resources. All the environmental progress on climate change is aligned with the Sustainable Development Goals. Consistent with the SDGs, it works on climate action based on the K'atun 2032 Plan. Other important issues relate to a change in the energy matrix, renewable energy and a National Information System. A biennial report on climate change is currently being drawn up. A roadmap on the contribution of national actions is being developed.

EL Salvador outlined a number of developments in the area of the environment in relation to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the Stockholm Convention on Persistent Organic Pollutants, and expressed its readiness to report on progress on other multilateral instruments at the request of the EU. On the first mentioned Convention, it stated that the Ministry of the Environment and Natural Resources (MARN) has promoted work on issues in COP decisions so as to comply with the decisions taken by the COP, noting that these issues have been addressed by a CITES round table (platform), facilitating communication between the institutions involved, holding training workshops in order to familiarize participants with the CITES legislation and especially the issue of illegal trade in species.

In relation to the Basel Convention, an important initiative had been the establishment of a Cooperation Agreement between the MARN and the Directorate-General of Customs to strengthen communication and information exchange mechanisms between the two institutions in order to prevent the illicit trafficking of hazardous wastes and wastes and to facilitate the control of their exports. Finally, with regard to the third above-mentioned Convention to protect human health and the environment against Persistent Organic Pollutants, various activities have been developed, such as the preparation of the National Implementation Plan for the Stockholm Convention; in addition, a regulation had been developed for the transport and final disposal of waste and environmental monitoring of works or projects and, finally, 100 % of the national inventory of existing organic pesticide residues had been eliminated through appropriate technologies.

Honduras reported on progress in the implementation of the Climate Change, Minamata, Stockholm, Basel, Rotterdam and CITES Conventions. Institutional capacity building, technical capacity building and inter-institutional coordination were highlighted in order to ensure compliance with these international instruments.

In the case of Minamata, a National Inventory of Mercury, National Plan for Mercury and National Action Plan (NAP) for artisanal and small scale gold mining had been developed. Technical actions were also reported as part of the Environmentally Sound Mercury Management Project, such as final transfer of mercury from hospitals for temporary storage, the inauguration of the first gold recovery plant in Honduras for gold produced by local communities, reduced mercury releases from pilot mining communities and risk assessment of mercury in at-risk populations. As regards the creation of a regulatory framework, the Regulation on Occupational Health and Safety in Mining Operations was highlighted, as well as the



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Regulatory Instruction for Mercury, a Regulation on artisanal and small scale gold mining and specific instructions for tariff codes for products containing mercury.

In relation to the Chemicals Management Conventions, the creation of technical regulations and instruments to assist in the implementation of the conventions was noted, including the PCB Regulation and the proposed Regulation on potentially contaminated sites, the National Chemical Emergency Plan, the National Stockholm Implementation Plan and the compilation of national inventories.

With regard to climate change, progress was reported on the development of the Greenhouse Gas Inventory, the first Biennial Report and Third Communication, the Adaptation Project Portfolio and the National Adaptation Programme, Development of Climate Change Scenarios and the Municipal Adaptation and Mitigation Plan of the Municipality of La Ceiba.

Furthermore, a number of steps have been taken in the field of CITES to strengthen the handling and conservation of endangered species by developing capacities in the key institutions to effectively identify forest species, conduct forest inventories and update forest cover maps.

Panama highlighted progress in transforming its environmental management model through the creation of the Trust Fund for Water, Wildlife and Protected Areas and the management of funds up to USD60 million, so that with the participation of 120 local and foreign organizations the objectives and targets set out in the National Plan for Water Security, the National Strategy for Climate Change, the National Biodiversity Strategy, the National Forest Strategy, the National Wetlands Policy and the National Ocean Policy – all with a 2050 horizon - can be achieved. These policies and plans were developed with the inclusive participation of organised civil society.

Cooperation

The EU Regional Cooperation Office reported financial support of EUR 120 million for Central America for the period 2014-2020. Three sectors are supported by these funds: regional economic integration to maximise the benefits of the Central America-EU Association Agreement, security and the rule of law, to help respect human rights and promote a culture of peace; and climate change and disaster management to contribute to sustainable development. With regard to regional economic integration, more than EUR 55 million has been invested, contributing to the adoption of the Regional Strategy for Productive Transformation, improving the competitiveness of MSMEs and boosting value chains to enhance environmental sustainability and gender equality. With regard to security and the rule of law, to help respect human rights and promote a culture of peace, the EU emphasised that it contributed to the training of more than 17000 people in prevention of violence in local communities in border zones of the region. Finally the EU is currently investing EUR 64 million on climate change and disaster management in Central America. This investment is expected to support 330,000 families of small and medium sized producers to fight coffee rust, to strengthen the National Information Systems in Food and Nutrition Security and the restoration of ecosystems. The EU expressed its readiness to continue to support the Central American region in achieving the objectives set out in the Title, and highlighted several successful sustainable production cases resulting from the implementation of these projects.

The EU was currently defining its programming for Regional Cooperation for the period 2021-2027.



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SIECA informed the Board about the projects currently financed by the EU, including projects specifically linked to trade and sustainable development. With regard to the Regional Economic Integration Project of Central America (INTEC), it reported that it consisted of three components; the modernisation and convergence of the regional framework, the regional technological infrastructure for trade facilitation (the Central America Digital Platform), and the strengthening of the Central American capacity for trade in goods and services to reap the benefits of the Association Agreement. The EU mentioned that under this latter component, a project implemented by the CBI aims to strengthen competitiveness, export capacity and the uptake of Corporate Social Responsibility in SMEs in Central America, and the project implemented by the International Trade Centre (ICT), "linking Central American Women's Companies with Handicraft and Interior Decoration Markets", which aims to support women entrepreneurs in Central America in the sale of handicrafts on the European market, including through electronic commerce, SIECA highlighted the proposed "ADESEP - Lot 2 grant" which aims at boosting innovation, linking up with business networks at global level, and entrepreneurship in the Central American region. Finally, it reported on progress made in the project "Strengthening Central American Trade Policy" and "Strengthening SMEs with emphasis on regional value chains". Finally, SIECA indicated its interest and willingness to collaborate and provide information to the Board, contributing to the implementation and fulfilment of the objectives set out in the Title.

Both presentations provoked interest and comments, particularly with regard to the exchange and provision of information on EU cooperation. In this regard, it was agreed to develop a matrix specifying topics and points relevant for the implementation of the Trade and Sustainable Development Title and identifying regional and bilateral cooperation projects related to these topics. This matrix will serve as a tool to identify relevant actions and opportunities for future cooperation. The Board on Trade and Sustainable Development invited representatives of EU regional cooperation and SIECA to participate in its future meetings in order to facilitate the exchange of information.

In addition, the Board requested SIECA to provide information on cooperation projects related to trade and sustainable development, their results and to report on future opportunities for support.

Discussion of the advisory group's written recommendations

The Board considered the written recommendations received from the advisory groups from the EU and the Central American countries.

The Board underlined the important progress made by these groups in organisation and coordination, and also highlighted the logistical support provided by the EU that had facilitated the participation of advisory groups from both regions in meetings and in the Civil Society Dialogue Forum.

The Central American countries expressed the importance of establishing a dialogue with their respective advisory groups on the recommendations made in the document received. For its part, the EU stated its intention to respond in writing to the document provided by its advisory group.

Both sides reiterated their intention to further strengthen corporate social responsibility and decent work agenda, topics that are mentioned in both documents provided by the advisory groups.

Next steps:



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The priority areas identified in the Board meeting in 2018 were reconfirmed along with the interest in continuing to share experiences and to identify opportunities for support in these areas:

- corporate social responsibility;
- responsible and sustainable production chains;
- boosting employment that takes into account the decent work agenda, gender and the promotion of green economies;
- sustainable agriculture including climate change and compliance with market requirements; and
- strengthening of advisory groups.

The Parties agreed to follow up on the bilateral topics of interest addressed during the meeting.

The Board will continue to work together to identify relevant actions and opportunities for future cooperation, to this end the EU will provide a first draft of a matrix on cooperation topics related to the Trade and Sustainable Development Title.

The regional cooperation office of the EU and cooperation directorate of SIECA agreed to maintain contact through electronic means with the members of the Board and to organize events to provide information on opportunities and results of cooperation projects relevant to the Trade and Sustainable Development Chapter in the framework of the next meeting of the Board.

The Board called on the regional cooperation office of the EU and cooperation directorate of SIECA to explore opportunities for support for projects on topics relevant to the Trade and Sustainable Development Chapter.



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