

## SELECTED ISSUES OF THE RECENT TRADE AGREEMENT BETWEEN THE EUROPEAN UNION AND COLOMBIA<sup>1</sup>

Por el Dr. ILDIKÓ SZEGEDY-MASZÁK PH.D.<sup>2</sup>  
*Professor International Economic Law*  
*Pontificia Universidad Javeriana Bogotá*

### Resumen

En el presente artículo se discuten elementos de los procesos políticos y económicos que llevaron a la firma y entra en vigor del reciente Tratado de Comercio entre la Unión Europea y Colombia. Se demuestran las dificultades de las negociaciones entre bloques con la Comunidad Andina y el resultado final de un trato «binacional». Se analizan los diferentes intereses económicos de ambas partes y se hace mención a los debates que surgieron alrededor del Tratado. Así mismo se llama la atención a posibles efectos negativos del Acuerdo en el futuro especialmente en el sector agropecuario en Colombia.

### Abstract

The present article discusses elements of the political and economic processes that resulted in the signing and entry into force of the recent Trade Agreement between the European Union and Colombia. It demonstrates the difficulties in negotiating between regional integrations with the Andean Community, which finally resulted in «binational» treatment. The different economic interests of the parties are also discussed, as well as the debates which developed in relation with the Agreement. Attention is also given to the possible future negative effects of the Agreement especially in the Colombian agricultural sector.

---

<sup>1</sup> Artículo producto del proyecto de investigación «El Derecho Económico en Colombia y sus relaciones con las directrices y recomendaciones de las instituciones públicas de Derecho Económico transnacional», I.D. Proyecto: 00005131 de la Facultad de Ciencias Jurídicas, Pontificia Universidad Javeriana. El texto se finalizó con fecha 30 de noviembre de 2013.

<sup>2</sup> Contacto: ildiko@javeriana.edu.co.

## SUMARIO

- I. INTRODUCTION
- II. BI-REGIONAL DIALOGUE BETWEEN THE EUROPEAN UNION AND THE ANDEAN COMMUNITY
- III. FROM REGIONAL ASSOCIATION AGREEMENT TOWARDS BILATERAL TRADE AGREEMENT
- IV. GENERAL NEGOTIATING POSITIONS REGARDING THE BILATERAL TRADE AGREEMENT
- V. CONCLUSIONS

## I. INTRODUCTION

Colombia, as most Latin American countries, are considered to face the traditional extractive and primary products trap; as market liberalization did not necessarily result in increasing growth rates, production diversification, or job creation, thus further deepening the social gap. For this reason, there are opinions, which propose the productive reactivation of these economies, giving priority to domestic markets, agricultural production and food security, also including topics of sovereignty and environmental protection, whereas special attention is given to the negative effects of actual downsizing of the States.

Market liberalization is supposed to result in access to new markets. In developing countries' economies agricultural production is of fundamental importance. For this reason, their interest is to export products to foreign markets. Developed countries have major agricultural production and are themselves exporters of agricultural products. On the other hand, certain developed countries, including the European Union have implemented protectionist agricultural policies. In the apparent failure of the W.T.O. talks developed countries and regions, among them the European Union, seek to negotiate Preferential Trade Agreements under W.T.O. plus conditions with developing countries such as the Trade Agreement between the European Union and Colombia.

The present article discusses the Trade Agreement between the European Union and Colombia in this diverse political and economic context. First, the Bi-Regional Dialogue between the European Union and the Andean Community is presented, which provides the framework of the trade talks; then the development of the trade negotiations from Regional Association Agreement towards Bilateral Trade Agreement is analyzed. Finally, the General Negotiating Positions Regarding the Bilateral Trade Agreement are presented.

## II. BI-REGIONAL DIALOGUE BETWEEN THE EUROPEAN UNION AND THE ANDEAN COMMUNITY

Relations between the European Community and the C.A.N.<sup>3</sup> have been vitalized with a second generation cooperation agreement signed in 1983 focusing on the promotion of economic relations but including articles on development

---

<sup>3</sup> The Andean Community was established in 1969. The model of this integration was the European Economic Community although the Andean Community was developed in the form of an «open integration» based on a web of bilateral and multilateral agreements.

cooperation. This agreement introduced the pro-integration approach to E.U.-C.A.N. relations.

The specialized dialog on illicit drugs was also initiated in the early 1990s. Cooperation in this matter between the E.U. and the C.A.N. was based on the principle of «shared responsibilities». This cooperation was formalized through bilateral agreements and a regional Agreement on Cooperation and Technical Assistance for the Fight against Drug Trafficking in the Andean Region in 1998, which resulted among others in 50 projects of law harmonization in the area of illicit drugs<sup>4</sup>. As a result of Colombia initiating a campaign to achieve greater access for licit exports in the European Community, the «G.S.P.-Drugs»<sup>5</sup> special regime was established for the Andean Community countries in 1991, which provided duty free access to the European market for 90% of the C.A.N. exports. It was a unilateral measure revised every 4 years. In 2005 it was transformed into «G.S.P.-Plus and the tariff preferences were extended to developing countries in general»<sup>6</sup>. Thus, the increased number of beneficial countries together with the newly signed association and free trade agreements of the European Union with Chile and Mexico lessened the importance of this measure for the Andean Community countries.

In 1993 a Frame Cooperation Agreement was signed between the E.U. and the C.A.N. As a third generation cooperation agreement, it covered commercial issues and cooperation in the economic, commercial, investment and scientific fields. It also included a «human rights» clause<sup>7</sup>. The Andean Community countries expressed their interest to negotiate an association agreement with the E.U. since 1999. The E.U. closed association agreement deals with Mexico and Chile by 2002, but it was postponing the negotiations with the C.A.N., which reflected a lack of commercial interests of the E.U. Nevertheless, the C.A.N. as a result of a Ministerial Dialog in 2000-2002 managed to push through the Madrid E.U./L.A.C. Summit in 2002 a declaration of intention by the E.U. to initiate negotiations towards an association and free trade agreement with the C.A.N. The compromise was first to negotiate a new political and cooperation agreement and later a free trade agreement.

A new Agreement on Political Dialog and Cooperation between the European Union and the C.A.N. was signed in 2003<sup>8</sup>. During the negotiations the

---

<sup>4</sup> Jorge A. QUEVEDO FLORES, *El espacio eurolatinoamericano 1992-2007: una estrategia efectiva de política exterior común hacia América Latina*, Doctoral Thesis, Universidad Complutense de Madrid, 2008.

<sup>5</sup> The E.E.C. established the Generalized System of Preferences (G.S.P.) in 1971 which the Andean Community countries have benefited since then. It was redesigned and extended in the form of G.S.P.-Drugs in 1991.

<sup>6</sup> G.S.P.-Drugs was converted into G.S.P.-Plus to comply with W.T.O. requirements.

<sup>7</sup> *Ibidem*, n.º 4. Quevedo Flores.

<sup>8</sup> Agreement on Political Dialog and Cooperation between the European Union and the Andean Community has not been ratified by all parties yet.

E.U. made it clear that the principal objective of cooperation was to promote regional integration in order to maintain political stability and to protect democracy and human rights. In economic terms as a result of regional integration the E.U. expected increased economic performance of the Andean Community countries to establish a stable free trade zone, which would benefit European companies.

Later, at the Guadalajara E.U./L.A.C. Summit in 2004 the decision was made to launch a joint assessment exercise on the current state of the Andean integration process<sup>9</sup>, to be followed by the negotiation of a Free Trade Agreement between the parties as part of an association agreement. At the Vienna E.U./L.A.C. Summit in 2006 it was finally decided to initiate the negotiations of an association agreement between the European Union and the Andean Community in 2006. The negotiations of the Association Agreement between the European Union and the Andean Community were officially launched at the Andean Presidential Summit on 14 June 2007 in Tarija.

To initiate the negotiations of an Association Agreement between the Andean Community and the European Union was requested by the member countries of the Andean Community. These negotiations of the Association Agreement were converted into a multiparty bilateral Trade Agreement between the European Union and Colombia and Peru, as Bolivia and later Ecuador left the negotiating table. It was also the sign of a political division in the Andean Community regarding among others international trade relations.

### III. FROM REGIONAL ASSOCIATION AGREEMENT TOWARDS BILATERAL TRADE AGREEMENT

The Andean Council of Ministers of Foreign Affairs in its Decision No. 667 of 2007 on the negotiations of an association agreement with the E.U. established that the agreement was the expression of solidarity between the two regions, if the differences in the levels of economic development and economic visions of the member countries of the Andean Community as well as the asymmetries between the European Union and the Andean Community were adequately considered<sup>10</sup>. The first round of the negotiations took place in Bogota in September 2007. Notwithstanding, after three rounds the negotiations were suspended as in the Andean Community the parties did not manage to present a common position. As a result of the early crisis of the Association Agreement, at the fifth E.U./L.A.C. Summit in Lima in May 2008<sup>11</sup> the principle of flexibility was estab-

---

<sup>9</sup> In July 2006 the joint assessment exercise was finished with success. Recommendations were made in the following main areas: Andean common tariff system, market liberalization for services, intellectual property rights, competition policies, sanitary/phytosanitary measures, technical obstacles of commerce, and public procurement.

<sup>10</sup> The negotiations took place between September 2007 and July 2009.

<sup>11</sup> Lima Declaration, 2008.

lished to facilitate the negotiation process<sup>12</sup>. The strengthening of the Andean Community integration was also declared as the main goal of the Association Agreement<sup>13</sup>. Each member country of the Andean Community was allowed to enter into any of the three chapters (on political dialog, cooperation and commerce) of the Association Agreement according to its possibilities, desired intensity and speed<sup>14</sup>.

On the other hand, it was only weeks after the Lima Declaration that the fourth round of negotiations of the Association Agreement was cancelled. At the Guayaquil Summit of the Andean Community in October 2008 there were signs of an ever-deepening distance between the member countries impeding to establish a common ground in commercial issues. Simultaneously, recognizing the crisis, Colombia and Peru requested the European Union to initiate trade talks towards bilateral commercial agreements<sup>15</sup>. Ecuador presented a separate but similar petition to the European Union; while, Bolivia was still insisting on the negotiations between blocks<sup>16</sup>.

As a result of the above, the E.U. redirected the Commission's mandate: a) to continue negotiations with the Andean Community to update the 2003 Agreement on Political Dialog and Cooperation (as part of the political dialog and cooperation chapters of a future Association Agreement); b) to negotiate in a multiparty structure the commercial chapter between the European Union and interested member countries of the Andean Community with the possibility of any member country to join negotiations at any time or to join the negotiated agreement in the future.

The multiparty commercial negotiations started in Bogota in February 2009 with the participation of Colombia, Peru and Ecuador<sup>17</sup>. Ecuador left the negoti-

---

<sup>12</sup> It officially recognized the asymmetries within the Andean Community and between the European Union and the Andean Community.

<sup>13</sup> Various concessions were made considering the form of negotiations. The original position of the European Union was to negotiate only between blocks based on common positions of the participating integrations not allowing differentiated treatment for the member countries of the Andean Community. This apparently inflexible position of the European Union was based on the main goal of the Association Agreement to negotiate inter-integration relations, which as its nature required common positions.

<sup>14</sup> These concessions resulted to be a «double-edge» sword: they were implemented as a last effort to maintain negotiations of the association agreement, but they also led to bilateralism.

<sup>15</sup> Green light for Colombia to discuss F.T.A. with the E.U. (2009). *Semana.com International*, 2 February. Retrieved from: <http://www.semana.com/international/articulo/green-light-for-colombia-to-discuss-fta-with-the-eu/99782-3>.

<sup>16</sup> The position of Bolivia was controversial. It rejected the commercial chapter especially as related to intellectual property rights, services market liberalization and biodiversity clauses. Notwithstanding, Bolivia insisted on negotiating in blocks towards an association agreement.

<sup>17</sup> The second round took place in Lima in March, the third round in Quito in April, the fourth round in Bogota in June, the fifth round in Lima in July, the sixth round in September in Brussels,

ating table before the fifth round<sup>18</sup> and has not signed any agreement with the E.U. yet. Bolivia did not participate formally in the negotiations of the Trade Agreement with the European Union and criticized Colombia and Peru for their decision to carry on with the trade talks. These developments reflected that there were two opposing political bands in the Andean Community: on one side Colombia and Peru favoring free trade agreements, and on the other side Bolivia and Ecuador, which apparently chose A.L.B.A.-T.C.P.

#### IV. GENERAL NEGOTIATING POSITIONS REGARDING THE BILATERAL TRADE AGREEMENT

The original objective of the commercial chapter of the Association Agreement was to negotiate a free trade area. The bilateral, multiparty commercial negotiations did not change this objective. Technically this bilateral multiparty commercial agreement is a free trade agreement.

G.S.P.-Plus was the baseline of the trade negotiations. As a result of the G.S.P.-Plus more than 7,200 products could enter into the European Union market in the 0 tariff bracket<sup>19</sup>. G.S.P.-Drugs and G.S.P.-Plus (since 2005)

the seventh round in Bogota in November, the eight round in Bogota in January 2010, and the ninth final round in Brussels in March 2010.

<sup>18</sup> Ecuador left the negotiating table before the fifth round and requested time to analyze the implications of the Trade Agreement in connection with the new constitution of Ecuador. Notwithstanding, the absence of Ecuador had two additional reasons. First, according to Ecuador, the European Union had not complied with various W.T.O. decisions in favor of Ecuador to decrease import duties on bananas, which was the single most sensitive product in its commercial relation with the European Union (The W.T.O. banana debate was finally resolved in 2012). On the other hand, Ecuador expressed that its absence was also due to its position to insist on a commercial agreement for development.

<sup>19</sup> The following Table describes the commercially significant products with preferential treatment additionally included into the Trade Agreement for Colombia and the liberalized commercially significant high tariff import goods from the European Union.

Table 4.5. E.U. imports from Colombia not currently duty-free under G.S.P.+

C.N.S.	Description	Average 2008-10 (€ mn)	Share of total	G.S.P.+	Treatment by E.U. in the Agreement
08030019	Bananas, fresh (excl. plantains)	783.9	18.1%	143 €/tonne/net	Reduction in annual stages to reach 75€/1 tonne on Jan. 2020. If a «trigger volume» (which increases each year) is exceeded during any year before then, the E.U. may suspend the pref. for up to 3 months during that calendar year and charge the MFN rate. Review due in 2019.
03061350	Frozen shrimps	40.6	0.9%	3.6	FreeonEIF

Note: Only those goods which feature at the most disaggregated, national tariff line (NTL), level and which comprise at least 0.5% of total imports are presented.

Sources: Eurostat COMEXT data base; UNCTAD TRAINS data base; ECTARIC Consultation.

were considered as major instruments of trade promotion between the two regions<sup>20</sup>.

The major difference between the Trade Agreement and the G.S.P.-Plus was that G.S.P.-Plus can be unilaterally revoked or not extended for future periods by the E.U. Furthermore, as a result of growing commercial relations or level of development<sup>21</sup>, a country could fall off the application of G.S.P.-Plus too. On the contrary, as the Trade Agreement is a bilateral measure; its modification requires consent of the parties. The Trade Agreement provided legal guarantee to continue with these preferential measures, especially in the moment when the European Union considered focusing G.S.P.-Plus scheme on least developed countries and lower preferential access for middle income countries such as Colombia<sup>22</sup>.

The E.U. had its own interests in the negotiations of the Trade Agreement. As stated by Karel De Gucht European Commissioner for Trade<sup>23</sup>, trade was considered by the European Union as a tool to help the E.U. out from its difficult economic situation. Their main purpose was to secure a stable investment climate for European companies<sup>24</sup>. For this reason, the E.U. put emphasize on the

Table 4.8. High-tariff Colombian imports from the E.U.

<i>N.T.L. code</i>	<i>Description</i>	<i>Average 2008-10 (€ mn)</i>	<i>Share</i>	<i>M.F.N. 2010</i>	<i>Treatment in F.T.A.</i>
2208300000	Whiskies	19	0.6%	20	Free 11th yr
4810131900	Paper and parperboard used for writing, printing or other graphic purposes	19	0.6%	15	Free in 6th yr
7306190000	Litne pipe of a kind used for oil or gas pipelines, welded, of flat-rolled products of iron or steell	18	0.6%	15	Free in 8th yr
8421299000	Machinery and apparatus for filtering or purifying liquids	20	0.7%	15	Free 11th yr
8703231000	Motor cars and other motor vehicles, with spark-ignition internal combustion reciprocating piston engine of a cylinder capacity > 1.500 cm but <= 3.000 cm	14	0.5%	35	Free 8th yr

Note: Only those goods which feature at the most disaggregated, national tariff line (N.T.L), leve and which comprise at least 0.5% of total imports are presented.

Source: ITC. Trade Map; UNCTAD TRAINS database.

Source: European Parliament, Directorate-General for External Policies of the Union, Directorate B, Policy Department, *Study-European Union: «Trade Agreement» with Colombia and Peru*, 2012, págs. 33, 35.

<sup>20</sup> 35% of Colombian exports to the European market were coal, which fell into this category, together with flowers and coffee.

<sup>21</sup> Article 3.1 of the G.S.P.-Plus regulation provided that beneficiary countries are removed from the scheme for the reason of «graduation».

<sup>22</sup> *Ibidem*, n.º 19. European Parliament, pág. 23.

<sup>23</sup> Public Hearing on the Trade Agreement between European Union Colombia and Peru of the Committee on International Trade at the European Parliament Brussels, 29 February 2012. Retrieved from: [http://europa.eu/rapid/press-release\\_MEMO-12-487\\_en.htm?locale=en](http://europa.eu/rapid/press-release_MEMO-12-487_en.htm?locale=en).

<sup>24</sup> The E.U. has F.T.As. with Chile, Mexico, Turkey, Egypt, Morocco, Israel, Jordan, South Korea, Cariforum and Central America; the E.U. is currently negotiating F.T.As. with Canada, and



Singapore issues (regarding investment, competition, government procurement and trade facilitation), liberalization of the services sector, national treatment in competition and government procurement, protection of intellectual property rights; and negotiated important tariff reductions on high quality agricultural products (especially alcoholic beverages), chemicals and pharmaceuticals as well as textiles and vehicles.

In government procurement the market opening for the E.U. resulted in larger concessions than any such access given to any other third countries by Colombia and Peru; including full access to local municipalities' procurement. The services and establishment provisions also served important E.U. interests in areas of manufacturing and services industries; energy, mining and extraction; financial services; professional services; maritime transport and telecommunication services and in the case of Colombia airport, engineering and printing services. Intellectual property rights were especially important regarding border enforcement measures which went beyond other international commitments and covered copyrights, trademarks and geographical indications (this latter to be implemented in a future phase)<sup>25</sup>.

As to industrial products 99.9% of Colombian exports became duty free<sup>26</sup>. The major interest of Colombia was in hydrocarbons and plastics<sup>27</sup>, textiles/knitted and crocheted fabrics<sup>28</sup> and apparel/clothing accessories<sup>29</sup>, where duty free treatment and favorable rules of origin were achieved.

The most important agricultural issues of the Trade Agreement for Colombia were E.U. market access for banana, sugar and tobacco. Banana is one of the Colombian products with most export potential in the E.U. market. Traditionally, the E.U. provided to A.C.P. (African, Caribbean, and Pacific) countries and former European colonies' banana imports preferential treatment. Preferential treatment excluded important banana exporter Latin American countries such as Brazil, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru and Venezuela. It also resulted in one of the longest W.T.O.

---

A.S.E.A.N. (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Filipinas, Singapore, Thailand and Vietnam). At the moment the idea to negotiate an F.T.A. with the U.S. was also discussed. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

<sup>25</sup> *Ibidem*, n.º 23.

<sup>26</sup> Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

<sup>27</sup> All items of the product chain included in tariff lines 2901-2904 for hydrocarbons and tariff line 40 for plastics were included for duty free treatment.

<sup>28</sup> All items included in tariff lines 50-60 received duty free treatment. In general for textiles the import of fibers was allowed from third countries if the thread was produced in Colombia. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

<sup>29</sup> All items included in tariff lines 61-63 received duty free treatment. In general for textiles the import of thread was allowed from third countries if the textile was produced in Colombia. Additionally, for the production of among others socks, corset and panties; the nylon and elastomeric can be imported from third countries, allowing a potential 20-fold growth of these exports to the E.U. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

conflicts also known as the «banana saga»<sup>30</sup>. As agreement was finally reached in the «banana saga» in 2012, customs duties will be gradually reduced by 2017 from EUR 148 to EUR 114 per ton<sup>31</sup>. Notwithstanding, as Colombia negotiated the Trade Agreement with the E.U., the Trade Agreement provides even more tariff concessions for Colombian banana exports reducing customs duties by 2020 from EUR 148 to EUR 75 per ton<sup>32</sup>. That way, the concessions achieved by the Colombian negotiators for banana is probably the most important in economic terms regarding the whole agricultural chapter of the Trade Agreement<sup>33</sup>.

Sugar is one of the most protected agricultural products in the E.U. Sugar was originally excluded from G.S.P.-Plus. In the Trade Agreement a 62,000-ton duty free quota with 3% annual growth was established for E.U. sugar imports from Colombia, with a rule of origin based on 100% local grown and harvested sugar cane<sup>34</sup>. After banana, sugar is the most important concession achieved by the Colombian negotiators<sup>35</sup>. As to tobacco, duty free market access with a rule of origin of at least 70% locally originated materials was agreed<sup>36</sup>.

Additionally, other agricultural products with export potential received favorable treatment such as: ethanol and biodiesel<sup>37</sup>, flowers<sup>38</sup>, toasted coffee and

<sup>30</sup> In the «banana saga» the first complaints were presented by Colombia, Costa Rica, Guatemala, Nicaragua and Venezuela against the European Union in 1993. After various panels, arbitration, modification in the E.U.'s banana import regimes and the intervention of the U.S., on 15 December 2009 the Geneva Agreement on Trade in Bananas (G.A.T.B.) was reached, which entered into force on 1 May 2012. Retrieved from: <http://trade.ec.europa.eu/doclib/press/index.cfm?id=843> and [http://www.wto.org/english/news\\_e/pr591\\_e.htm](http://www.wto.org/english/news_e/pr591_e.htm).

<sup>31</sup> In the first year of entry into force of the Trade Agreement EUR 13.6 million are estimated to be saved in customs duties, while E.U. safeguards will be applicable until 2019. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

According to the safeguard measure, the trigger volume of the banana quota starts from 1,350,000 tons for 2010. If the trigger volume is met in a calendar year, the E.U. can suspend the preferential customs duty for a period not exceeding three months in the same calendar year. Andrés ESPINOSA FENWARTH, *Análisis del Acuerdo de Asociación entre Colombia y la Unión Europea: agricultura y medidas sanitarias y fitosanitarias*, in *Serie Estudios y Perspectivas*, Bogotá, CEPAL, 2013, pág. 62.

<sup>32</sup> It could result in EUR 80 million customs duty savings already in the first year of the functioning of the Trade Agreement. ESPINOSA FENWARTH, *op. cit.*, pág. 65.

<sup>33</sup> ESPINOSA FENWARTH, *op. cit.*, pág. 65.

<sup>34</sup> The E.U. sugar export subsidy system was modified in 2004 as a result of a W.T.O. case presented by Brazil, Australia and Thailand. The annual sugar export value of the E.U. is EUR 1,300 million. As a related sector Colombian sugar confectionery also received a 20,000-ton duty free quota with 3% annual growth. *Ibidem*, n.º 31. ESPINOSA FENWARTH, *op. cit.*, pág. 65.

<sup>35</sup> *Ibidem*, n.º 31. ESPINOSA FENWARTH, *op. cit.*, pág. 65.

<sup>36</sup> Colombia expects to export USD 100 million value tobaccos to the E.U. in the next 7 years. The eliminated customs duty is equal to EUR 56 per 100 kg. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

<sup>37</sup> Ethanol and biodiesel received immediate duty free access. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

Ethanol and biodiesel are considered to be one of the most important future agricultural product markets for Colombia in the E.U. *Ibidem*, n.º 31. ESPINOSA FENWARTH, *op. cit.*, pág. 66.

<sup>38</sup> Flowers are traditionally important agricultural export product to the E.U. market. As a result of the Agreement, flowers could enter immediately duty free to the E.U. market (the same

coffee preparations<sup>39</sup>, crude and refined palm oil<sup>40</sup>, and fruits and vegetables<sup>41</sup>. On the other hand, among the sensitive products for Colombia, dairy markets were open for the E.U. competition with a 15-year grace period; and bovine meat achieved very low concessions<sup>42</sup>; while E.U. wheat and barley exports to Colombia were immediately liberalized. Notwithstanding, other sensitive products for Colombia such as pig meat, poultry meat, corn and rice were excluded from the negotiations.

For Colombia the dairy sector related issues were the most controversial aspects of the Trade Agreement between the European Union and Colombia. They reflected differing economic interests, trade asymmetries as well as political debate between the negotiating parties and between the different policy actors in the European Union and in Colombia. The political debate in Colombia was about the productivity of the dairy sector and the required agricultural policies to enhance its competitiveness. Notwithstanding, this debate became part of a wider discussion about the fundamental problems of the agricultural sector in Colombia. In the European Union the Trade Agreement was supported by the State actors. On the other hand, certain political parties and civil society organizations opened debate about the Agreement because of human rights issues as well as international trade considerations. Their views regarding the potential dangers of trade asymmetries for the agricultural sector and specifically for the dairy sector were shared by the Colombian civil society organizations<sup>43</sup>.

---

treatment as in G.S.P.-Plus) but with rule of origin that allows the import of genetic material from third countries. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

<sup>39</sup> Roasted coffee and coffee preparations received immediate duty free access. On the other hand, based on E.U. request (most probably representing the interest of E.U. coffee roasters), Colombia accepted to include its regulation of quality control and subsidies and other incentives for the coffee sector in the Joint Declaration for restrictable and revisable policies. *Ibidem*, n.º 31. ESPINOSA FENWARTH, *op. cit.*, pág. 71.

<sup>40</sup> Crude and refined palm oil received immediate duty free access with rule of origin of 100% local crude oil. Crude and refined palm oil are also considered as important future agricultural export products for Colombia in the E.U. *Ibidem*, n.º 31. ESPINOSA FENWARTH, *op. cit.*, pág. 66.

<sup>41</sup> The majority of fruits and vegetables received immediate duty free treatment with 50% of rule of origin regarding fruit and vegetable preparations. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

On the other hand, for the following fruits and vegetables the E.U. maintained its entry price system (which in practice is equal to a minimum customs duty): citric, mandarins, limes, tomatoes and cucumber. *Ibidem*, n.º 31. ESPINOSA FENWARTH, *op. cit.*, pág. 67.

<sup>42</sup> 5,600 tons of duty free quota with a 10% annual growth was negotiated for beef; all depending on the sanitary situation of Colombia, whereas currently, there is no access for Colombian animal products to the E.U. market. Once sanitary access is achieved, annually EUR 23 million can be saved on customs duties only for this product. Retrieved from: <https://www.mincomercio.gov.co/publicaciones.php?id=3405>.

On the other hand, with better negotiations much higher beef quota could have been achieved. Interview with Andrés Espinosa Fenwarth, Colombian chief negotiator for agricultural products.

<sup>43</sup> Ildikó SZEGEDY-MASZÁK, *Consequences of the Trade Agreement between the European Union and Colombia and the Globalized Nation-State as a Solution: the Case of the Colombian Dairy Sector*, págs. 277-278, unpublished.

According to the 2010 Commission Services Position Paper, as a result of the Trade Agreement over the long run the Colombian G.D.P. would grow by 1.3%, while the Peruvian G.D.P. by 0.7%, and farm export tariff savings could amount to EUR 150 million<sup>44</sup>. The major beneficiaries of the trade liberalization in Colombia are supposed to be certain agricultural producer and the processed agricultural good sectors such as sugar and fruits; manufacturers of textiles, clothing and leather goods; as well as the heavy industrial goods sector and mining and hydrocarbons<sup>45</sup>. As regards the expansion of mining and hydrocarbons, this independent study included a warning of negative effects on local populations, labor rights and real wages. In connection with agribusiness, especially regarding biofuels and palm oil sectors, the study drew the attention to possible social issues related to land ownership, situation of small farmers including a risk of further displacement of population.

## V. CONCLUSIONS

Trade liberalization is considered to have in general positive effects on economic development. On the other hand, each trade agreement must be considered in its own historic, economic, social and cultural context. There were international political discussions present around the negotiations of the Trade Agreement between the European Union and Colombia. Notwithstanding, on the Colombian side there is growing unrest especially considering the impact of the Agreement on agricultural production. Furthermore, it seems that neither trade asymmetries nor regional integration interests in the Andean Community

---

<sup>44</sup> Overall, the Trade Agreement resulted in a 100% elimination of customs duties for industrial products and fisheries with E.U. tariffs fully removed from the entry into force of the Agreement; and for Peru and Colombia after a 10-year transition period. It is equal to a EUR 0.5 billion annual saving on tariffs from which at least EUR 250 million correspond to E.U. exporters. Annually EUR 60 million for the textiles industry, EUR 30 million for automotive industry, EUR 10 million for alcoholic beverages and EUR 18 million for telecoms equipment companies. After a transition period (up to 17 years) for agricultural and processed agricultural products an additional yearly EUR 22 million of tariff savings is expected for the E.U. *Ibidem*, n.º 23.

<sup>45</sup> According to the European Commission, the bilateral trade in goods between the E.U. and Colombia and Peru was EUR 21.1 billion in 2011. The E.U. exported EUR 5 billion to Colombia and EUR 2.8 billion to Peru. On the other hand, the E.U. imported EUR 6.9 billion from Colombia and EUR 6.4 billion from Peru. It resulted in trade surplus for Colombia and Peru with larger surplus for Peru (retrieved from: [http://europa.eu/rapid/press-release\\_IP-12-690\\_en.htm](http://europa.eu/rapid/press-release_IP-12-690_en.htm)). According to trade statistics provided by the Directorate General for Trade of the European Commission in March 2012 (retrieved from: [http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc\\_113367.pdf](http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_113367.pdf)), between 2009 and 2011 there was an important trade development between the European Union and Colombia. 13.9% of yearly average growth of imports by the E.U. from Colombia and 12.7% of yearly average growth of exports of the E.U. to Colombia were registered. The 2010-2011 variations were 45,4% and 26,4% respectively. There was a remarkable change in the composition of products imported from Colombia by the European Union. In 2007 the participation of fuels and mining products in all E.U. imports from Colombia was 42.2% which grew to 66.6% by 2011. In the same period almost all other products lost importance in imported products' composition, notably agricultural products' share decreased from 40.2% to 25.1%.

were finally treated in an adequate manner. These appreciations are appropriate to be included in present research agendas not only in Colombia but also in the European Union.

## REFERENCES

- EUROPEAN COMMISSION, *Commission Services Position Paper on the Trade Sustainability Impact Assessment (S.I.A.) of the Multiparty Trade Agreement with Andean Countries*, 2010, Retrieved from: <http://trade.ec.europa.eu/>.
- EUROPEAN PARLIAMENT, Directorate-General for External Policies of the Union, Directorate B, Policy Department, *Study-European Union: «Trade Agreement» with Colombia and Peru*, 2012, Retrieved from <http://www.europarl.europa.eu/>.
- ESPINOSA FENWARTH, Andrés, *Análisis del Acuerdo de Asociación entre Colombia y la Unión Europea: agricultura y medidas sanitarias y fitosanitarias*, in Serie Estudios y Perspectivas C.E.P.A.L., Bogotá, 2013, Retrieved from <http://www.cepal.org/>.
- QUEVEDO FLORES, Jorge A., *El espacio eurolatinoamericano 1992-2007: una estrategia efectiva de política exterior común hacia América Latina*, Doctoral Thesis, Universidad Complutense de Madrid, 2008, Retrieved from: <http://eprints.ucm.es/>.
- SZEGEDY-MASZÁK, Ildikó, «Association/Free Trade Agreement-bi-regional partnership between European Union and Andean Community», *Revista de Derecho de la Universidad del Norte*, 32, 2009, págs. 218-245.
- *Consequences of the Trade Agreement between the European Union and Colombia and the Globalized Nation-State as a Solution: the Case of the Colombian Dairy Sector*, Doctoral Thesis, Universidad Externado de Colombia (unpublished).