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Proposal for a

COUNCIL DECISION

**on the conclusion of the Political Dialogue and Cooperation Agreement with the
Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama**

EXPLANATORY MEMORANDUM

The EU-Central America Political Dialogue and Cooperation Agreement (PDCA) was signed on 15 December 2003 in Rome. Due to the mixed nature of this agreement, Member States had to ratify the agreement. This phase was concluded in December 2011 with the deposit of the last two outstanding ratifications.

According to the provisions of the agreement, it will enter into force one month after the deposit of this instrument of approval.

Proposal for a

COUNCIL DECISION

on the conclusion of the Political Dialogue and Cooperation Agreement with the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 212(3), in conjunction with Article 218(6)(a) thereof,

Having regard to the proposal from the European Commission,

Having regard to the consent of the European Parliament,

Whereas:

- (1) In accordance with Council Decision 14855/03 of 8 December 2003¹, the the Political Dialogue and Cooperation Agreement with the Republics of **Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama** was signed on 15 December 2003, subject to its conclusion at a later date.
- (2) According to its Article 54(1) the Political Dialogue and Cooperation Agreement shall enter into force on the first day of the month following that in which the Parties notify each other of completion of the procedures necessary for this purpose.
- (3) All other parties to the Agreement, including all the Member States of the Union, have now deposited their instrument of ratification.
- (4) The agreement should be approved on behalf of the European Union,

HAS ADOPTED THIS DECISION:

Article 1

The Political Dialogue and Cooperation Agreement with the Republics of **Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama** is hereby approved on behalf of the Union.

The text of the Agreement is attached to this Decision.

¹ OJ L , , p. .

Article 2

The President of the Council shall designate the person empowered to proceed, on behalf of the European Union, to the notification of the Agreement, in order to express the consent of the European Union to be bound by the Agreement.

Article 3

This Decision shall enter into force on the [...] day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the Council
The President

ANNEX

POLITICAL DIALOGUE AND COOPERATION AGREEMENT

between the European Community and its Member States, of the one part, and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama of the other part

THE KINGDOM OF BELGIUM,

THE KINGDOM OF DENMARK,

THE FEDERAL REPUBLIC OF GERMANY,

THE HELLENIC REPUBLIC,

THE KINGDOM OF SPAIN,

THE FRENCH REPUBLIC,

IRELAND,

THE ITALIAN REPUBLIC,

THE GRAND DUCHY OF LUXEMBOURG,

THE KINGDOM OF THE NETHERLANDS,

THE REPUBLIC OF AUSTRIA,

THE PORTUGUESE REPUBLIC,

THE REPUBLIC OF FINLAND,

THE KINGDOM OF SWEDEN,

THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND,

Contracting Parties to the Treaty establishing the European Community and the Treaty on European Union, hereinafter referred to as the 'Member States', and

THE EUROPEAN COMMUNITY, hereinafter referred to as 'the Community'

of the one part, and

THE REPUBLIC OF COSTA RICA,

THE REPUBLIC OF EL SALVADOR,

THE REPUBLIC OF GUATEMALA,

THE REPUBLIC OF HONDURAS,

THE REPUBLIC OF NICARAGUA,

THE REPUBLIC OF PANAMA,

of the other part

CONSIDERING the traditional historical and cultural links between the Parties and the desire to strengthen their relations, building on the existing mechanisms that govern relations between the Parties;

CONSIDERING the positive development in both regions during the last decade, which has enabled the promotion of common goals and interests to enter into a new stage of relations, deeper and more modern and permanent, in order to respond to current internal challenges and to international events;

REAFFIRMING their respect for democratic principles and fundamental human rights as set out in the Universal Declaration of Human Rights;

RECALLING their commitment to the principles of the rule of law and good governance;

BASED on the principles of shared responsibilities and convinced of the importance of the prevention of the use of illicit drugs and reducing their harmful effects as well as tackling the illicit cultivation, production, processing and trafficking of drugs and their precursors;

HIGHLIGHTING their commitment to work together in pursuit of the objectives of poverty eradication, equitable and sustainable development, including aspects of vulnerability to natural disasters, environmental conservation and protection and biodiversity, and the progressive integration of Central American countries into the world economy;

EMPHASIZING the importance the Parties attach to the consolidation of the political dialogue and economic cooperation process built up between the Parties under the San Jose Dialogue initiated in 1984 and renewed in Florence in 1996 and in Madrid in 2002;

HIGHLIGHTING the need to strengthen the programme of cooperation governed by the Framework Cooperation Agreement between the European Economic Community and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama signed in 1993 (hereinafter referred to as the “1993 Framework Cooperation Agreement”);

RECOGNIZING the advances in the Central American economic integration process, such as for example, the efforts towards a prompt establishment of a Central American Customs Union, the entry into effect of the Trade Dispute Settlement Mechanism, the signing of the Central American Treaty on Investment and Trade in Services; as well as the need to deepen the process of regional integration, regional trade liberalization and economic reform within the Central American region;

AWARE of the need to promote sustainable development in both regions through a development partnership involving all relevant stakeholders, including civil society and the private sector, in line with the principles set out in the Monterrey Consensus and the Johannesburg Declaration, and its Plan for Implementation;

MINDFUL of the need to establish cooperation on migration issues;

RECOGNIZING that no provision in this agreement shall in any way refer to, nor shall be interpreted or construed in any way such as defining the position of the Parties in ongoing or future bilateral or multilateral trade negotiations;

EMPHASIZING the will to co-operate in international fora on issues of mutual interests;

BEARING IN MIND the strategic partnership developed between the European Union and Latin America and the Caribbean in the context of the 1999 Rio Summit and reaffirmed at the 2002 Madrid Summit; and

TAKING INTO ACCOUNT the Madrid Declaration of May 2002;

HAVE DECIDED TO CONCLUDE THIS AGREEMENT:

TITLE I

PRINCIPLES, OBJECTIVES, AND SCOPE OF THE AGREEMENT

Article I **Principles**

1. Respect for democratic principles and fundamental human rights, as laid down in the Universal Declaration of Human Rights, as well as for the principle of the rule of law, underpins the internal and international policies of the Parties and constitutes an essential element of this Agreement.
2. The Parties confirm their commitment to the promotion of sustainable development and to contribute to reaching the Millennium Development Goals.
3. The Parties reaffirm their attachment to the principles of good governance and the fight against corruption.

Article 2 **Objectives and Scope**

1. The Parties confirm their joint objective of strengthening their relations by developing their political dialogue and reinforcing their cooperation.
2. The Parties likewise reaffirm their decision to strengthen cooperation on trade, on investments, and on economic relations.
3. The Parties confirm their joint objective of working towards creating conditions under which, building on the outcome of the Doha Work Programme, which the Parties have committed to complete by the end of 2004, a feasible and mutually beneficial Association Agreement, including a Free Trade Agreement, could be negotiated between them.
4. Implementation of this Agreement should help to create these conditions by striving for political and social stability, deepening the regional integration process and reducing poverty within a sustainable development framework in Central America.
5. This Agreement governs the political dialogue and cooperation between the Parties and contains the necessary institutional arrangements for its application. No provision of

this agreement shall define the position of the Parties in ongoing or future bilateral or multilateral trade negotiations.

6. The Parties undertake to periodically assess progress, taking account of progress achieved before the entry into force of the Agreement.

TITLE II

POLITICAL DIALOGUE

Article 3

Objectives

1. The Parties agree to reinforce their regular political dialogue on the basis of the principles set out in the Joint Declarations of the San Jose Dialogue process, in particular the Declarations of San Jose (28/29 September 1984), Florence (21 March 1996) and Madrid (18 May 2002).
2. The Parties agree that political dialogue shall cover all aspects of mutual interest and any other international issue. It shall prepare the way for new initiatives for pursuing common goals and establishing common ground in areas such as regional integration, poverty reduction and social cohesion, sustainable development, regional security and stability, conflict prevention and resolution, human rights, democracy, good governance, migration, and the fight against corruption, counter-terrorism, drugs, and small arms and light weapons. It shall also provide a basis for initiatives to be taken and support efforts to develop initiatives, including cooperation, and actions throughout the Latin American region.
3. The Parties agree that a strengthened political dialogue shall enable a broad exchange of information and shall provide a forum for joint initiatives at international level.

Article 4

Mechanisms

The Parties agree that their political dialogue shall be conducted:

- (a) where appropriate and agreed by both Parties, at Heads of State and Government level;
- (b) at ministerial level, in particular in the framework of the Ministerial Meeting of the San Jose Dialogue;
- (c) at senior official level;
- (d) at working level;

and shall make maximum use of diplomatic channels.

Article 5

Cooperation in the field of foreign and security policy

The Parties shall, as far as possible and in accordance with their interests, co-ordinate their positions and take joint initiatives in the appropriate international fora and co-operate in the field of foreign and security policy.

TITLE III

COOPERATION

Article 6

Objectives

1. The Parties agree that the cooperation foreseen in the 1993 Framework Cooperation Agreement shall be strengthened and broadened to other areas. It shall focus on the following objectives:
 - (a) promotion of political and social stability through democracy, respect for human rights and good governance;
 - (b) deepening of the process of regional integration among the countries of Central America to contribute to higher economic growth and gradual improvement of quality of life for their peoples;
 - (c) poverty reduction and promotion of more equitable access to social services and the rewards of economic growth, ensuring an appropriate balance between economic, social and environmental components in a sustainable development context.
2. The Parties agree that cooperation shall take account of cross-cutting aspects relating to economic and social development, including issues such as gender, respect for indigenous peoples and other Central American ethnic groups, natural disaster prevention and response, environmental conservation and protection, biodiversity, cultural diversity, research and technological development. Regional integration shall also be considered as a cross-cutting theme and in that regard cooperation actions at national level should be compatible with the process of regional integration.
3. The Parties agree that measures aimed at contributing to regional integration in Central America and strengthening inter-regional relations between the Parties shall be encouraged.

Article 7

Methodology

The Parties agree that cooperation shall be implemented by means of technical and financial assistance, studies, training, exchanges of information and expertise, meetings, seminars, research projects or any other means agreed by the Parties in the context of the area of cooperation, the objectives pursued and the means available, in conformity with the norms and regulations that apply to this cooperation. All entities involved in cooperation will be subject to a transparent and accountable management of resources.

Article 8

Cooperation in the field of human rights, democracy and good governance

The Parties agree that cooperation in this field shall actively support governments and representatives of civil society through actions, in particular in the following areas:

- (a) promotion and protection of human rights and consolidation of the process of democratisation, including the management of electoral processes;

- (b) strengthening the rule of law and the good and transparent management of public affairs, including the fight against corruption at local, regional and national levels; and
- (c) reinforcing the independence and efficiency of judicial systems.

Article 9

Cooperation in the field of conflict prevention

1. The Parties agree that cooperation in this field shall promote and sustain a comprehensive peace policy which encourages dialogue among democratic nations in the face of present challenges including the prevention and resolution of conflicts, peace restoration and justice in the context of human rights. This policy shall be based on the principle of ownership and shall focus primarily on developing regional, sub-regional and national capacities. In order to prevent conflicts, and as required, it shall ensure equal political, economic, social and cultural opportunity for all segments of society, reinforce democratic legitimacy, promote social cohesion and the effective management of public affairs, establish effective mechanisms for peaceful conciliation of interests of different groups, and encourage an active and organized civil society, in particular making use of existing regional institutions.
2. Cooperation activities may include, as appropriate, among others, support for country specific mediation, negotiation and reconciliation processes, efforts developed to help children, women and elder people and for actions in the fight against anti-personnel mines.
3. The Parties shall also cooperate in the field of prevention and combat of illegal traffic of small arms and light weapons with the aim of developing, among others, coordination in actions to strengthen legal, institutional and police cooperation, as well as the collection and destruction of illicit small arms and light weapons in civilian hands.

Article 10

Cooperation to strengthen modernization of the state and public administration

1. The Parties agree that the objective of cooperation in this field shall be to strengthen modernization and professionalisation of public administration in Central American countries, including supporting the process of decentralization and organizational changes resulting from the process of Central American integration. In general, the aim shall be to improve organizational efficiency, to ensure transparent management of public resources and accountability, as well as to improve the legal and institutional framework based, among others, on best practices of the Parties and taking advantage of the experience gained through the development of policies and instruments in the European Union.
2. This cooperation may include, among other things, programmes aimed at building capacities for policy design and implementation in all areas of mutual interest, *inter alia* public service delivery, budget composition and execution, prevention of and fight against corruption and reinforcing judiciary systems.

Article 11
Cooperation in the field of regional integration

1. The Parties agree that cooperation in this field shall reinforce the process of regional integration within the Central American region, in particular the development and implementation of its common market.
2. Cooperation shall support the development and strengthening of common institutions in the Central American region and shall promote closer cooperation between the institutions concerned.
3. Cooperation shall also promote the development of common policies and the harmonization of the legal framework, only and exclusively to the extent that they are covered by the Central American integration instruments and as agreed by the Parties, including sectorial policies in areas such as trade, customs, energy, transport, communications, environment and competition, as well as the co-ordination of macroeconomic policies in areas such as monetary policy, fiscal policy and public finance.
4. More specifically, it may include, among others through the provision of trade related technical assistance:
 - (a) the provision of assistance to strengthen the process of consolidation and implementation of a functioning Central American customs union;
 - (b) the provision of assistance in reducing and eliminating obstacles to the development of intra-regional trade;
 - (c) cooperation in the simplification, modernization, harmonization and integration of customs and transit regimes and provision of support in terms of development of legislation, norms and professional training; and
 - (d) the provision of assistance to deepen the process towards the consolidation and functioning of an intra-regional common market.

Article 12
Regional cooperation

The Parties agree to use all existing cooperation instruments to promote activities aimed at developing active and reciprocal cooperation between the European Union and Central America and, without undermining cooperation between the Parties, between Central America and other countries/regions in Latin America and the Caribbean in areas such as trade and investment promotion, environment, natural disaster prevention and response, scientific, technical and technological research, energy, transport, communications infrastructure, culture, regional development and land use planning, among others.

Article 13
Trade cooperation

1. The Parties agree that cooperation in trade shall promote the integration of the countries of Central America into the world economy. It shall also aim to foster, through the provision of trade related technical assistance, the development and

diversification of intra-regional trade as well as trade with the European Union to the highest possible degree.

2. The Parties agree to implement an integrated trade cooperation agenda to best tap the opportunities that trade implies, broadening the productive base that will benefit from trade, including the development of mechanisms to face the challenges of greater market competition, and building those skills, instruments and techniques required to accelerate the enjoyment of all benefits of trade.
3. In order to implement the cooperation agenda, and to maximize the opportunities of bilateral, regional, or multi-lateral trade negotiations and agreements, the Parties agree to strengthen regional technical capacity building.

Article 14

Cooperation in the field of services

1. The Parties agree to strengthen their cooperation in the field of services, in conformity with the rules of the General Agreement on Trade in Services (GATS), reflecting the increasing importance of services for the development and diversification of their economies. Increased cooperation shall be aimed at improving the competitiveness of the Central American services sector in a manner consistent with sustainable development.
2. The Parties shall identify the services sectors on which cooperation will centre. Activities shall be geared, among other things, to the regulatory environment with due regard to domestic legislation, as well as to access to sources of capital and technology.

Article 15

Cooperation on intellectual property

The Parties agree that cooperation in this field shall be aimed at promoting investment, technology transfer, dissemination of information, cultural and creative activities and related economic activities as well as access and benefits sharing in the areas identified by the Parties. Cooperation shall be aimed at improving the laws, regulations and policies, with a view to promote levels of protection and enforcement of intellectual property rights in accordance with the highest international standards.

Article 16

Cooperation on public procurement

The Parties agree that cooperation in this field shall aim to promote reciprocal, non-discriminatory, transparent and, if the Parties so agree, open² procedures for respective government and public sector procurement, and where appropriate, at all levels.

Article 17

Cooperation in the field of competition policy

² As provided in Article 2(5), 'open' shall not be construed to mean 'access'.

The Parties agree that cooperation in the field of competition policy shall promote the effective establishment and application of competition rules as well as the dissemination of information in order to foster transparency and legal certainty for enterprises operating in the Central American and European Union markets.

Article 18

Customs cooperation

1. The Parties agree that cooperation in this field shall be aimed at developing measures related to customs and trade facilitation and promote the exchange of information concerning the customs systems of the Parties, in order to facilitate trade between the Parties.
2. As agreed by the Parties, cooperation may include, among others:
 - (a) simplification and harmonization of import and export documentation based on international standards, including use of simplified declarations;
 - (b) improvement of customs procedures, through methods such as risk assessment, simplified procedures for entry and release of goods, granting of authorized trader status, using electronic data interchange (EDI) and automated systems;
 - (c) measures to improve transparency and appeal procedures against customs decisions and rulings;
 - (d) mechanisms to promote regular consultation with the trade community on import and export regulations and procedures.
3. Consideration may be given, within the institutional framework established by this Agreement, to the conclusion of a mutual assistance protocol on customs matters.

Article 19

Cooperation on technical regulations and conformity assessment

1. The Parties agree that cooperation on standards, technical regulations and on conformity assessments is a key objective for the development of trade in particular with regard to intra-regional trade.
2. As agreed by the Parties, cooperation shall promote:
 - (a) provision of technical assistance programmes in Central America to ensure that systems and structures for standards, accreditation, certification and metrology are compatible with:
 - international standards;
 - essential requirements concerning health and safety, conservation of plants and animals, consumer protection and environmental protection. .
 - (b) the objective of cooperation in this area to facilitate market access.
3. In practice, cooperation shall:

- (a) provide organizational and technical support to foster the establishment of regional networks and bodies, and increase co-ordination of policies to promote a common approach to the use of international and regional standards with regard to technical regulations and conformity assessment procedures;
- (b) encourage any measure aimed at bridging the gap between the Parties in the areas of conformity assessment and standardization; and
- (c) encourage any measures designed to improve transparency, good regulatory practices and the promotion of quality standards for products and business practices.

Article 20

Industrial cooperation

1. The Parties agree that industrial cooperation shall promote the modernization and restructuring of Central American industry and individual sectors, as well as industrial cooperation between economic operators, with the objective of strengthening the private sector under conditions which promote environmental protection.
2. Industrial cooperation initiatives shall reflect the priorities determined by the Parties. They shall take into account the regional aspects of industrial development, promoting trans-national partnerships where relevant. Initiatives shall seek in particular to establish a suitable framework for improving management know-how and promoting transparency as regards markets and conditions for business undertakings.

Article 21

Cooperation in the field of small and medium-sized and micro-enterprise development

The Parties agree to promote a favorable environment for the development of small and medium-sized and micro-enterprises, including those in rural areas, in particular by:

- (a) promoting contacts between economic operators, encouraging joint investments and joint ventures and information networks through existing horizontal programmes;
- (b) facilitating access to channels of finance, providing information and stimulating innovation.

Article 22

Cooperation on agriculture and rural sector, forestry and sanitary and phytosanitary measures

1. The Parties agree to mutual cooperation in agriculture in order to promote sustainable agriculture, agricultural and rural development, forestry, sustainable social and economic development and food security for the countries of Central America.
2. The cooperation shall focus with a view to promote capacity-building, infrastructure and technology transfer, addressing matters such as:

- (a) sanitary, phytosanitary, environmental and food quality measures, taking into account the legislation in force for both Parties, in compliance with WTO rules and other competent international organisations;
- (b) diversification and restructuring of agricultural sectors;
- (c) the mutual exchange of information, including that concerning the development of the Parties' agricultural policies;
- (d) technical assistance for the improvement of productivity and the exchange of alternative crop technologies;
- (e) scientific and technological experiments;
- (f) measures aimed at enhancing the quality of agricultural products, capacity building measures for producer associations and supporting trade promotion activities;
- (g) enhanced capacity for the implementation of sanitary and phytosanitary measures to facilitate market access as well as ensuring an appropriate level of health protection in accordance with the provisions of the WTO/SPS agreement.

Article 23

Fisheries and aquaculture cooperation

The Parties agree to develop economic and technical cooperation in the fisheries and aquaculture sector, especially in aspects such as the sustainable exploitation, management and conservation of fisheries resources, including environmental impact assessment. Cooperation should also include areas such as the processing industry and facilitation of trade. Cooperation in the fisheries sector could lead to the conclusion of bilateral fisheries agreements between the Parties or between the European Community and one or more Central American countries and/or to the conclusion of multilateral fisheries agreements between the Parties.

Article 24

Cooperation on mining

The Parties agree that cooperation in the field of mining, taking into account aspects of environmental conservation, shall focus principally on the following:

- (a) promoting the participation of enterprises from the Parties in the exploration, exploitation and sustainable use of minerals in accordance with their legislation ;
- (b) promoting exchanges of information, experience and technology relating to mining exploration and exploitation;
- (c) promoting exchanges of experts and performing joint research to increase opportunities for technological development;
- (d) developing measures to promote investment in this field, in accordance with the legislation of each Central American country and of the European Union and its Member States;

- (e) developing measures to promote environmental integrity and corporate environmental responsibility in this sector.

Article 25

Energy cooperation

1. The Parties agree that their joint objective will be to foster cooperation in the field of energy, in key sectors such as hydroelectricity, electricity, oil and gas, renewable energy, energy saving technology, rural electrification and regional integration of energy markets, among others as identified by the Parties, and in compliance with domestic legislation.
2. Cooperation may include, among others, the following:
 - (a) formulation and planning of energy policy, including inter-connected infrastructures of regional importance, improvement and diversification of energy supply and improvement of energy markets, including facilitation of transit, transmission and distribution within the Central American countries;
 - (b) management and training for the energy sector and transfer of technology and know-how;
 - (c) promotion of energy saving, energy efficiency, renewable energy and studying of the environmental impact of energy production and consumption;
 - (d) promote the application of clean development mechanism to support the climate change initiatives and its variability;
 - (e) the issue of clean and peaceful uses of nuclear energy.

Article 26

Transport cooperation

1. The Parties agree that cooperation in this field shall focus on restructuring and modernizing transport and related infrastructure systems, improving the movement of passengers and goods and providing better access to urban, air, maritime, rail and road transport markets by refining the management of transport from the operational and administrative points of view and by promoting high operating standards.
2. Cooperation may include the following:
 - (a) exchanges of information on the Parties' policies, especially regarding urban transport and the interconnection and interoperability of multimodal transport networks and other issues of mutual interest;
 - (b) the management of railways, ports and airports, including appropriate cooperation between the relevant authorities;
 - (c) cooperation projects for transfer of European technology in the Global Navigation Satellite System and urban public transport centers;

- (d) improvement of safety and pollution prevention standards including cooperation in the appropriate international forums aiming to ensure better enforcement of international standards.

Article 27

Cooperation on information society, information technology and telecommunications

1. The Parties agree that information technology and communications are key sectors in a modern society and are of vital importance to economic and social development and the smooth transition to the information society. Cooperation in this field shall contribute to the reduction of the digital divide and development of human resources.
2. Cooperation in this area shall aim to promote:
 - (a) dialogue on all aspects of information society;
 - (b) in compliance with domestic legislation of the Parties, dialogue on regulatory and policy aspects of information technology and communications, including standards;
 - (c) exchanges of information on standards conformity assessment and type-approval;
 - (d) dissemination of new information and communications technologies;
 - (e) joint research projects on information and communications technologies and pilot projects in the fields of information society applications;
 - (f) interconnection and interoperability of telematic networks and services;
 - (g) exchanges and training of specialists;
 - (h) development of e-government applications;

Article 28

Audio-visual cooperation

The Parties agree to promote cooperation in the audio-visual sector and in the media sector in general, through joint initiatives in training as well as audio-visual development, production and distribution activities, including the educational and cultural field. Cooperation shall take place in accordance with the relevant national copyright provisions and applicable international agreements.

Article 29

Cooperation on tourism

The Parties agree that cooperation in this field shall aim to consolidate best practices in order to ensure balanced and sustainable development of tourism in the Central American region. Cooperation should aim to develop strategies to better position and promote the region in Europe as a competitive tourist multi destination.

Article 30

Cooperation between financial institutions

The Parties agree to foster, according to their needs and within the framework of their respective programmes and legislation, cooperation between financial institutions.

Article 31

Cooperation in the field of investment promotion

1. The Parties agree to promote, within the scope of their respective competencies, an attractive and stable reciprocal investment climate.
2. Cooperation may include:
 - (a) encouraging mechanisms for the exchange and dissemination of information on investment legislation and opportunities;
 - (b) developing a legal framework favourable to investment on both sides, where appropriate, through the conclusion of bilateral agreements promoting and protecting investment between the Member States and the Central American countries ;
 - (c) promoting simplified administrative procedures;
 - (d) developing joint venture mechanisms.

Article 32

Macroeconomic dialogue

1. The Parties agree that cooperation shall aim to promote the exchange of information on respective macroeconomic trends and policies, as well as the sharing of experiences in the co-ordination of macroeconomic policies in the context of a common market.
2. The Parties shall also aim to deepen the dialogue between their authorities on macroeconomic matters and, as agreed by the Parties, may include areas such as monetary policy, fiscal policy, public finance, and macroeconomic stabilization and external debt.

Article 33

Statistics cooperation

1. The Parties agree that the main objective shall be to develop better statistical methods and programmes including gathering and dissemination of statistics, aimed at generating indicators with enhanced comparability between the Parties, thus enabling the Parties to use each other's statistics on trade in goods and services and, more generally, any field covered by this Agreement, for which statistics can be drawn up.
2. This cooperation could include, among others: technical exchanges between statistical institutes in Central America and in European Union Member States and Eurostat; development of improved, and where relevant, consistent methods of data

collection, analysis and interpretation; and organization of seminars, working groups or statistical training programmes.

Article 34

Cooperation on consumer protection

1. The Parties agree that cooperation in this field may involve, amongst others and to the extent possible:
 - (a) improved mutual understanding of consumer legislation in order to avoid barriers to trade while ensuring a high level of consumer protection;
 - (b) promoting exchange of information on consumer protection systems.

Article 35

Cooperation on data protection

1. The Parties agree to cooperate on the protection in the processing of personal data and other data, with a view to promoting the highest international standards.
2. The Parties also agree to co-operate on the protection of personal data in order to improve the level of protection and to work towards the free movement of personal data between the Parties, with due regard to domestic legislation of the Parties.

Article 36

Scientific and technological cooperation

1. The Parties agree that cooperation in science and technology shall be carried out in their mutual interest and in compliance with their policies, and shall aim to:
 - (a) exchange scientific and technological information and experience at regional level, especially on the implementation of policies and programmes;
 - (b) promote human resources development;
 - (c) foster relations between the Parties' scientific communities;
 - (d) encourage the participation of the business sector of the Parties in scientific and technological cooperation, in particular the promotion of innovation;
 - (e) promote innovation and technology transfer between the Parties, including e-government and cleaner technologies.
2. The Parties agree to promote and strengthen scientific, research, technological development and innovation processes, involving higher-education institutions, research centers and productive sectors, especially small and medium-sized enterprises shall be encouraged on both sides.
3. Foster scientific and technological cooperation among universities, research institutes and productive sectors of both regions, including scholarships, student and specialists exchange programmes.

4. The Parties agree to strengthen the links of cooperation between scientific, technological and innovation entities for the promotion, dissemination and transfer of technology.

Article 37

Cooperation on education and training

1. The Parties agree that cooperation in this field shall aim to determine how to improve education and vocational training. To this end, access by young people, women, indigenous peoples and other Central American ethnic groups, as well as senior citizens to education, including technical courses, higher education and vocational training, shall receive special attention, as shall achieving the Millennium Development Goals in this context.
2. The Parties agree to co-operate more closely on education and vocational training and promote cooperation between universities and between businesses in order to develop the level of expertise of senior staff.
3. The Parties also agree to pay special attention to decentralized operations and programmes (ALFA, ALBAN, URB-AL, etc.), forging permanent links between specialized bodies in both Parties, which will encourage the pooling and exchange of experience and technical resources. In this context, co-operation may also support actions and programmes of education and training to address the specific needs of the Central American countries.
4. The Parties will promote education of the indigenous peoples, also in their own languages.

Article 38

Environmental and biodiversity cooperation

1. The Parties agree that cooperation in this field shall promote the protection of the environment in pursuit of sustainable development. In this connection, the relationship between poverty and the environment and the environmental impact of economic activities are considered important. Cooperation should also promote effective participation in international environmental agreements in areas such as climate change, biodiversity, desertification and chemicals management.
2. Cooperation may focus among others on:
 - (a) preventing degradation of the environment; for that purpose, cooperation should include the issue of the transfer of environmentally sustainable and/or clean technologies;
 - (b) promoting the conservation and sustainable management of natural resources (including biodiversity and genetic resources);
 - (c) encouraging national and regional monitoring of biodiversity;
 - (d) exchanging information and experience on environmental legislation and on common environmental problems occurring in both sides;

- (e) promoting harmonization of environmental legislation in Central America;
- (f) strengthening environmental management in all sectors at all levels of government;
- (g) promoting environmental education, creation of capacity and strengthening of citizen's participation;
- (h) encouraging joint regional research programmes.

Article 39

Cooperation in the field of natural disasters

The Parties agree that cooperation in this field shall aim to reduce the vulnerability of the Central American region to natural disasters through strengthening regional research, planning, monitoring prevention, response and rehabilitation capacities, harmonizing the legal framework and improving institutional co-ordination and government support.

Article 40

Cultural cooperation

1. The Parties agree that cooperation in this sphere, cultural ties and contacts between cultural agents in both regions shall be expanded.
2. The objective shall be to promote cultural cooperation between the Parties, taking into account and favoring synergies with bilateral schemes of the Member States of the European Union.
3. Cooperation shall take place in accordance with the relevant national copyright provisions and international agreements.
4. This cooperation may cover all cultural fields, including, among others, the following areas:
 - (a) translation of literary works;
 - (b) conservation, restoration, recovery and revitalization of cultural heritage;
 - (c) cultural events and related activities, as well as exchanges of artists and professionals in the cultural area;
 - (d) promotion of cultural diversity, particularly that of the indigenous peoples and other Central American ethnic groups;
 - (e) youth exchanges;
 - (f) combat and prevention of illicit traffic of cultural patrimony;
 - (g) promotion of handicraft and cultural industries.

Article 41

Cooperation in the field of health

1. The Parties agree to co-operate in the health sector with the aim of supporting sectorial reforms that make health service delivery pro-poor and equitable as well as in promoting fair financing mechanisms that improve access to health care and nutritional security for the poor.
2. The Parties agree that primary prevention also requires involving other sectors such as education and water and sanitation. In this regard, the Parties aim to strengthen and develop partnerships beyond the health sector to achieve the Millennium Development Goals, such as the fight against AIDS, malaria, tuberculosis and other epidemics. Partnerships with civil society, NGOs and the private sector are also needed to address sexual health and rights in a gender sensitive approach and to work with young people to prevent sexually transmitted diseases and unwanted pregnancies, provided that these objectives do not contravene the legal framework and cultural sensitivity of the countries.

Article 42
Social cooperation

1. The Parties agree to co-operate in fostering the participation of the social partners in a dialogue on living and working conditions, social protection and integration into society. Particular account shall be taken of the need to avoid discrimination in the treatment of nationals of either Party residing legally in the territories of the other Party.
2. The Parties acknowledge the importance of social development, which must go hand in hand with economic development and agree to give priority to employment, housing and human settlements in accordance with their respective policies and constitutional provisions, as well as the promotion of the fundamental principles and rights at work identified by the International Labor Organization's conventions, the so-called Core Labor Standards.
3. The Parties may co-operate in any area of mutual interest in the above fields.
4. Where appropriate, and in accordance with their respective procedures, the Parties may conduct this dialogue in co-ordination with the European Economic and Social Committee and its Central American counterpart, respectively.

Article 43
Participation of civil society in cooperation

1. The Parties recognize the role and potential contribution of civil society in the cooperation process and agree to promote effective dialogue with civil society.
2. Subject to the legal and administrative provisions of each Party, civil society may:
 - (a) be consulted during the policy making process at country level according to democratic principles;
 - (b) be informed of and participate in consultations on development and cooperation strategies and sectorial policies, particularly in areas concerning them, including all stages of the development process;

- (c) receive financial resources, insofar as the internal rules of each Party so allow, and capacity building support in critical areas;
- (d) participate in the implementation of cooperation programmes in the areas that concern them.

Article 44

Cooperation in the field of gender

The Parties agree that cooperation in this field shall help to strengthen policies, programmes, and mechanisms aimed at ensuring, improving and expanding the equal participation and opportunities for men and women in all sectors of political, economic, social and cultural life, including where necessary, through the adoption of positive measures in support of women. It shall also help to facilitate the access of women to all the resources needed to fully exercise their fundamental rights.

Article 45

Cooperation on indigenous peoples and other Central American ethnic groups

1. The Parties agree that cooperation in this field shall contribute to promote the establishment of organizations for indigenous peoples and other Central American ethnic groups as well as strengthening the existing ones, in the context of promoting the goals of poverty eradication, sustainable management of natural resources, respect for human rights, democracy and cultural diversity.
2. In addition to taking systematic account of the situation of indigenous peoples and other Central American ethnic groups at all levels of development cooperation, the Parties shall integrate their particular situation in the development of policies and strengthen the capacity of their organizations in order to increase the positive effects of development cooperation on these groups, in accordance with national and international obligations of the Parties.

Article 46

Cooperation on uprooted peoples and demobilized combatants

1. The Parties agree that cooperation in support of uprooted peoples and demobilized combatants shall help to meet their essential requirements from the time humanitarian aid ceases to the adoption of a longer-term solution to resolve their status.
2. This cooperation may include, among others, the following activities:
 - (a) self-sufficiency and reintegration into the socio-economic fabric of uprooted peoples and demobilized combatants;
 - (b) aid to local host communities and resettlement areas to foster acceptance and integration of uprooted peoples and demobilized combatants;
 - (c) helping those people to voluntarily return to and settle in their countries of origin or third countries, if conditions permit;

- (d) operations to help people recover their belongings or property rights as well as aid for the legal settlement of human rights violations against the people in question;
- (e) strengthening the institutional capacity of countries faced with these issues;
- (f) support for the reinsertion into political, social and productive life, including, where applicable, as part of a reconciliation process.

Article 47

Cooperation in combating illicit drugs and related crime

1. On the basis of the principle of co-responsibility, the Parties agree that cooperation in this field shall aim to co-ordinate and increase joint efforts to prevent and reduce the production, trafficking and consumption of illicit drugs. The Parties also agree to endeavor to combat crime relating to this traffic, among others, through the intermediary of international organizations and bodies. Without prejudice to other cooperation mechanisms, the Parties agree that the Co-ordination and Cooperation Mechanism on Drugs between the European Union and Latin America and the Caribbean shall also be used for this purpose.
2. The Parties shall co-operate in this area to implement in particular:
 - (a) programmes to prevent drug abuse, especially in vulnerable and high risk groups;
 - (b) projects to train, educate, treat and rehabilitate drug addicts and their reintegration into society;
 - (c) projects favoring harmonization of legislation and action in this field in Central America;
 - (d) joint research programmes;
 - (e) measures and cooperation activities aimed at encouraging alternative development, in particular, the promotion of legal crops of small producers;
 - (f) measures to control trade in precursor and essential products equivalent to those adopted by the European Community and the competent international bodies;
 - (g) measures to reduce illicit drug supply, including training in administrative control systems to avoid the deviation of chemical precursors, and control of related crimes.

Article 48

Cooperation in combating money laundering and related crime

1. The Parties agree to co-operate in preventing the use of their financial systems for laundering proceeds arising from criminal activities in general and drug trafficking in particular.
2. This cooperation shall include administrative and technical assistance aimed at the development and implementation of regulations and the efficient functioning of suitable standards and mechanisms. In particular, cooperation shall allow exchanges of relevant information and the adoption of appropriate standards to combat money

laundering comparable to those adopted by the European Community and the international bodies active in this area, such as the Financial Action Task Force (FATF), and the United Nations. Cooperation at regional level shall be encouraged.

Article 49

Cooperation on migration

1. The Parties reaffirm the importance of joint management of migration flows between their territories. With a view to strengthening cooperation, the Parties shall establish a comprehensive dialogue on all migration-related issues, including illegal migration, smuggling and trafficking of human beings, and refugee flows. Migration concerns should be included in the national strategies for economic and social development of the countries of origin, transit and destination of migrants.
2. Cooperation shall acknowledge that migration is a phenomenon and that different perspectives should be analyzed and discussed in order to address this fact in accordance with relevant applicable international, Community, and national legislation. It will, in particular, focus on:
 - a) the root causes of migration;
 - b) the development and implementation of national legislation and practices as regards international protection, with a view to satisfying the provisions of the Geneva Convention of 1951 on the status of refugees, and of the Protocol of 1967, and other relevant regional and international instruments to ensure the respect of the principle of “non-refoulement”;
 - c) the admission rules, as well as rights and status of persons admitted, fair treatment and integration policies for all legally residing non-nationals, education and training and measures against racism and xenophobia and all applicable provisions regarding human rights of migrants;
 - d) the establishment of an effective and preventive policy against illegal immigration. It shall also focus on smuggling of migrants and trafficking of human beings including the issue of ways to combat networks and criminal organizations of smugglers and traffickers and to protect the victims of such trafficking;
 - e) the return, under humane and dignified conditions, of persons residing illegally and their readmission, in accordance with paragraph 3;
 - f) the field of visas, on issues identified as being of mutual interest;
 - g) the field of border controls, on issues related to organization, training, best practices and other operational measures on the ground and where relevant, equipment, while being aware of the potential dual use of such equipment.
3. In the framework of the cooperation to prevent and control illegal immigration, the Parties also agree to readmit their illegal migrants. To this end:
 - Each Central American country shall, upon request and without further formalities, readmit any of its nationals illegally present on the territory of a Member State of the European Union, provide their nationals with appropriate

identity documents and extend to them the administrative facilities necessary for such purposes;

- Each Member State of the European Union shall, upon request and without further formalities, readmit any of its nationals illegally present on the territory of a Central American Country, provide their nationals with appropriate identity documents and extend to them the administrative facilities necessary for such purposes;

The Parties agree to conclude, upon request and as soon as possible, an agreement regulating specific obligations for Member States of the European Union and the Central American countries on readmission. This agreement will also address the issue of readmission of nationals of other countries and stateless persons.

For this purpose, the term “Parties” shall mean the Community, any of its Member States and any Central American Country.

Article 50

Cooperation in the field of counter-terrorism

1. The Parties reaffirm the importance of the fight against terrorism and, in accordance with international conventions, relevant UN resolutions and with their respective legislation and regulations, agree to co-operate in the prevention and suppression of acts of terrorism. They shall do so in particular:
 - (a) in the framework of the full implementation of Resolution 1373 of the UN Security Council and other relevant UN resolutions, international conventions and instruments;
 - (b) by exchange of information on terrorist groups and their support networks in accordance with international and national law; and
 - (c) by exchange of views on the means and methods used to counter terrorism, including in technical fields and training and by exchange of experience in terrorism prevention.

TITLE IV

GENERAL AND FINAL PROVISIONS

Article 51

Means

1. With the aim of contributing to fulfilling the cooperation objectives set out in this Agreement, the Parties commit themselves to providing, within the limits of their capacities and through their own channels, the appropriate resources, including financial resources. In this context, the Parties shall approve, to the extent possible, a pluriannual programme and establish priorities, taking into consideration the needs and level of development of the Central American countries.
2. The Parties shall take all appropriate measures to promote and facilitate the European Investment Bank's activities in Central America in accordance with its own

procedures and financing criteria and with their laws and regulations, and without prejudice to the powers of their competent authorities.

3. The Central American Countries shall grant facilities and guarantees to European Community experts and exoneration of taxes on imports for cooperation activities in accordance with the Framework Conventions signed between the European Community and each Central American Country.

Article 52
Institutional Framework

1. The Parties agree to retain the Joint Committee, established pursuant to the 1985 Central America Cooperation Agreement and retained by the 1993 Framework Cooperation Agreement.
2. The Joint Committee shall be responsible for the general implementation of the agreement. It shall also discuss any question affecting economic relations between the Parties, including with individual Member Countries of the Central American Party.
3. The agendas for Joint Committee meetings shall be set by mutual agreement. The Committee shall itself establish provisions concerning the frequency and location of its meetings, chairmanship, and other issues that may arise, and shall, where necessary, set up sub-committees.
4. A Joint Consultative Committee, consisting of representatives of the Consultative Committee of the Central American Integration System (CC-SICA) and the European Economic and Social Committee (EESC), shall be established in order to assist the Joint Committee to promote dialogue with economic and social organizations of civil society.
5. The Parties encourage the European Parliament and the Central American Parliament (Parlacen) to establish an Inter-parliamentarian Committee, in the framework of this Agreement, in accordance with their constitutional laws.

Article 53
Definition of the Parties

For the purposes of this Agreement, "the Parties" shall mean the Community, its Member States or the Community and its Member States, within their respective areas of competence, as derived from the Treaty establishing the European Community, on the one hand, and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, on the other, in accordance with their respective spheres of competence. The Agreement shall also apply to measures taken by any state, regional or local authorities within the territories of the Parties.

Article 54
Entry into force

1. This Agreement shall enter into force on the first day of the month following that in which the Parties notify each other of completion of the procedures necessary for this purpose.
2. Notifications shall be sent to the Secretary General of the Council of the European Union, who shall be the depository of this Agreement.
3. From the date of its entry into force in accordance with paragraph 1, this Agreement shall replace the Framework Cooperation Agreement of 1993.

Article 55

Duration

1. This Agreement shall be valid indefinitely. In this context, and as stated in Article 2(3) of this Agreement, the Parties recall the Madrid Declaration of 17 May 2002.
2. Either Party may give written notice to the other of its intention to denounce this Agreement. Denunciation shall take effect six months after notification to the other Party.

Article 56

Fulfillment of the obligations

1. The Parties shall adopt any general or specific measures required for them to fulfill their obligations under this Agreement and shall ensure that they comply with the objectives laid down in this Agreement.
2. If one of the Parties considers that the other Party has failed to fulfill an obligation under this Agreement it may take appropriate measures. Before doing so, it must supply the Joint Committee within 30 days with all the relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In this selection of measures, priority must be given to those which least disturb the functioning of this Agreement. These measures shall be notified immediately to the Joint Committee and shall be the subject of consultations in the Committee if the other Party so requests.

3. By way of derogation from paragraph 2, any Party may immediately take appropriate measures in accordance with international law in case of:
 - (a) denunciation of this Agreement not sanctioned by the general rules of international law;
 - (b) violation by the other Party of the essential elements of this Agreement referred to in Article 1, paragraph 1.

The other Party may ask that an urgent meeting be called to bring the Parties together within 15 days for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

Article 57

Future developments

1. The Parties may mutually agree to extend this Agreement with the aim of broadening and supplementing its scope in accordance with their respective legislation, by concluding agreements on specific sectors or activities in the light of the experience gained during its implementation.
2. No opportunities for cooperation shall be ruled out in advance. The Parties may use the Joint Committee to explore practical possibilities for cooperation in their mutual interest.

3. As regards the implementation of this Agreement, either Party may make suggestions designed to expand cooperation in all areas, taking into account the experience acquired during the implementation thereof.

Article 58

Data protection

For the purposes of the present Agreement, the Parties agree to accord a high level of protection to the processing of personal and other data, compatible with the highest international standards.

Article 59

Territorial application

This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Community is applied and under the conditions laid down in that Treaty, and, on the other hand, to the territories of the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

Article 60

Authentic texts

This Agreement is drawn up in duplicate in the Danish, Dutch, English, Finnish, French, German, Greek, Italian, Portuguese, Spanish and Swedish languages, each of these texts being equally authentic.

ANNEX

EU UNILATERAL DECLARATIONS

- =====
1. Declaration of the Commission and the Council of the European Union on the clause concerning the return and readmission of illegal migrants (Article 49)

Article 49 shall be without prejudice to the internal division of powers between the European Community and its Member States for the conclusion of readmission agreements.

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2. Declaration of the Commission and the Council of the European Union on the clause concerning the definition of the Parties (Article 53)

The provisions of this Agreement that fall within the scope of Part III, Title IV of the Treaty establishing the European Community bind the United Kingdom and Ireland as separate Contracting Parties, and not as part of the European Community, until the United Kingdom or Ireland (as the case may be) notifies the Central American Party that it has become bound as part of the European Community in accordance with the Protocol on the position of the United Kingdom and Ireland annexed to the Treaty on European Union and the Treaty establishing the European Community. The same applies to Denmark, in accordance with the Protocol annexed to those Treaties on the position of Denmark.

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