

## 7th round of talks between Colombia/Peru and the EU

The 7th Negotiating Round toward a multiparty agreement between Colombia/Peru and the European Union (EU) ([link](#)) was held in Bogota, Colombia, November 16 through 20. Although they did not reach consensus on all matters, progress was made in various areas and agreements were reached at the tables on sanitary and phytosanitary measures and services.

In trade in primary and processed agricultural goods, the EU improved its market access offer for puffed or roasted cereal-based products; soy-based food preparations; beverages, cereal-based preparations, starch, flour, cornstarch or milk; pastry products; and powders for the preparation of pudding, creams, ice cream, desserts, gelatins, and suchlike. Likewise, the EU committed itself to not reintroducing subsidies on sugar and its derivatives. However, no agreement was reached on aid to dairy products and pork, or on the tariff levied on banana imports.<sup>1</sup>

At the trade and sustainable development table, the main agreements are on cooperation over achieving climate change mitigation and adaptation targets and the commitment not to weaken environmental and labor legislation to encourage trade and investment.

In intellectual property, the chief progress is in technology transfer and cooperation, whereas there still remain points pending over biodiversity and geographical indications. There was also progress in negotiations on rules of origin, institutional affairs, and dispute settlement. Other key issues still pending are trade in vehicles and treatment of duty-free zones.

As mentioned in INTAL Monthly Newsletter 156 ([link](#)), the EU is an important trading partner for Colombia and Peru, representing 13% and 15.1% of trade respectively. In 2008, Colombia's balance with the EU was negative (US\$510 million) and Peru's positive (US\$2.1 billion). According to European Commission estimates, an agreement between the EU and CAN would increase Colombia's total short-term exports by approximately 6%, and by 9% or 10% long-term, while Peru's short- and long-term exports could grow almost 4% and 7% respectively. Total imports, for their part, would rise in Colombia by around 6% in the short term and 10% in the long term, while in Peru the figures would be 4.8% and 8.3% respectively. In any event, the impact on total trade in the EU would be less than 0.1%.<sup>2</sup> At any rate, in the context of uncertainty of the international crisis, these estimates should be taken with caution.

As shown in Table 1, most industrial products originating in Colombia and Peru already enter the European market duty-free, whereas the higher levels of protection are seen in certain headings of the agriculture sector, where these

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<sup>1</sup> See more information about the banana dispute in this edition of the INTAL Monthly Newsletter ([link](#)).

<sup>2</sup> Approximate results arising from the different scenarios considered in the computable general equilibrium model used DG for Trade (European Commission) (2009).

countries have comparative advantages, as with bananas. In the Andean countries, however, European import tariffs are high in almost all headings.

**Table 1**  
**Colombia/Peru-EU trade tariffs (2004)**  
As %.

Product type	Tariffs in force in the EU for Andean products		Tariffs in force in Andean countries on European products	
	Colombia	Peru	Colombia	Peru
<b>Agriculture and processed food</b>				
Grain	12.6	24.2	69.6	11
Vegetables, fruits, and nuts	82.4	8.4	12.5	10.8
Other primary foodstuffs	0	0.1	5.5	9.9
Other agricultural products	1.4	0	8.8	11.3
Forestry	0.9	0	4.9	4.4
Primary fishing	0	0	6.3	5.6
Primary mining	0	0	5	10
Processed foods, beverages, and tobacco	3.1	0.9	18.4	13.9
<b>Industrial products</b>				
Textiles	0	0.5	16.8	12.7
Clothing	0	0	19.7	18.7
Fur-based products	0.1	0.3	16	16.8
Wood-based products	0	0	13.9	11.1
Paper-based products	0	0	12.9	10.8
Oil and coal	0	0	9.3	9.4
Chemical products	0.1	0.1	8.4	7.9
Mineral products	0	0	13.7	8.4
Ferrous metals	0	0	8.1	6.6
Other metals	0.1	0.2	10.1	7.6
Metal products	0	0	14	9.1
Motor vehicles	0	0	23.4	9.3
Other transport equipment	0	0	3.6	7.4
Electronic equipment	0	0	6.2	7.3
Machinery and equipment	0	0	8.6	7
Other manufactured goods	0	0	16.1	11.5

Source: DG for Trade (European Commission) (2009)

In line with the Directorate-General for Trade (European Commission) (2009), trade liberalization between the EU and CAN would enable Colombia and Peru to expand goods exports, particularly in such items as fruit and vegetables, grain, automobiles and autoparts, ferrous metals, textiles and chemicals, plastics, and rubber. They could also increase external sales of business and communications services. In Andean imports, the largest rises foreseen are in services such as construction, business, finance, transport (sea, air, and others), insurance, etc. In terms of Colombia and Peru's foreign purchasing of goods, the largest rise is expected to be in other manufactured goods.

## References

Directorate-General for Trade (European Commission). *EU-Andean Trade Sustainability Impact Assessment. Draft Final Report*. Brussels, July 2009 ([link](#)).