# EU–Latin America trade relations

Overview and figures

IN-DEPTH ANALYSIS

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This publication provides an overview of the trade relations between the EU and selected Latin American countries. The EU has concluded agreements with two Latin American (LA) groupings (Cariforum and the Central America group) and with four other Latin American countries (Mexico, Chile, Peru and Colombia). The following pages compare the free trade agreements (FTAs) concluded and analyse the motivation behind modernisation of the EU-Mexico and EU-Chile FTAs.

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Unless otherwise stated, all data in this publication are from Eurostat.

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## EXECUTIVE SUMMARY


Due to its historical, cultural and economic ties with Latin America and the Caribbean (LAC), the European Union maintains close cooperation and political dialogue with the region. The countries forming the Community of Latin American and Caribbean States (CELAC) are jointly the fifth largest trading partner of the EU. Most Latin American countries are highly dependent on the US. Recent developments have seen the rise of Asian countries (in particular China) in Latin American trade and some increase in intra-regional trade (in particular the rising importance of Brazil and Mexico as regional partners).

The EU has concluded agreements with two Latin American (LA) groupings (Cariforum and the Central America group) and with four other Latin American countries (Mexico, Chile, Peru and Colombia). After dropping out of negotiations for an EU-Andean FTA in 2009, Ecuador has decided to join the free trade agreement (FTA) concluded between the EU and Colombia and Peru; negotiations for Ecuador's inclusion were completed in 2014. Since 1999, the EU and Mercosur (excluding Venezuela) have been negotiating a trade agreement as part of the overall negotiations towards a bi-regional Association Agreement which would also include political and cooperation pillars. Talks were suspended in 2004 due to differences regarding trade in agriculture, services and the opening up of public procurement markets. In 2010, the EU resumed negotiations for a comprehensive trade agreement with Mercosur but negotiations are not advancing due to clashes on the liberalisation of the agricultural sector. The Mercosur countries remain the EU's major trading partners in the region.

The FTAs concluded by the EU with Latin American countries differ considerably in terms of coverage and methodology depending on the time at which they were concluded and the context of the negotiations. Moreover, the EU has been flexible in adapting to the trade partners' different requests, providing for differentiated schedules to account for the varying development needs. The Commission has proposed the modernisation of the EU-Mexico and EU-Chile FTAs, concluded respectively in 2000 and 2002. These trade agreements, which were the first to be concluded between the EU and Latin American countries, are less advanced in terms of liberalisation and comprehensiveness in comparison to the more recently negotiated EU agreements as well as with the Trans-Pacific Partnership that Chile and Mexico concluded last year with 10 other partners (including the US). Inter alia, these EU FTAs lack specific provisions on sustainable development (which are covered in softer political dialogue frameworks) and they have limited WTO+ provisions on intellectual property (IP) rights, services, investment and regulatory provisions.

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**List of main acronyms used**

| | |
|---|---|
| **APEC**: | Asia-Pacific Economic Cooperation |
| **CAN:** | Andean Community |
| **Caricom**: | Caribbean Community |
| **Cariforum**: | Caribbean Forum of African, Caribbean and Pacific States |
| **CELAC**: | Community of Latin American and Caribbean States |
| **GI**: | Geographical indications |
| **LAC**: | Latin American countries |
| **Mercosur**: | Common Market of the South |
| **NAFTA**: | North American Free Trade Area |
| **OECD:** | Organisation for Economic Co-operation and Development |
| **SPS**: | Sanitary and Phyto-Sanitary |
| **TBT**: | Technical barriers to trade |
| **TPP**: | Trans-Pacific Partnership |
| **TTIP**: | Transatlantic Trade and Investment Partnership |

## 1. Overview of EU economic and trade relations with selected regional groupings and countries

Due to its historical, cultural and economic ties with Latin America and the Caribbean (LAC), the European Union maintains close cooperation and political dialogue with the region. Bi-regional EU-LAC summits started in 1999 and, since 2013, are held every two years, with the Community of Latin American and Caribbean States (CELAC) as the EU's counterpart.

CELAC countries collectively represent the fifth largest trading partner of the EU (more than €200 billion in total trade), and the EU is Latin America's second largest trading partner (third in goods trade, after the US and China). The EU exports mainly manufactured goods and imports primary goods. The main EU trading partners with LAC are Germany, Spain and France, whereas Brazil and Mexico accounted for more than half of total EU trade with the region. The EU remains the main investor in the region, accounting for 35% of foreign direct investment (FDI), and is also the main partner in development cooperation.

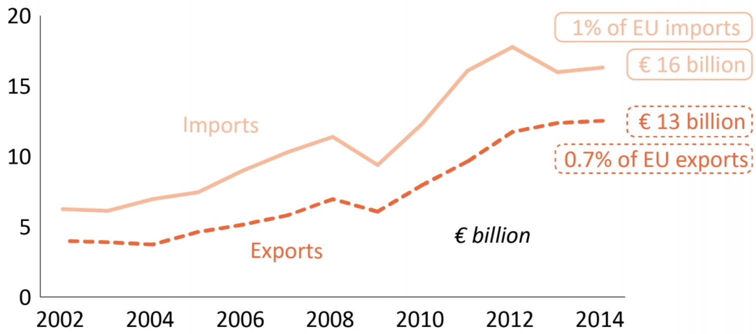
As shown by the data in the following pages, most Latin American regional groupings and countries are highly dependent on the US market (this is particularly true for Mexico). Recent developments have seen the rise of Asian countries (in particular China) in Latin American trade, and some increase in intra-regional trade (in particular growing importance of Brazil and Mexico as regional partners). Because of the rise of the Asian partners and the continued preponderance of the US, the EU's market share in Latin American trade has lost ground since the mid 1990s; these developments led to the need to create a framework of trade agreements in order to consolidate EU-LAC trade exchanges. The EU has concluded agreements with two Latin American (LA) groups (Cariforum and the Central America group) and with four other Latin American countries (Mexico, Chile, Peru and Colombia).

## 1.1. EU-Andean Community


The EU's political dialogue with the Andean Community (CAN) began in 1996 with the Declaration of Rome, which will be replaced as the framework for relations by the 2003 Political Dialogue and Cooperation Agreement, once ratified. After the breakdown of negotiations aimed at a full-fledged Association Agreement in 2008, a new negotiating format was put in place: continued regional negotiations with the Andean Community as a whole on political dialogue and cooperation, and 'multi-party' trade negotiations with those Andean Community countries willing to embark upon them. Such an agreement was first concluded with Columbia and Peru in 2012. Ecuador and Bolivia dropped out of the negotiations initially, but Ecuador negotiated to join the EU-Colombia-Peru agreement again, and an agreement was reached in July 2014. This is still to be ratified by the parties.

The EU is the second or third largest bilateral trading partner of, and one of the main investors in, the Andean countries. In 2014, total EU trade with the Andean countries was worth €28.8 billion. The Andean countries export mainly primary products (agricultural products, fuels and mining products) to the EU, while EU exports consist mainly of manufactured goods (especially machinery and transport equipment, and chemical products). This lack of diversification of trade is also the case for Colombia and Peru which have already concluded a free trade agreement (FTA) with the EU. That said, the two countries represent the biggest share of trade with the EU from the Andean Community (see data on the trade of Columbia and Peru). In 2014, the USA was the region's main export market, followed by the EU, China and Mercosur. Imports originated mainly from the USA, China, the EU and Mercosur. Colombia and Peru also belong to the Pacific Alliance, a regional integration initiative comprising Chile, Colombia, Mexico and Peru.

EU trade in goods with Andean Community

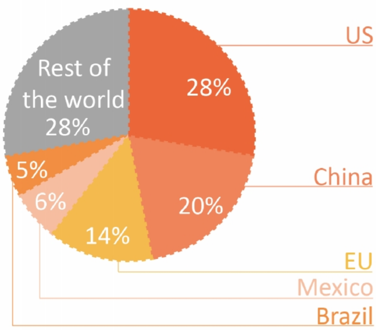



The fight against drugs has always been high on the agenda of the political meetings between the EU and the CAN, and a high-level specialised Dialogue on Drugs was established in the mid-1990s. Enhanced market access was offered within the GSP (generalised scheme of preferences) framework to those Andean countries fighting against drugs, becoming an important element of the GSP conditionality and lead to the World Trade Organization (WTO) case on EC Tariff Preferences. In its 2007-2013 Regional Strategy Paper, the EU earmarked €50 million for this sub-region, with three priority sectors: social cohesion, regional economic integration and the fight against illicit drugs. The First Multiannual Indicative Programmes for the current period (2014-2017) for Colombia, Peru and Ecuador include a sustainable trade/investment priority, with indicative amounts of €10 million for Colombia and Ecuador and €9.9 million for

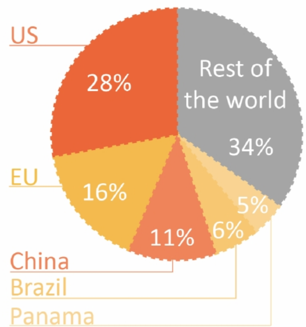
Peru, representing 15% of the total amount for each country. Other priorities include justice sector reform, the fight against illicit drugs and integrated water resources management for Bolivia; inclusive development at local level for Peru; local development and institution-building for Colombia; and support to sustainable and inclusive growth at the local level for Ecuador.

## Andean Community trade with the world - Top 5 partners

Andean community imports of goods

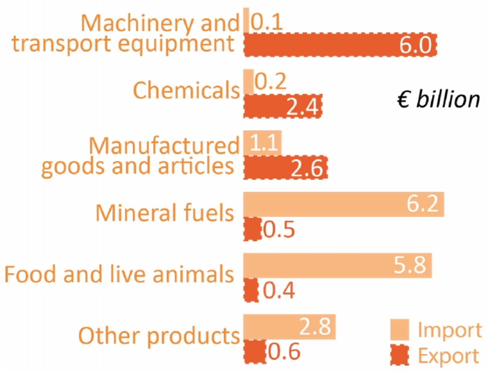



Andean community exports of goods



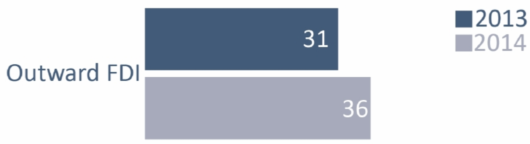

## Main trade products

EU trade in goods with Andean Community




## EU FDI with Andean Community

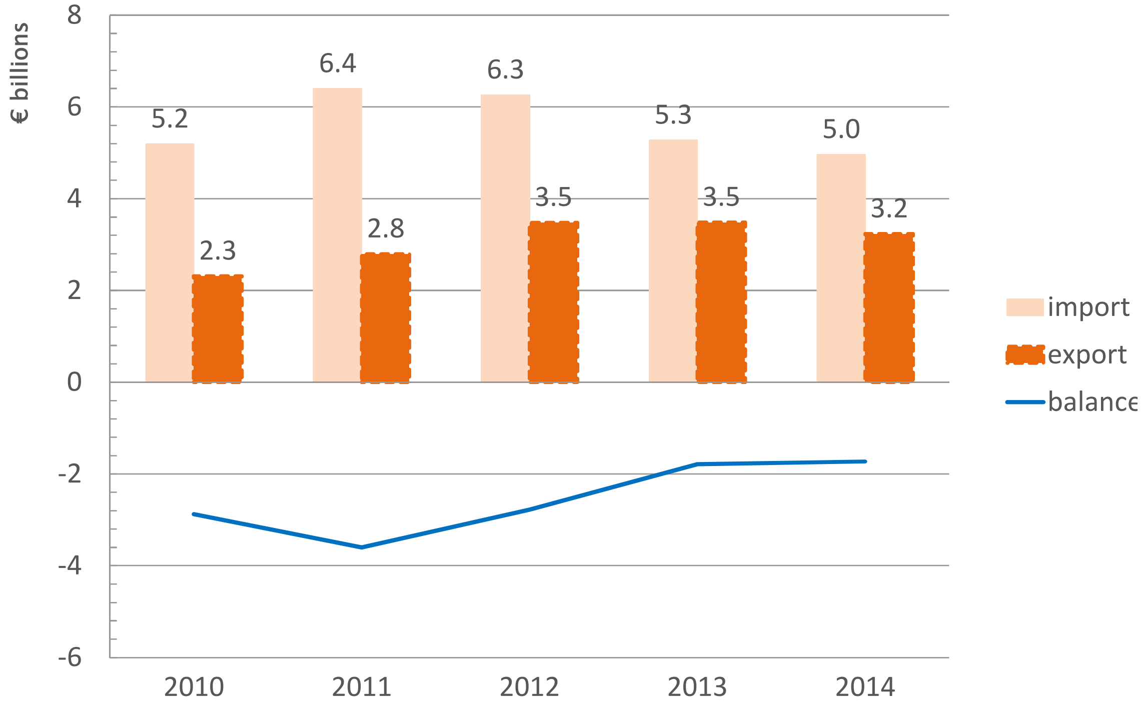

Inward FDI represents 0.1% of total EU inward



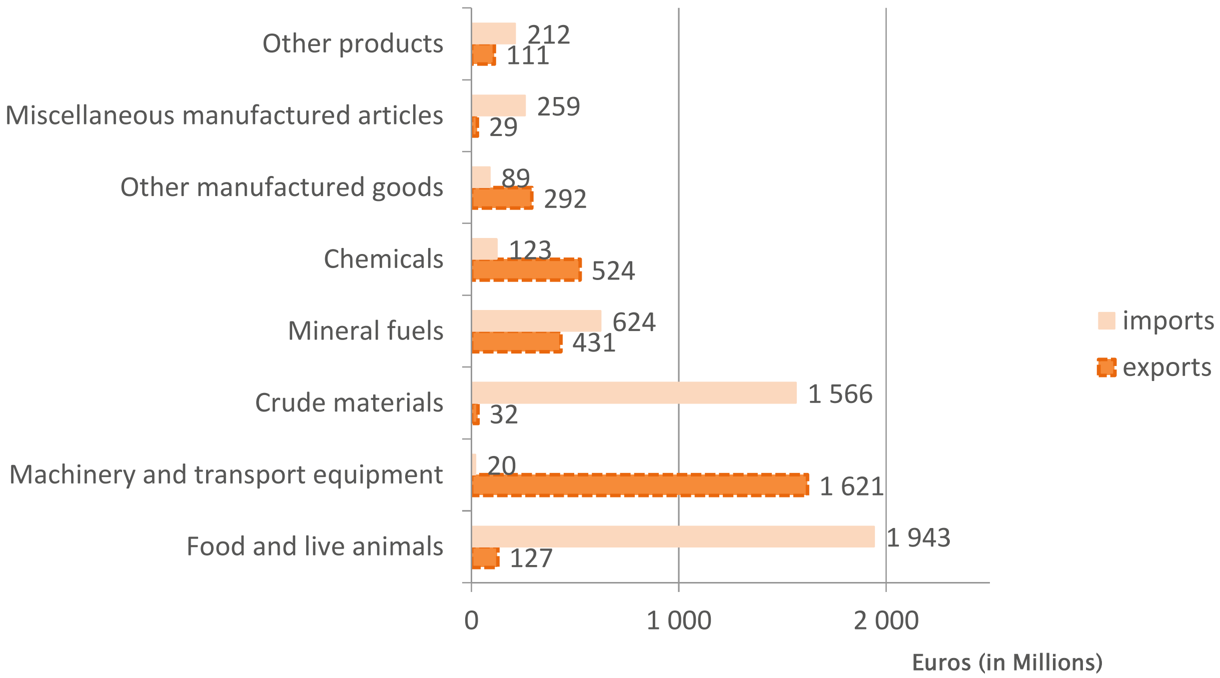

Outward FDI represents 0.6% of total EU outward

Source: European Commission, Eurostat and DG Trade.

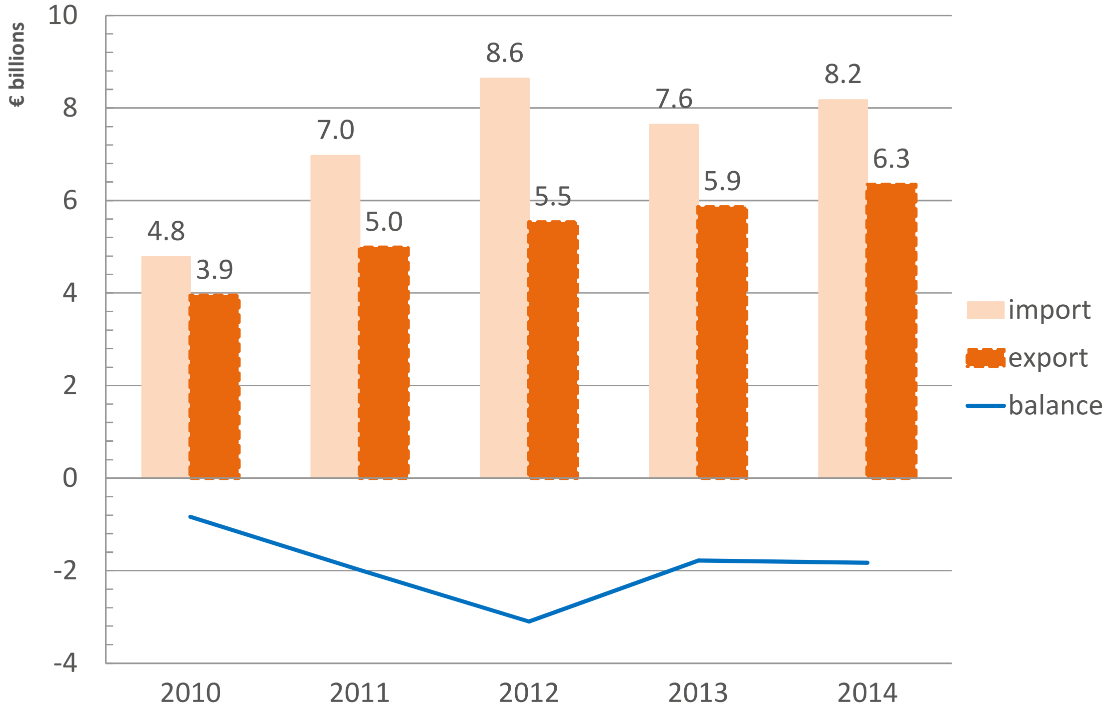
**EU trade in goods with Peru**



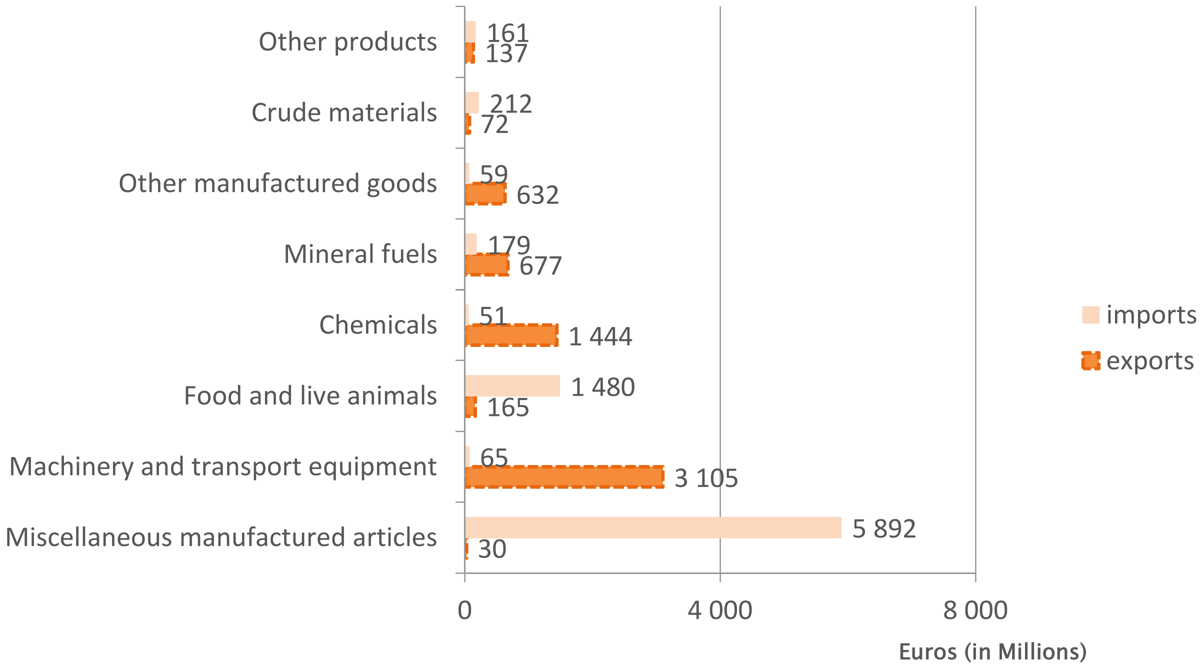

**EU trade in goods with Peru by sector (2014)**



**EU trade in goods with Colombia**



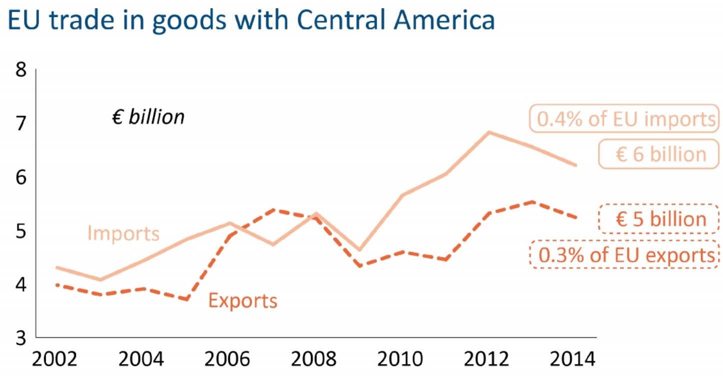

**EU trade in goods with Colombia by sector (2014)**

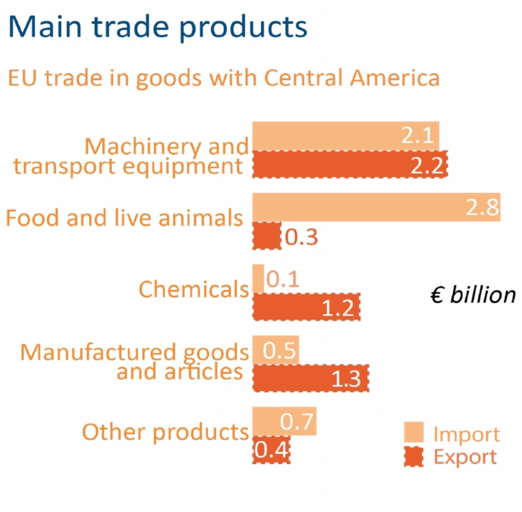


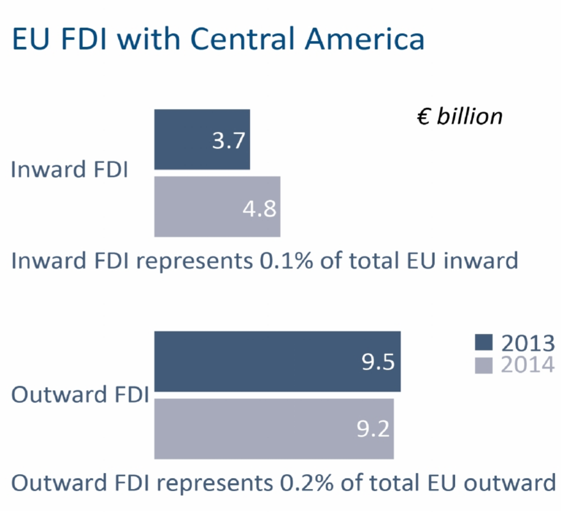
## 1.2. EU-Central America


EU relations with Central America date back to the 1980s, when the EU supported the successful peace process in the region (San Jose Dialogue). The new Association Agreement, signed on 29 June 2012, relies on three complementary pillars: political dialogue, cooperation, and trade, as tools to support economic growth, democracy and political stability. Its goals are fostering sustainable development and deepening regional integration.

Historically, the United States has been Central America's main trade partner (around 32% of its exports), and the EU is its third largest market (around 9% of its exports). The Central American Common Market represents the second largest trade partner for most countries in the region (26.2% of all exports). According to Eurostat, trade flows between the EU and Central America amounted to €11.6 billion in 2014. The main EU imports from Central America are electronic components for data-processing machines, coffee, bananas and pineapple; the main EU exports to Central America are machinery and mechanical appliances, electrical appliances, pharmaceuticals, motor vehicles and steel articles.



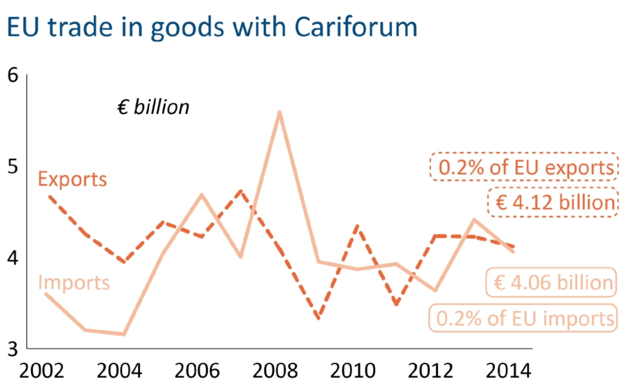




Source: European Commission, Eurostat and DG Trade.

## 1.3. EU-Cariforum

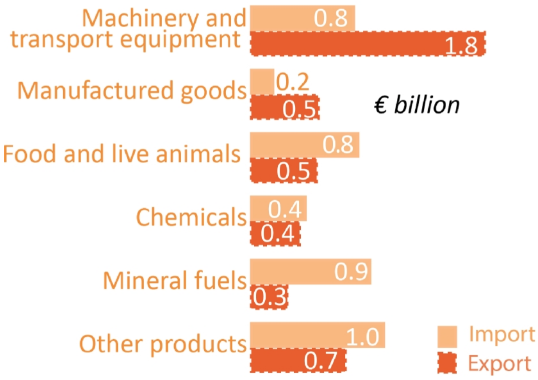

EU relations with Caribbean States were initially within the Group of African, Caribbean and Pacific States (ACP). The first regional EU counterpart was the Caribbean Community (Caricom), but with the inclusion of Haiti and the Dominican Republic, the Caribbean Forum of African, Caribbean and Pacific States (Cariforum, 1992) was charged with the management and coordination of the programming of Caribbean regional resources. Besides the Cotonou Agreement, the relationship is complemented by the EU-Cariforum Economic Partnership Agreement for trade, and the Joint Caribbean-EU Partnership Strategy. A single market for goods already exists among the Caricom.




The EU is Cariforum's second largest trading partner, after the USA. In 2011, trade between the two regions reached over €8 billion. The main exports from the Caribbean to the EU are fuel and mining products; bananas, sugar and rum; minerals and fertilisers. The main imports from the EU are boats and ships, cars, construction vehicles and engine parts; phone equipment; milk and cream; and alcoholic beverages. Services are particularly important for Cariforum trade relations, notably tourism, financial services and construction services. The main targets of the Caribbean Regional Programme (11th EDF, 2014-2020) are regional economic cooperation and integration, climate change, environment, disaster management and sustainable energy, and crime and security.

## Main trade products

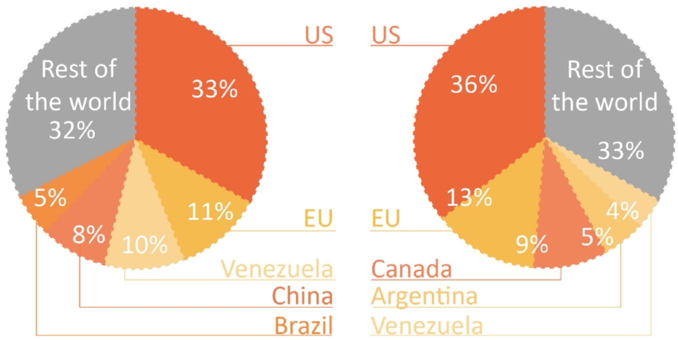
EU trade in goods with Cariforum



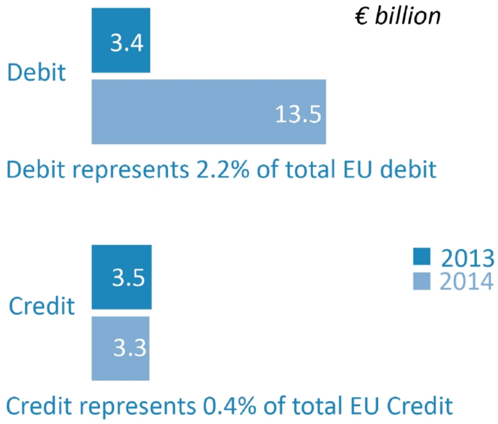

## Cariforum trade with the world - Top 5 partners

Cariforum imports of goods

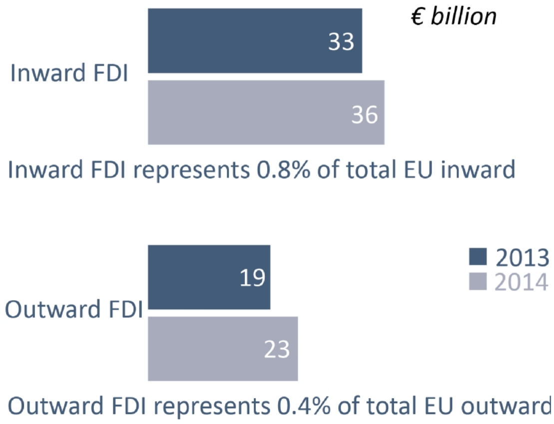
Cariforum exports of goods




## EU trade in services with Cariforum



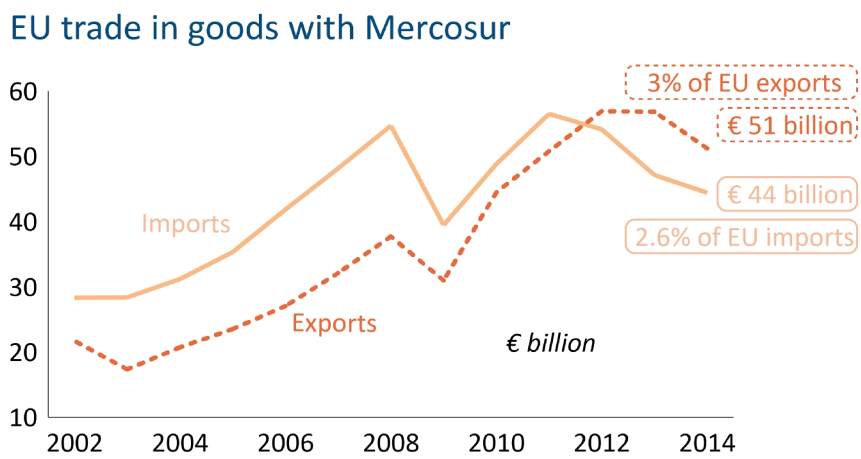

## EU FDI with Cariforum



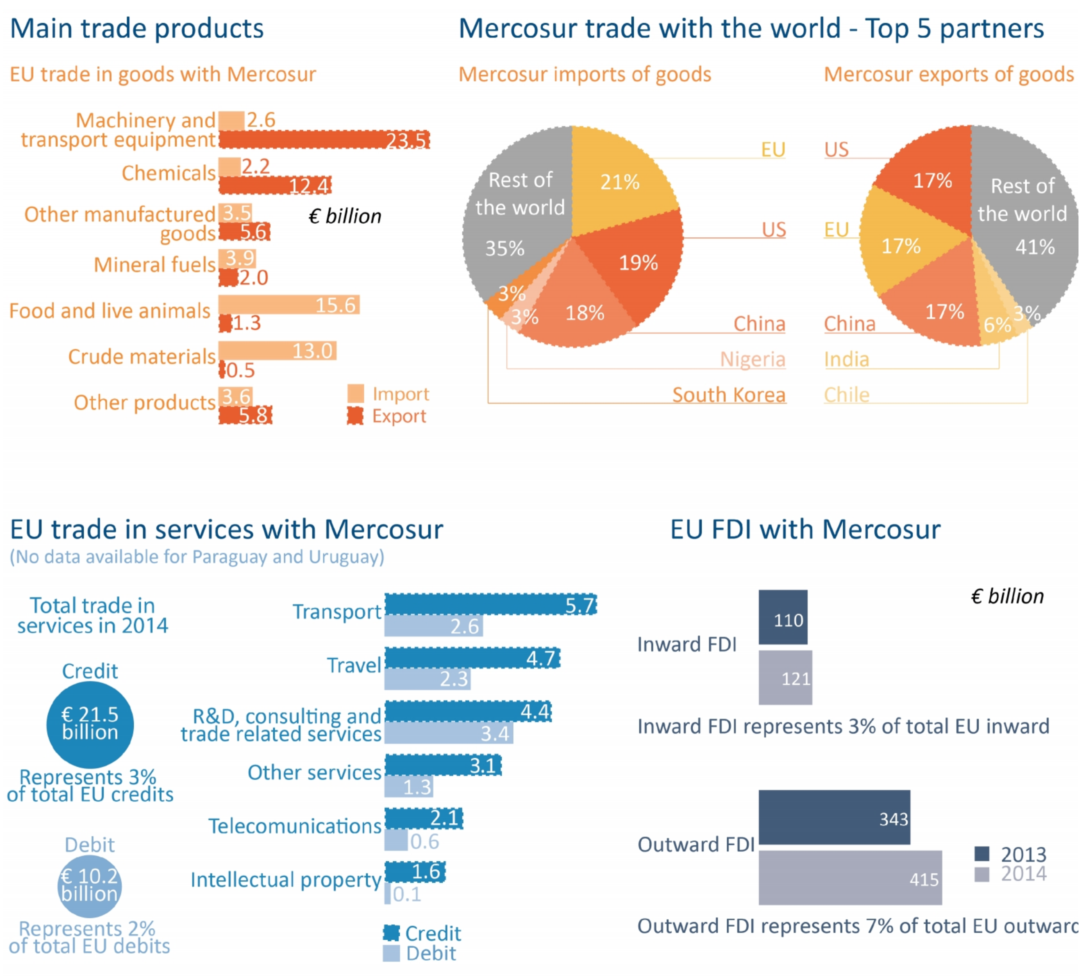

Source: European Commission, Eurostat and DG Trade.

## 1.4. EU-Mercosur


Mercosur, the 'Common Market of the South', is a regional South American trade block, established in 1991. Its members are Argentina, Brazil, Paraguay, Uruguay and Venezuela, with Bolivia – currently one of five associate members – having signed an Accession Protocol (pending ratification by all Mercosur parliaments) in December 2012. It is the fourth largest trading block in the world, with a combined GDP of US$3.2 trillion in 2014. The block's population is close to 286 million, with per capita GDP of US$10 348. Mercosur aims to establish a common market among its states parties. According to Article 1 of Mercosur's Founding Treaty (Treaty of Asunción) the aim is to create a common market, yet the bloc is still far from evolving into this. Several studies argue that Mercosur has failed to successfully implement its full harmonisation agenda (including in competition policy and technical regulations) partly due to the inadequacy of domestic institutions in member countries (as regulatory cooperation within Mercosur is mandated).[1] While internal Mercosur trade rose significantly since its creation, it still represents a small percentage of its members' total trade. Mercosur's charter does not allow its member nations to have FTAs with non-member nations, but through Mercosur its members participate in a number of preferential trade agreements – completed and under negotiation – including FTAs with neighboring Peru, and with Egypt, the Palestinian Authority and Israel.




[1] Mariana Mota Prado and Vladimir Bertrand, Regulatory Cooperation in Latin America: The Case of Mercosur, *78 Law and Contemporary Problems 205,* 2015.




Source: European Commission, Eurostat and DG Trade.

Since 1999, the EU and Mercosur (excluding Venezuela) have been negotiating a trade agreement as part of the overall negotiations on a bi-regional Association Agreement also including a political and a cooperation pillar. Talks were suspended in 2004 due to differences regarding trade in agriculture, services and the opening up of public procurement markets. The latest round of negotiations was launched in 2010, but even so, no significant progress has been made on the trade chapter. During the Mercosur-EU Ministerial Meeting, in Brussels in June 2015, the two blocs agreed to work towards an exchange of market access offers during the last quarter of 2015, but this exchange of market access offers has yet to be made.

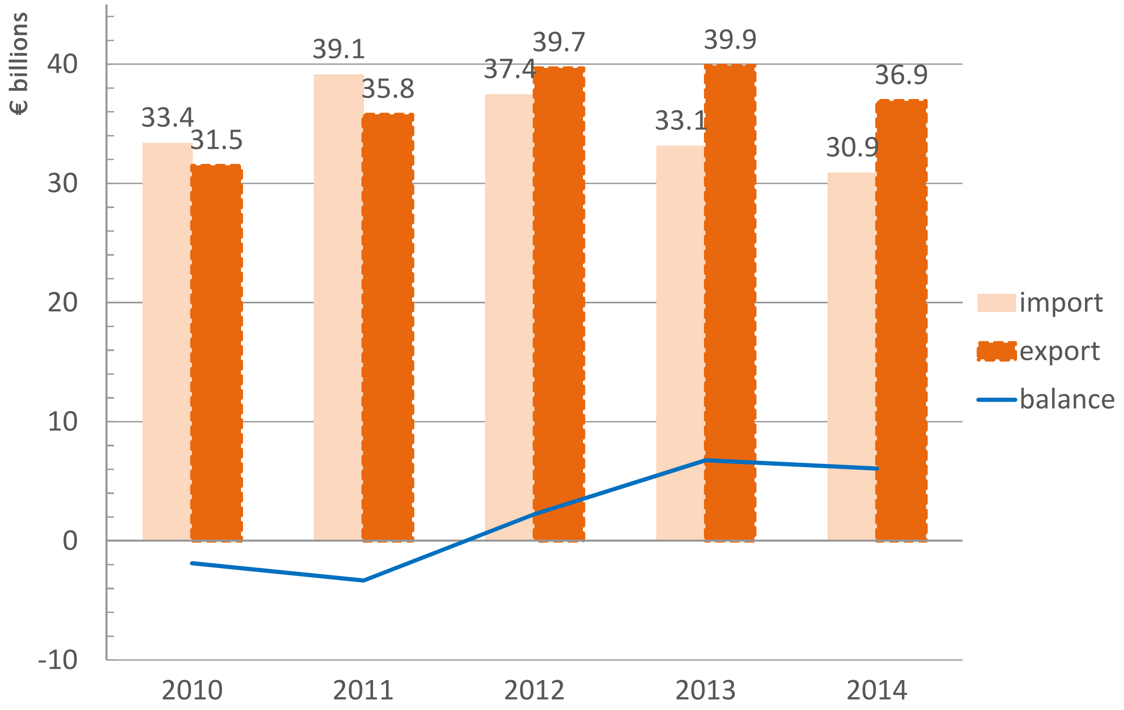
EU technical negotiators are scheduled to visit Montevideo to advance in the proposals that should be exchanged later in 2016. The proposals refer to tariff reductions in the different areas, and to a timetable, that both sides would be prepared to accept. The main roadblocks in reaching an agreement so far have had to do with the agricultural sector, in particular with the clash between Mercosur's pressure for agricultural liberalisation and the EU's desire for agricultural protectionism. The amount of trade to be liberalised, as well as the timetable for the tariff-reduction process have also been sticky points, with Argentina's previous government insisting on less trade liberalisation and a longer timetable for the reduction process.

The change in leadership in Argentina, with pro-business, pro-open market President Mauricio Macri coming to power, is seen as having opened a window of opportunity to finally conclude a deal. President Macri expressed optimism over an exchange of tariff offers in the first quarter of 2016. Recent reports suggest that this could take place before the end of April 2016 and would cover at least 90% of traded products.

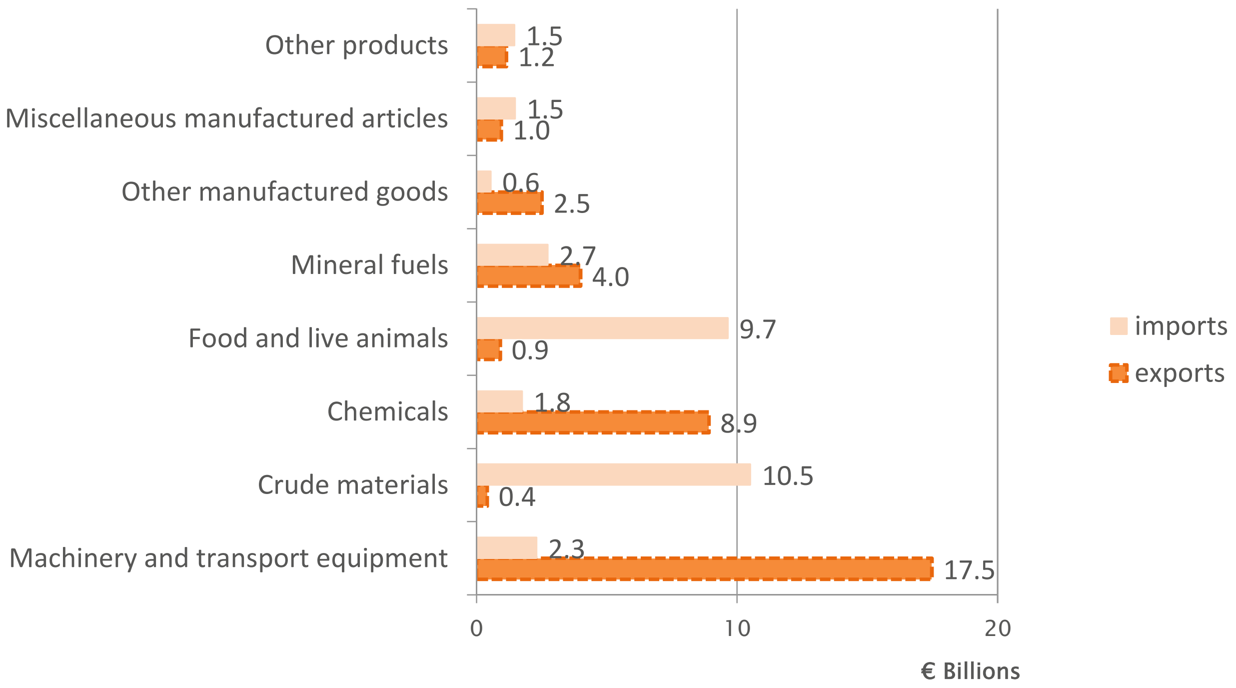
Mercosur's top shipments to the EU are farm products and raw materials, while the EU mostly exports manufactured goods to the bloc.

In economic terms, the cost of no agreement is rising for Mercosur, as all of its members except Paraguay no longer benefit from the EU's Generalised Scheme of Preferences (GSP) and therefore face stronger competition from those countries still benefiting from the GSP. A 2011 Copenhagen Economics study states that the deal could enhance GDP in the EU by €15-21 billion and by €2-3 billion for the Mercosur countries. Brazil, Mercosur's largest member in GDP, population and territory, is the major partner of the EU in Mercosur; Brazil total trade with the EU in 2014 was equal to €67.8 billion, representing circa 71.4% of Mercosur's total trade with the EU. Brazil has also held a Strategic Partnership with the EU since 2007. Through the Strategic Partnership Joint Action Plan, the two partners have agreed to work towards the conclusion of a balanced and comprehensive EU-Mercosur Agreement, and to strengthen the regulatory and industrial dialogue among the two regions. Argentina's total trade with the EU amounted to €15.9 billion, i.e. circa 16.7% of Mercosur's total trade with the EU.

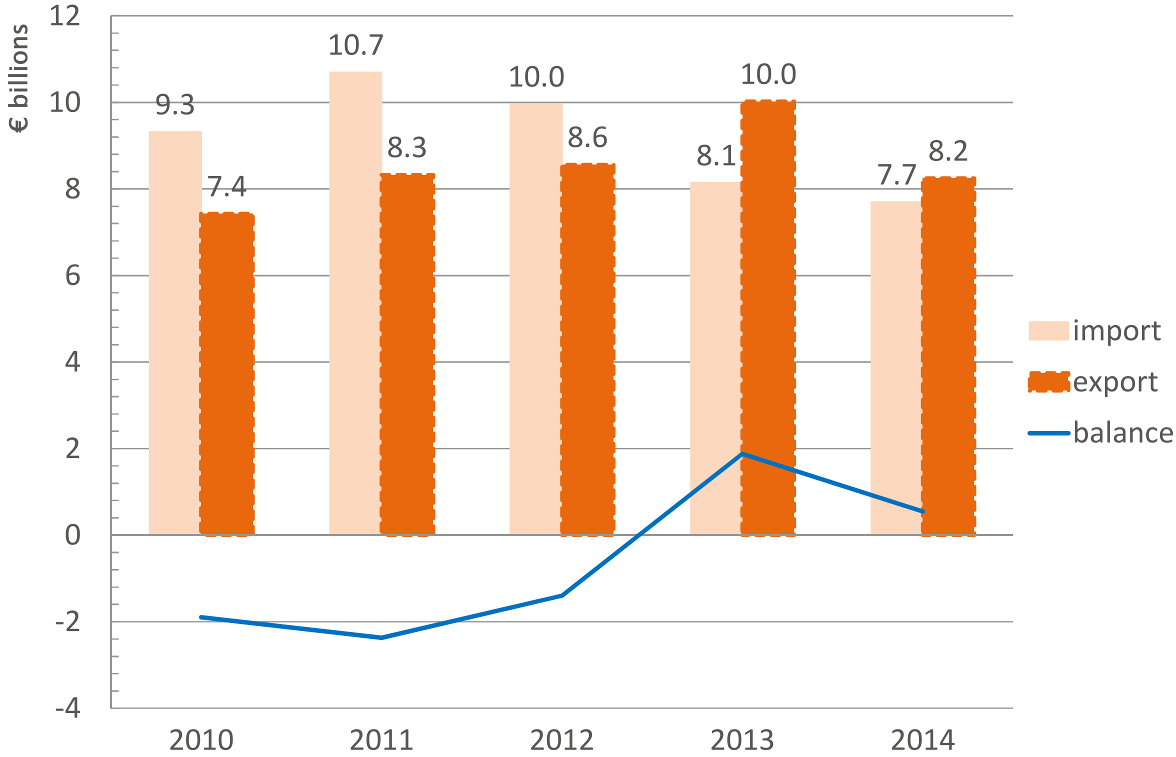
**EU trade in goods with Brazil**



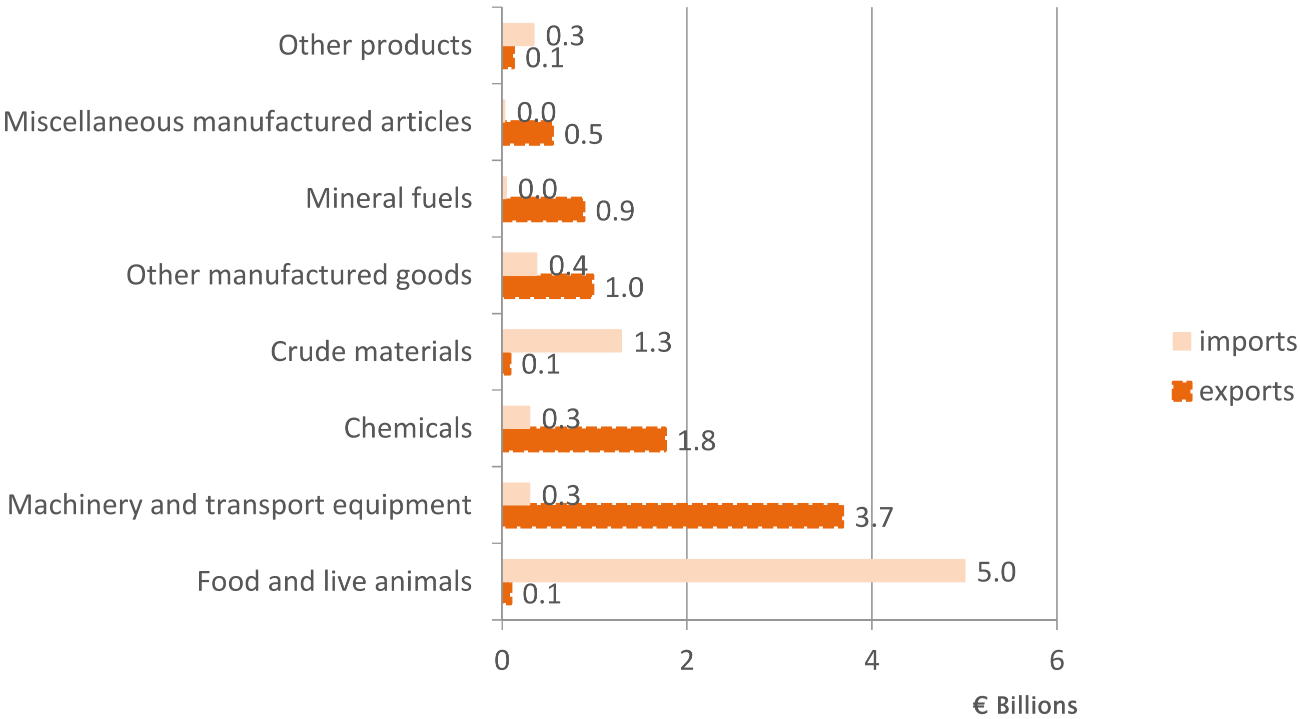

**EU trade in goods with Brazil by sector (2014)**



**EU trade in goods with Argentina**




**EU trade in goods with Argentina by sector (2014)**



## 1.5. EU-Mexico

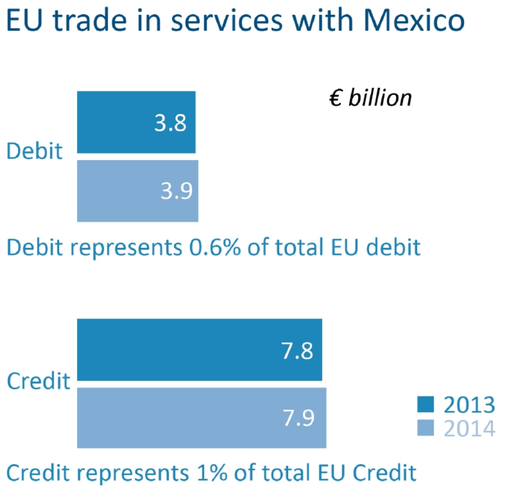

México was the first Latin American country to sign an Economic Partnership, Political Coordination and Cooperation Agreement ('Global Agreement') with the EU (1997, in force since 2000 and expected to be modernised soon), comprising political dialogue, trade and cooperation, including a free trade area. Bilateral trade between EU and Mexico grew by more than 140% in the following years. It also has a Strategic Partnership with the EU, facilitating a wider dialogue and deeper cooperation between both parties. Mexico belongs to the G20, the OECD, the Pacific Alliance and APEC.

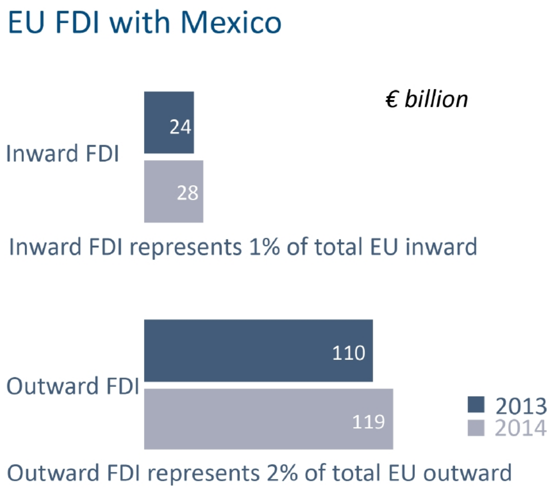
The EU is Mexico's third largest trade partner, while Mexico is the 15th largest trade partner of the EU. The EU is also Mexico's second biggest export market after the USA, and Mexico's third largest source of imports after the United States and China. In 2014, EU exports to Mexico amounted to US$44.6 billion, while EU imports from Mexico amounted to US$20.4 billion. Bilateral trade has almost trebled since the entry into force of the trade pillar of the Global Agreement, representing 8% of Mexican external trade (Mexico's trade with the USA represents 64% of the total). The EU's main exports to Mexico are machinery and electrical equipment, transport equipment, chemical products, and mineral products; and Mexico's main exports to the EU are mineral products (mainly crude oil), machinery and electrical equipment, transport equipment and optic photo precision instruments. Unlike most other Latin American economies, which are basically commodity providers, Mexico is mainly a provider of manufactured goods. Mexico is a net importer of services from the EU, mainly transport and travel services.

The EU is an important provider of capital goods and intermediate products that enter the processes of Mexican assembling companies that export to the US. The United States, with 49% of total foreign direct investment in the past 15 years, has overtaken the EU (39%) as Mexico's first investor. Mexico has undertaken an ambitious set of internal structural reforms, agreed in the 'Pact for México' (including tax, energy/telecoms and education reforms) and pushed for the introduction of mechanisms to facilitate investment flows in infrastructure, which, according to the OECD, have started to strengthen confidence in the country and promise good results.

## Mexico trade with the world - Top 5 partners

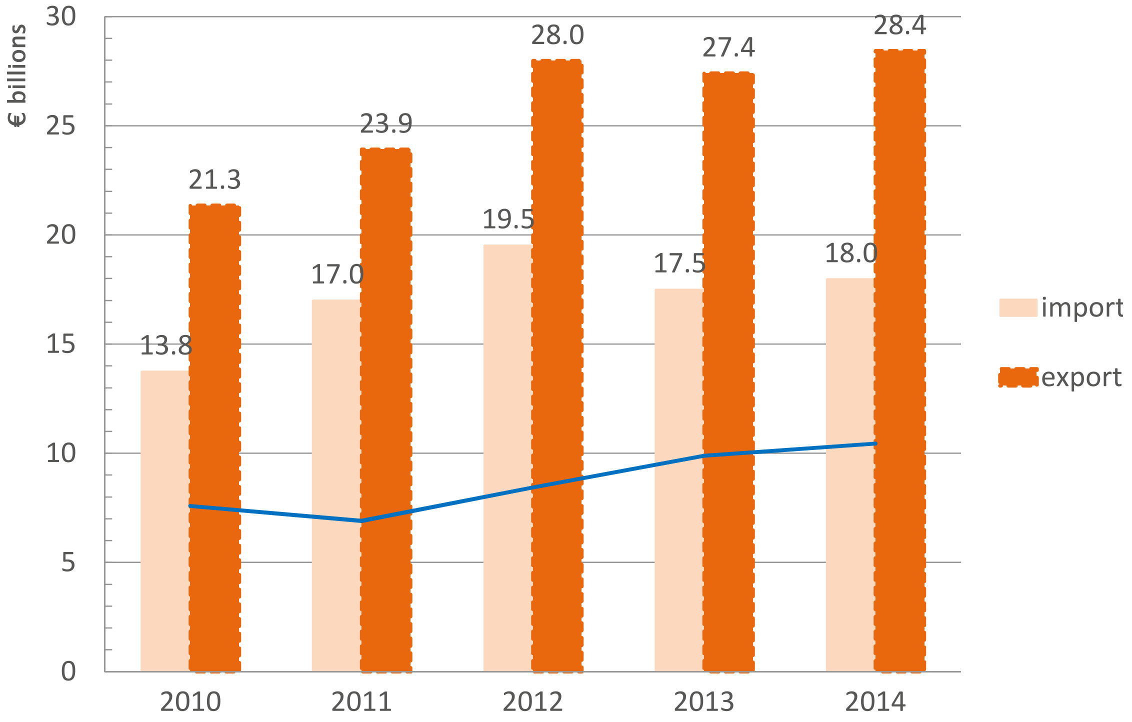




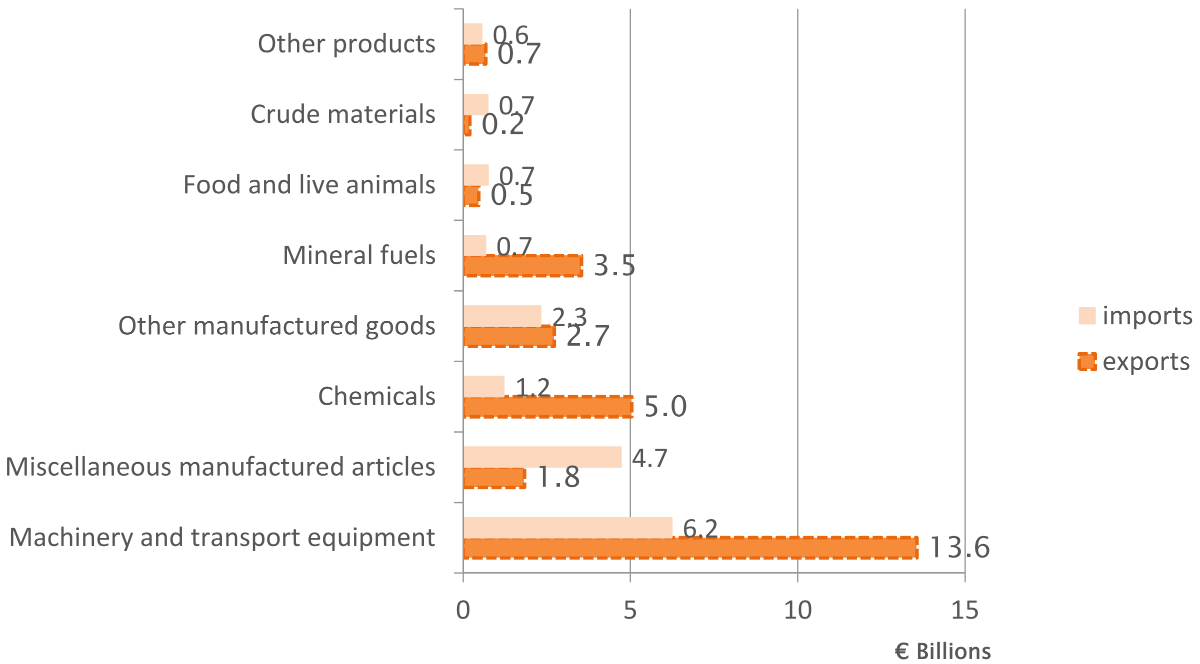




Source: European Commission, Eurostat and DG Trade.

**EU trade in goods with Mexico**



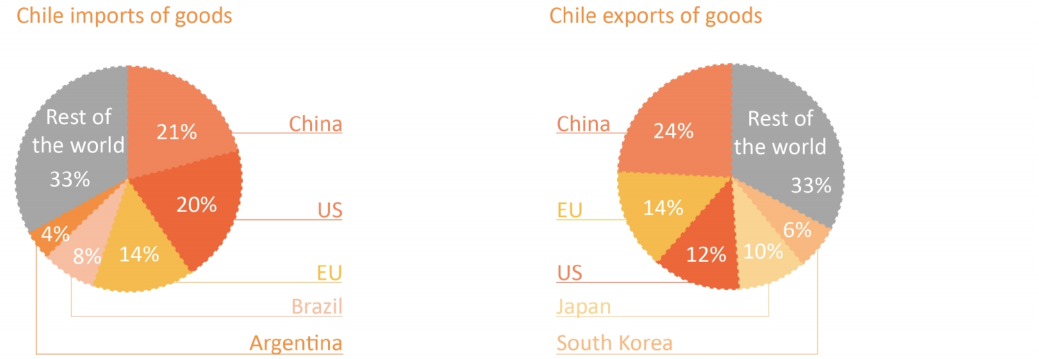

**EU trade in goods with Mexico by sector (2014)**



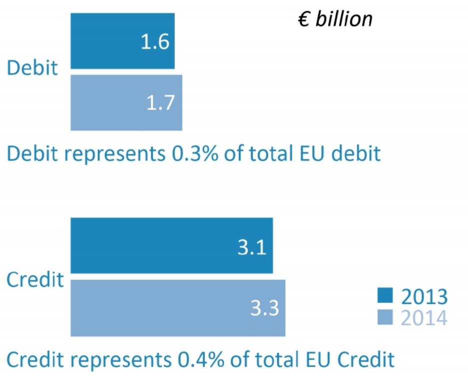
## 1.6. EU-Chile


EU-Chile relations were initially built on the 1996 Framework Cooperation Agreement, and later developed with the 2002 EU-Chile Association Agreement (in force since 2005) which still provides a comprehensive framework for the political, trade and cooperation aspects of bilateral relations, and also provides for political dialogue meetings at different levels. The free trade agreement between the EU and Chile (in force since 2003) led to a significant increase in trade (in 2011, bilateral trade had grown to €18.6 billion from €7.7 billion in 2003). A free trade area is fully in force since 2005 and efforts are currently being made to modernise the agreement. The EU is Chile's third most important trading partner, its third source of imports, and its second export destination. Nearly a third of Chile's copper exports go to the EU-28. The main EU imports from Chile include mining products such as ores and non-ferrous metals, mostly copper. The agricultural sector represents up to a quarter of the total EU imports from Chile, mainly wines, fruit and vegetables, fish and wood products (such as cellulose). Among the main EU exports to Chile are machinery and electric equipment, transport equipment, chemical products and fuel. Chile is the third largest recipient (after Brazil and Mexico) of FDI inflows in Latin America, and it has the highest FDI stock in the region compared to the size of its economy (77% of GDP, while the regional average is 35%). Chile belongs to the OECD and the Pacific Alliance. The EU has also signed other agreements with Chile such as on science and technology and regional policy.

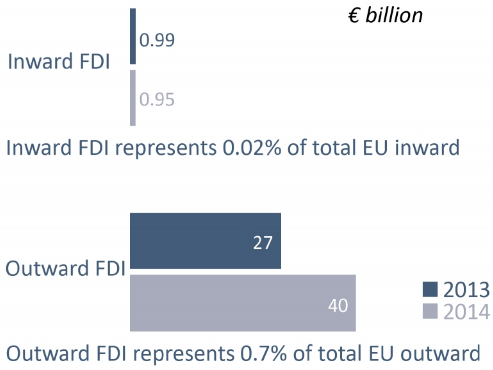
Chile trade with the world - Top 5 partners




EU trade in services with Chile

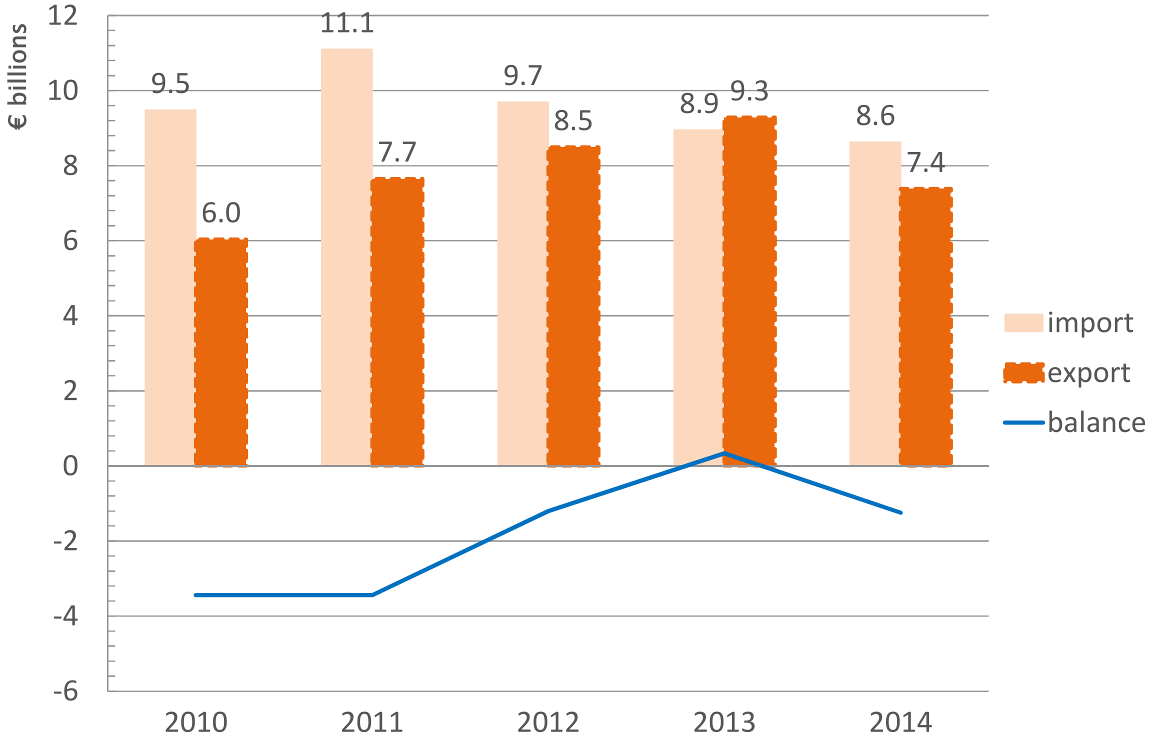



EU FDI with Chile

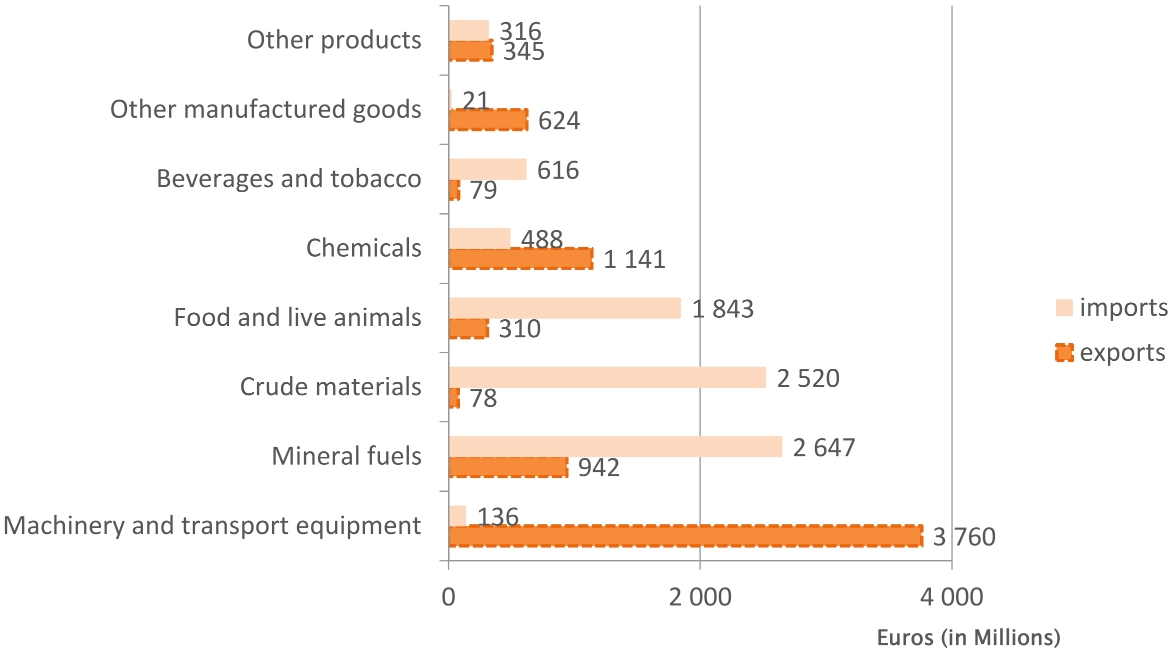



Source: European Commission, Eurostat and DG Trade.

**EU trade in goods with Chile**




**EU trade in goods with Chile by sector (2014)**



## 2. Comparative overview of existing trade agreements between the EU and Latin American countries

The EU has concluded agreements with two Latin American (LA) groupings (Cariforum and the Central America group) and with four other Latin American countries (Mexico, Chile, Peru and Colombia). These agreements differ considerably in terms of coverage and methodology depending on the time at which they were concluded and the context of the negotiations.

**Table 1: EU trade agreements with Latin American countries**

| Trade partners | Trade agreement name | Date of signature | Related political agreement |
|---|---|---|---|
| Mexico | Economic Partnership, Political Coordination and Cooperation Agreement | 2000 | Economic Partnership, Political Coordination and Cooperation Agreement |
| Chile | Association Agreement | 2002 | Association Agreement (replacing previously existing Framework Cooperation Agreement) |
| Cariforum | Economic and Partnership Agreement | 2008 (Haiti in 2009) | Cotonou Agreement |
| Central America | Association Agreement | 2012 | Association Agreement (replacing previously existing political dialogue and cooperation agreement) |
| Peru -Colombia | Trade Agreements | 2012 | Political Dialogue Declaration of 1996 (to be replaced by the Political Dialogue and cooperation agreement of 2003, not yet in force) |

### 2.1. Different negotiation methodologies

The procedure to conclude the EU-Mexican FTA negotiations was, to say the least, *sui generis;* indeed the EU-Mexico FTA was not concluded at one single moment as other trade agreements but was concluded as a 'living' agreement, with first, in December 1997, a general framework agreement, called the Economic Partnership, Political Coordination and Cooperation Agreement (known as the 'Global Agreement'). This Global Agreement set out the three pillars of EU-Mexico cooperation and laid down the basis for further negotiations on a free trade agreement. The interim agreement concluded jointly with the Global Agreement set up a Joint Council to take decisions in order to implement the agreements; the Joint Council composed of the Members of the Council of the EU and Members of the European Commission, on the one hand, and members of the Government of Mexico, on the other, was assisted by a Joint Committee, effectively to continue negotiations on implementing rules. From November 1998, several rounds of negotiation were held. Negotiations on the Mexico-EU free trade agreement concluded on 24 November 1999. The resulting decisions of the EU-Mexico Joint Council established a free trade area for goods (decision 2/2000) and a free trade area for services (decision 2/2001). The reason to choose this approach in the EU-Mexico talks was the entry into force of the North American Free Trade area (NAFTA) in 1994, with the EU needing to quickly conclude an agreement with Mexico so as not to lose ground in the emerging Mexican market. From the Mexican point of view, strong dependence on the US market made it necessary to reach out to other partners and start a diversification process (besides the EU, Mexico concluded FTAs in those years with Chile, EFTA countries, Israel, Uruguay and Japan).

The EU-Peru and Columbia agreement structure also derives from the particular circumstances of its negotiation. The negotiations were started first as a regional agreement between the EU and the Andean Community. However, Ecuador and Bolivia dropped out of the negotiations and negotiations then continued bilaterally with Peru and Columbia; the result was the conclusion of an umbrella trade agreement with distinct schedules for Peru and Colombia. Ecuador started negotiations to integrate into this deal in response to the risk it would lose its status as a GSP beneficiary.

Differentiated schedules were also used in the deal with Cariforum states in order to account for their different development needs.

Some differential treatment was also introduced in the agreement with Central America. Flexibility to adjust to the various partners' needs has been a particular trait of the EU trade negotiation approach with Latin American countries as opposed to the US which relied more on the NAFTA model.

## 2.2. Differences in content between 'older' and 'newer' generation agreements

The EU-Mexico and EU-Chile FTAs reflect, from a content point of view, the time of their conclusions and differ significantly from the later agreements.

Issues such as regulatory cooperation and sustainable development provisions are much less developed than those found in the subsequent agreements.

The EU-Mexico and EU-Chile agreements already have WTO+ provisions for Technical Barriers to Trade (TBT) and Sanitary and Phyto-Sanitary (SPS) provisions, including regulatory cooperation frameworks (as well as provisions establishing cooperation to achieve mutual recognition). These rules are however further developed in later agreements. For example, in the agreement with Columbia and Peru, the TBT chapter includes an obligation to use international standards[2] unless those are ineffective or insufficient for achieving legitimate objectives, and a series of commitments, inter alia, regarding exchange of information on standards, on marking and labelling standards, requirements on transparency and on conformity assessments.

Sustainable development provisions are major parts of recent agreements. In particular, in view of the developmental aim of the Cariforum EPA, that agreement starts with a partnership on sustainable development and clear commitment that the agreement should be applied in conformity with sustainable development principles.[3] Specific titles were dedicated to trade and sustainable development issues in the EU agreement with Colombia and Peru as well as in the agreement with Central America. In the EU-Chile and EU-Mexico agreements, there is no specific chapter dedicated to sustainable development, although this issue was partly covered by political dialogues.

IP rights provisions in EU-Chile and EU-Mexico FTA are less developed than the TRIPS + provisions included in the more recent agreements. While geographical indications (GIs) were introduced in the EU-Chile and EU-Mexico agreement, they focused essentially on wines and spirits, as opposed to GI provisions in other agreements,

2 Article 76 of the EU-Colombia and Peru Trade Agreement.

3 See Part 1 and in particular Article 3 of the EU-Cariforum EPA.

encompassing food too (such as in the EU-Central America FTA and the EU-Columbia and Peru FTA). In the Cariforum agreement, a *rendez-vous* clause[4] was inserted to allow the countries to establish a domestic regulatory framework for geographical indications before negotiating an agreement on GIs.

As opposed to Euro-Mediterranean Association Agreements which merely confirmed GATS commitments in services, the EU-Mexico and EU-Chile agreement incorporate some GATS+ features. However, more recently negotiated agreements have gone further in ensuring GATS+ commitments and have further developed the areas of regulatory issues to be tackled under the services provisions (including data protection provisions). A study regarding the evaluation of the EU-Mexico FTA shows that further liberalisation of agricultural markets and agro-industry would benefit both partners, as current FTA coverage in these areas is limited. Finally, none of the EU agreements with Latin American countries include investment protection provisions; these provisions are covered by bilateral investment agreements with some EU Member States.

## 2.3. Further deepening and widening of EU trade agreements with LAC

The above comparative analysis showed the relevance of the call for FTA modernisation launched by the Commission for the EU-Mexico and EU-Chile FTAs in order to align these agreements to the new trade agenda.

The EU-Mexico FTA was already less advanced than NAFTA; the recent conclusion of the Trans-Pacific Partnership (TPP), to which both Chile and Mexico are part, increases the gap further. Moreover, it would be important to align the EU-Mexico agreement to the more comprehensive and recent EU agreement with Canada (CETA) and the planned agreement with the US (TTIP) in order to allow in the future for some interactions across the agreements.

Finally, progressing on an FTA with Mercosur, as well as Ecuador's joining the EU FTA with Columbia and Peru, would ensure the EU has comprehensive trade agreements with almost all Latin American countries. The EU has in recent years lost market share in Latin America, in particular due to the rise of China (and Asia more generally). Many Latin American countries are still highly dependent on the US market and have not been successful in diversifying their exports (see infographics above). The current global slowdown has particularly affected Latin America. Moreover Latin American countries (and in particular Mercosur members) remain less open to trade compared to other emerging market regions, deeper trade integration has therefore been put forward as a strategy to improve the economic performance of the region.

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4 Article 145 of the EU-Cariforum EPA.

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Trade relations between the EU and Latin American countries have come back into the spotlight in recent years. Collectively, the countries forming the Community of Latin American and Caribbean States (CELAC) represent the fifth largest trading partner of the EU. The EU has concluded agreements with two Latin American (LA) groupings (Cariforum and the Central America group) and with four other Latin American countries (Mexico, Chile, Peru and Colombia). The FTAs concluded by the EU with Latin American countries differ considerably in terms of coverage and methodology depending on the time at which they were concluded and the context of the negotiations. The EU now aims to modernise the oldest FTAs, concluded with Mexico and Chile, in order to align them to the current standards of EU FTAs. The long-standing negotiations on a comprehensive trade agreement with Mercosur – which would mean the EU then had trade agreements with nearly all of Latin America – are yet to pick up pace, however.

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