

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, the 2004 Guadalajara Summit, the 2006 Vienna Summit, the 2008 Lima Summit and the 2010 Madrid Summit;

TAKING INTO ACCOUNT the Madrid Declaration of May 2010;

HAVE DECIDED TO CONCLUDE THIS AGREEMENT:

PART I

GENERAL AND INSTITUTIONAL PROVISIONS

TITLE I

NATURE AND SCOPE OF THIS AGREEMENT

Article 1

Principles

1. Respect for democratic principles and fundamental human rights, as laid down in the Universal Declaration of Human Rights, and for the rule of law, underpins the internal and international policies of both Parties and constitutes an essential element of this Agreement.

2. The Parties confirm their commitment to the promotion of sustainable development, which is a guiding principle for the implementation of this Agreement, taking notably into account the Millennium Development Goals. The Parties shall ensure that an appropriate balance is struck between the economic, social and environmental components of sustainable development.

3. The Parties reaffirm their attachment to good governance and the rule of law, which entails, in particular, the primacy of law, the separation of powers, the independence of the judiciary, clear decision-making procedures at the level of the public authorities, transparent and accountable institutions, the good and transparent management of public affairs at local, regional and national levels, and the implementation of measures aiming at preventing and combating corruption.

Article 2

Objectives

The Parties agree that the objectives of this Agreement are to:

- (a) strengthen and consolidate the relations between the Parties through an association based on three interdependent and fundamental parts: political dialogue, cooperation and trade, based on mutual respect, reciprocity and common interest. The implementation of this Agreement shall make full use of the institutional arrangements and mechanisms agreed by the Parties;
- (b) develop a privileged political partnership based on values, principles and common objectives, in particular the respect for and the promotion of democracy and human rights, sustainable development, good governance and the rule of law, with the commitment to promote and protect these values and principles on the world stage, in such a way that it contributes to the strengthening of multilateralism;

(c) enhance bi-regional cooperation in all areas of common interest with the aim of achieving more sustainable and equitable social and economic development in both regions;

(d) expand and diversify the Parties' bi-regional trade relation in conformity with the WTO Agreement and the specific objectives and provisions set out in Part IV of this Agreement, which should contribute to higher economic growth, to the gradual improvement of the quality of life in both regions and to a better integration of both regions in the world economy;

(e) strengthen and deepen the progressive process of regional integration in areas of common interest, as a way to facilitate the implementation of this Agreement;

(f) reinforce good neighbourly relations and the principle of peaceful resolution of disputes;

(g) at least maintain and preferably develop the level of good governance, social, labour and environmental standards achieved through the effective implementation of international conventions of which the Parties are part of at the time of entry into force of this Agreement; and

(h) foster increased trade and investment among the Parties, taking into account special and differential treatment in order to reduce structural asymmetries existing between both regions.

Article 3

Scope

The Parties shall treat each other as equals. Nothing in this Agreement shall be construed to undermine the sovereignty of any Republic of the CA Party.

TITLE II

INSTITUTIONAL FRAMEWORK

Article 4

Association Council

1. An Association Council is hereby established, which shall oversee the fulfilment of the objectives of this Agreement and supervise its implementation. The Association Council shall meet at ministerial level at regular intervals, not exceeding a period of two years, and extraordinarily whenever circumstances so require, if the Parties so agree. The Association Council shall meet where appropriate and agreed by both Parties at Head of State or Government level. Furthermore, in order to strengthen the political dialogue and make it more efficient, specific 'ad hoc' meetings at working level shall be encouraged.

2. The Association Council shall examine any major issue arising within the framework of this Agreement, as well as any other bilateral, multilateral or international question of common interest.

3. The Association Council shall also examine proposals and recommendations from the Parties for the improvement of the relations established under this Agreement.

Article 5

Composition and Rules of Procedures

1. The Association Council shall be composed of representatives of the EU Party and of each of the Republics of the CA Party at ministerial level, in accordance with the Parties' respective internal arrangements and taking into consideration the specific issues (Political Dialogue, Cooperation and/or Trade) to be addressed at any given session.

2. The Association Council shall establish its own rules of procedure.

3. Members of the Association Council may arrange to be represented, in accordance with the conditions laid down in its rules of procedure.

4. The Association Council shall be chaired alternately by a representative of the EU Party on one side, and by a representative of one Republic of the CA Party on the other, in accordance with the provisions laid down in its rules of procedure.

Article 6

Decision-Making Powers

1. In order to attain the objectives of this Agreement, the Association Council shall have the power to take decisions in the cases provided for in this Agreement.

2. The decisions taken shall be binding on the Parties, which shall take all measures necessary to implement them in accordance with each Party's internal rules and legal procedures.

3. The Association Council may also make appropriate recommendations.

4. The Association Council shall adopt decisions and recommendations by mutual agreement between the Parties. In the case of the Republics of the CA Party, the adoption of decisions and recommendations shall require their consensus.

5. The procedure established in paragraph 4 shall apply to all other governing bodies created by this Agreement.

Article 7

Association Committee

1. The Association Council shall be assisted in the performance of its duties by an Association Committee which

shall be composed of representatives of the EU Party and of each of the Republics of the CA Party, at senior official level, and taking into consideration the specific issues (Political Dialogue, Cooperation and/or Trade) to be addressed at any given session.

2. The Association Committee shall be responsible for the general implementation of this Agreement.

3. The Association Council shall establish the rules of procedure of the Association Committee.

4. The Association Committee shall have the power to take decisions in the cases provided for in this Agreement or where such power has been delegated to it by the Association Council. In this event, the Association Committee shall take its decisions in accordance with the conditions laid down in Articles 4 to 6.

5. The Association Committee shall generally meet once a year for an overall review of the implementation of this Agreement, on a date and with an agenda agreed in advance by the Parties, in Brussels one year and in Central America the next. Special meetings may be convened, by mutual agreement, at the request of either of the Parties. The Association Committee shall be chaired alternately by a representative of each of the Parties.

Article 8

Sub-Committees

1. The Association Committee shall be assisted in the performance of its duties by the Sub-Committees established in this Agreement.

2. The Association Committee may decide to set up any additional Sub-Committee. It may decide to change the task assigned to or dissolve any Sub-Committee.

3. Sub-Committees shall meet once per year or at the request of either Party or of the Association Committee, at an appropriate level. When in person, meetings shall be held alternately in Brussels or Central America. Meetings may also be held by any technological mean available to the Parties.

4. Sub-Committees shall be chaired alternately by a representative of the EU Party on one side and by a representative of one Republic of the CA Party on the other, for a period of one year.

5. The creation or existence of a Sub-Committee shall not prevent the Parties from bringing any matter directly to the Association Committee.

6. The Association Council shall adopt rules of procedure which determine the composition and duties of such Sub-Committees and how they shall function, insofar as not provided for by this Agreement.

7. A Cooperation Sub-Committee is hereby established. It shall assist the Association Committee in the performance of its duties regarding Part III of this Agreement. It shall also have the following tasks:

- (a) attend any cooperation related matter mandated by the Association Committee;
- (b) follow-up the overall implementation of Part III of this Agreement;
- (c) discuss any related cooperation issues that may affect the operation of Part III of this Agreement.

Article 9

Association Parliamentary Committee

1. An Association Parliamentary Committee is hereby established. It shall consist of members of the European Parliament, on the one side, and of members of the *Parlamento Centroamericano* (PARLACEN), and in the case of Republics of the CA Party that are not members of PARLACEN, representatives designated by their respective National Congress, on the other side, who shall meet and exchange views. It shall determine the frequency of its meetings and shall be chaired by one of the two sides alternately.

2. The Association Parliamentary Committee shall establish its rules of procedure.

3. The Association Parliamentary Committee may request of the Association Council relevant information regarding the implementation of this Agreement. The Association Council shall supply the Committee with the requested information.

4. The Association Parliamentary Committee shall be informed of the decisions and recommendations of the Association Council.

5. The Association Parliamentary Committee may make recommendations to the Association Council.

Article 10

Joint Consultative Committee

1. A Joint Consultative Committee is hereby established as a consultative body of the Association Council. Its work shall consist in submitting the opinions of civil society organisations to this Council regarding the implementation of this Agreement without prejudice to other processes in accordance with Article 11. The Joint Consultative Committee shall further be tasked with contributing to the promotion of dialogue and cooperation between the organisations of civil society in the European Union and those in Central America.

2. The Joint Consultative Committee shall be composed of an equal number of representatives of the European Economic

and Social Committee, on the one side, and of representatives of the *Comité Consultivo del Sistema de la Integración Centroamericana* (CC-SICA) and of the *Comité Consultivo de Integración Económica* (CCIE), on the other side.

3. The Joint Consultative Committee shall adopt its rules of procedure.

Article 11

Civil Society

1. The Parties shall promote meetings of representatives of the European Union's and of Central America's civil societies, including the academic community, social and economic partners and non-governmental organisations.

2. The Parties shall call for regular meetings with these representatives in order to inform them about the implementation of this Agreement and to gather their suggestions in this respect.

PART II

POLITICAL DIALOGUE

Article 12

Objectives

The Parties agree that the objectives of the political dialogue between the Republics of the CA Party and the EU Party are to:

- (a) establish a privileged political partnership based notably on the respect for and the promotion of democracy, peace, human rights, the rule of law, good governance and sustainable development;
- (b) defend common values, principles and objectives through their promotion at the international level in particular at the United Nations;
- (c) strengthen the United Nations Organization as the core of the multilateral system, in order to enable it to tackle global challenges effectively;
- (d) intensify political dialogue in order to enable a broad exchange of views, positions and information leading to joint initiatives at international level;
- (e) cooperate in the field of foreign and security policy, with the objective of coordinating their positions and taking joint initiatives of mutual interest in the relevant international *fora*.

Article 13

Areas

1. The Parties agree that political dialogue shall cover all aspects of mutual interest either at the regional or international levels.