

Trade agreements in the Americas in 2012

Given the importance of trade opening for the development of agriculture in the Americas, the Center for Strategic Analysis for Agriculture (CAESPA) of the Inter-American Institute for Cooperation on Agriculture (IICA) has prepared this note describing the main advances made by the American countries in 2012 in relation to trade negotiations.

The countries have adopted various negotiating strategies to expand their trade relations, such as those aimed at entering into partial scope agreements (PSAs), free trade agreements (FTAs), trade promotion treaties, and European association agreements (EAA). The geographic coverage of such strategies varies: they may involve two countries (bilateral), groups of countries (plurilateral), or two or more regions (as in the case of the negotiations between the European Union (EU) and Central America). In addition, multilateral negotiations are carried out under the aegis of the World Trade Organization (WTO). However, the main objectives of the different kinds of strategies are the same: to promote further trade liberalization and establish free trade areas that enable the participating countries to improve their terms of trade.

All the trade negotiation and liberalization instruments mentioned above are types of international agreements, as defined in the Vienna Convention: “... an international

agreement concluded between States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation” (1969 Vienna Convention on the Law of Treaties, article 2, paragraph 1, subparagraph (a)).

The convention, designed to create a legal frame of reference for international relations, defines the four stages involved in the process of formulating trade agreements: 1) negotiations (the Parties negotiate and reach agreement, based on the terms that each wants the others to accept); 2) legal review of the treaty; 3) approval of the treaty by the congresses of the countries concerned; and, 4) implementation and entry into force of the respective agreement. The present note is designed to share information about the principal trade agreements in which the American countries were involved in 2012 at one of those stages (negotiation, approval, legal review or entry into force).

Doha Round: The conclusion of the Doha Round continues to be one of the priorities of the multilateral trading system; however, the conditions required to prompt the countries to go back to the negotiating table are unlikely to exist in the short term. The negotiations have ground to a halt mainly due to the commitments related to the reduction of domestic supports that distort trade, the

improvement of market access, and the gradual elimination of export subsidies of all kinds.

In view of the current impasse, the American countries have turned to other trade negotiation and liberalization options, particularly bilateral or multilateral agreements with countries with common interests. The most recent of these is the Trans-Pacific Strategic Economic Partnership Agreement (Pacific Partnership), which is in an embryonic state and is being promoted by Chile, Peru, and Mexico (in addition to the United States and Canada), with a view to increasing trade with some of Asia's major economies.

The WTO is fully aware that failure to complete the Doha Round could undermine the efforts to achieve harmonized national trade policies, so senior officials continue to promote the conclusion of the negotiations, which would help ensure that all WTO members have consistent trade policies. That is, without doubt, one of the biggest challenges facing the countries in 2013.

At the **regional level**, Canada, Chile, Colombia, and Peru are the four American countries with the most negotiation processes under way. In 2012, they made progress in the following areas:

- **Canada:** Negotiated trade agreements with India (fourth round of negotiations), Morocco and Costa Rica (third round of negotiations), and Japan (first round of negotiations). It also drew closer to concluding the negotiations with the European Union; approved legislation to implement a trade agreement with Jordan, which entered into force in

October 2012; and became an observer country in the Pacific Partnership negotiations. The Government of Canada also presented to parliament the agreement to modernize and expand its current FTA with Chile.

- **Chile:** Negotiated trade agreements with Thailand (sixth round of negotiations), India (fourth round of the efforts to broaden the partial scope agreement), and China (second round of trade negotiations). Furthermore, Chile's congress approved the Chile-Vietnam agreement; and the trade agreement with Malaysia and the bilateral protocol with Nicaragua entered into force.
- **Colombia:** Held negotiations for trade agreements with Venezuela (last round of negotiations), Turkey (sixth round of negotiations), Costa Rica and Israel (third round of negotiations), and Japan and Uruguay (first round of negotiations). Colombia also signed two trade agreements (one with Korea and another with Peru and the European Union), and its trade agreements with the United States and Venezuela entered into force.
- **Peru:** In April 2012, the country held the eighth round of trade negotiations to revise the agreement with Thailand. Furthermore, in February it held the fifth round of negotiations on the Partial Scope Trade Agreement with Venezuela. It also concluded the trade negotiations with Costa Rica. The agreement that Peru and Norway signed with the European Free Trade Association (EFTA) entered into force, as did the trade agreements with Panama, Japan, and Mexico.

A series of actions was also implemented in the Americas that will enable several

countries to achieve further trade liberalization and integration, the most important of which included the following:

- In April and May 2012, Guatemala and Trinidad and Tobago carried out the first and second round of trade negotiations aimed at concluding a partial scope agreement.
- Central America (Costa Rica, Honduras, and Panama) and EFTA (Norway, Switzerland, Iceland, and Liechtenstein) held the fourth round of trade negotiations.
- Panama became a full member of the Central American Integration System.
- On July 31, 2012, Venezuela became a full member of the Southern Common Market (MERCOSUR).
- MERCOSUR invited Bolivia to become a full member.
- The European Council approved the EU trade agreement with Colombia and Peru.
- Central America and the European Union signed an association agreement.
- Mexico's Senate approved the Framework Agreement of the Pacific Partnership (Chile, Colombia, Peru, and Mexico). Australia, Canada, New Zealand, Spain, and Uruguay also became observer countries, joining Costa Rica and Panama, which are candidates for full membership.

Other trade agreements also entered into force in 2012:

- The agreement between the U.S. and Korea (March 2012)
- The agreement between the U.S. and Panama (October 2012)
- The agreement between Canada and Jordan (October 2012)

- The bilateral protocol between Chile and Nicaragua (October 2012)

Several meetings related to the **administration of trade agreements** took place in 2012, including the first meeting of the Commission on Free Trade between Colombia and the U.S., the meeting between Peru and China, the meeting between the U.S. and Korea, the fourth meeting of the commission responsible for administering the agreement between Mexico and Uruguay, and the meeting of the Free Trade Commission of the North American Free Trade Agreement (NAFTA).

With regard to **future agreements**, Central America and Korea held a technical meeting on October 16 in San Jose, Costa Rica, in which the countries laid the groundwork for the possible negotiation of an FTA. Belize and El Salvador also began negotiating a partial scope agreement.

In conclusion, the American countries were extremely active in their efforts to seek and negotiate trade agreements in 2012, as part of a strategy aimed at promoting the region's development. The process of negotiation was linked to the WTO's multilateral agreements, whose principal objective is trade liberalization.

For more information, please contact Adriana Campos Azofeifa, Specialist in Policies and Trade Negotiations of the Center for Strategic Analysis for Agriculture (CAESPA) and Coordinator of the WTO-IICA Reference Center, via e-mail (adriana.campos@iica.int) or by phone (506) 2216-0170.