

XIXth Ministerial Meeting of the San José Dialogue

Panama, 12 May 2003

Joint Communiqué

1. The Nineteenth Ministerial Conference on Political Dialogue and Economic Cooperation between the European Union (EU) and the Member States of the Central American Integration System (SICA) was held in the city of Panama, on 12 May 2003, under the Greek Presidency of the EU and the Pro Tempore Panamanian Presidency of SICA.

2. Ministers stressed the priority they give to furthering the relations between the two regions, in particular following the decision at the Second Summit of Heads of State or Government of the European Union, and Latin America and the Caribbean, held in Madrid, on 17 May 2002, to negotiate a Political Dialogue and Cooperation Agreement, as well as to strengthen cooperation on trade, investments and economic relations, with the aim of establishing the conditions under which a mutually beneficial Association Agreement between CA and the EU could be negotiated, including a free-trade area and building upon the outcome of the Doha Work Programme, which they have committed to complete by the end of 2004.

In this respect, Ministers stressed their satisfaction with the launching of the First round of negotiations of the Political Dialogue and Cooperation Agreement on 13, 14 and 15 May 2003, in Panama. They trust that the following rounds of negotiations could be held during the second semester of 2003 and that this process will be concluded at the end of this year.

3. The European Union and Central America reaffirmed their commitment to the promotion of human rights and fundamental freedoms and cultural diversity. In this context, they acknowledged the progress made in CA in consolidating democracy, strengthening the rule of law and good governance, and stressed the need to further enhance advances in these areas in order to ensure that they became irreversible. They also underlined the importance of continued efforts to achieve the consolidation of democratic institutions, the transparency of elections, the proper administration of justice, the decentralised and efficient management of public affairs, the fight against corruption, and the participation of civil society in public affairs, in line with the mechanisms of each country or region.

4. The Parties acknowledged that civil society's participation was important for the strengthening of EU-CA relations and agreed that meetings between the existing institutionalised fora of civil society in each region should be encouraged.

5. The European Union and Central America agreed to continue promoting programmes and cooperation projects geared to economic, social and cultural development in complement to the efforts of CA.

6. Parties reaffirmed their commitment to continue cooperation between the regions in order to promote the development of a culture of peace, which contributes to the strengthening of democratic institutions.

Parties reaffirmed their support for the Central American initiative for the control of small arms and light weapons and combating the proliferation of and illicit trade in small arms and light weapons, illicit drug trafficking and related crimes and terrorism in all its forms and manifestations. Likewise, they welcomed the progress made by the Central American Security Commission in its work, particularly that aimed at facilitating full participation by all the member countries of SICA in the Framework Treaty on Democratic Security and other related agreements.

7. The European Union and Central America agreed to instruct their respective Missions to the UN to work quickly on the definition of the international fora and mechanisms for political consultation, focusing on those topics on which both regions have a common interest in establishing a dialogue and cooperation, such as human rights, peaceful solution of conflicts, fight against drugs, terrorism, illicit trade in small

arms and light weapons and anti-personnel mines; sustainable development and the environment.

8. Parties welcomed the historical decision taken by the European Council at Copenhagen on the enlargement of the EU as well as the signature of the Accession Agreements with the ten new Member States on 16 April in Athens.

Ministers welcomed the important decision of the Central American countries to accelerate their regional integration process, as a vehicle for sustainable development. They recognised the substantial progress achieved in the modernisation and transformation of CA, in particular with regard to regional economic integration that includes the early establishment of a Customs Union in accordance with the mandate of the Presidents of the region, the entry into force of the Settlement of Commercial Disputes Mechanism, the signing of the CA Treaty on Investment and Trade in Services, etc. Likewise, they acknowledged the advances made in the cultural, tourist and social-integration fields.

They reiterated their commitment to continue to focus on regional cooperation as a means of supporting integration in CA, in accordance with those priorities and programmes already set out, including, in particular, the establishment of the Customs Union; the implementation of a common external tariff; the dissemination of the Central American integration process; the strengthening of the regional institutions, and the participation of civil society, in accordance with the established institutionalised mechanisms.

9. The Central American Party, within the framework of economic relations, showed their concern for the serious limitations presented by the Drugs GSP regime and the current uncertainty regarding its future. Particularly, they expressed their concern regarding the graduation mechanism applied to Costa Rica and its possible impact on the economic and social development of the region; although they acknowledged the will of the Commission and the Council, expressed in their Joint Declaration of May 8, 2003, of examining all possible manners of solving the issue of the application of the graduation principle, vis-à-vis the revision of the Drugs GSP for the new period that will begin on 2005.

On the other hand, the beneficiary countries of the Drugs GSP regime participating in this dialogue mechanism, expressed their interest in obtaining the liberalization of trade for tropical products.

10. The European Union and Central America confirmed their mutual interest to reduce the existing technological gap between the EU and CA and to promote the cooperation with respect to access to new technologies, the information society and scientific and technical research, which will contribute to the development of modern human resources, an increase in productivity and the socio-economic modernization of Central American populations.

11. Ministers welcomed the advances achieved by Belize and Panama in their process of incorporation in the Central American Bank of Economic Integration (CABEI), as beneficial non-founder country members. The CA Ministers reiterated their invitation to the Member States of the EU to join CABEI as extra-regional members.

12. In the same spirit, the Central American Party recognized the importance of the financing from the European Investment Bank (EIB) to the region and expressed their satisfaction for the granting of a \$40.0 million credit to the Central American Bank of Economic Integration (CABEI) for the financing of the Electric Interconnection System Project for the Countries of Central America (SIEPAC), to be executed within the framework of the Puebla - Panama Plan (PP), which will benefit six countries of the region from Guatemala to Panama.

Notwithstanding, the Central American Party expressed its concern for the limitations of available funds by the EIB in the framework of the mandate for its operations in Central America.

In that sense and considering the importance that the subjects in support of the Small and Medium-Sized Enterprises, the promotion of investments, the support to technological transformation, the regional integration infrastructure, among others, have for the development of the region, Central America stressed the need to study an increase in funds, through the adequate channels, to fund projects in those

areas of great interest for the Central America Republics.

13. Parties agreed on the need to continue their close cooperation in order to overcome the vulnerability of CA, and expressed their firm commitment to working together with the aim of diminishing the impact of natural disasters, and creating conditions for the promotion of a sustainable environment in the region.

14. Finally, Ministers and their Representatives congratulated the Government and people of Panama on the commemoration of their First Centennial as a Republic and thanked them for their hospitality, excellent organisation and the cordial and constructive dialogue which characterised this Conference Meeting. They agreed to hold the next meeting of San Jose XX on the occasion of the next Summit of Heads of State or Government of the EU and LAC.