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Answer given by Mr Šefčovič
on behalf of the European Commission
(23.1.2026)

The EU attaches great importance to the protection of labour rights in engagement with trading partners, including Panama.

The EU-Central America Association Agreement (EUCAAA)¹ includes a chapter on Trade and Sustainable Development (TSD), which incorporates commitments to respect international conventions on labour rights.

The EU regularly raises the importance of properly implementing commitments to labour rights. These exchanges take place in the framework of the EU-Central America Trade Committee, the TSD Board and the EU-Panama bilateral consultations. The EU has also engaged proactively on labour rights through a regular bilateral dialogue and is carrying out activities to promote and protect labour rights in Panama.

Panama has ratified 8 of the 10 fundamental International Labour Organization Conventions. The EU closely follows developments and regrets lack of progress in setting up of the High Labour Council, for which the legislative proposal was presented to the Congress on 31 January 2024. This issue was discussed bilaterally and in the TSD Board in May and June 2025.

The EUCAAA contains an essential elements clause requiring respect for human rights, which encompass fundamental labour rights. If a Party violates these provisions, the other Party may adopt appropriate measures proportional to the violation. In cases of continuous, systematic, and grave human rights violations, the Commission may propose to the Council the suspension of the Agreement as a last-resort measure. At this stage, the Commission does not consider that such conditions exist with Panama. Before considering suspension, the EU shall prioritise measures that enable an intensified dialogue, cooperation, and monitoring of labour rights.

¹ [https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:22012A1215\(01\)](https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=CELEX:22012A1215(01)).