



Sistema Económico
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Latin American and Caribbean
Economic System

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Latino-Americano e do Caribe
Système Economique
Latinoaméricain et Caribéen

Conclusions and Recommendations

Regional Meeting: "The VI Bi-regional Summit of Madrid, the recessive dynamics in some European countries and prospects for the economic relations between LAC and the EU"

Caracas, Venezuela

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CONCLUSIONS

1. Participants in the Regional Meeting "The VI Bi-regional Summit of Madrid, the recessive dynamics in some European countries and prospects for the economic relations between Latin America and the Caribbean and the European Union" took note with interest of the document prepared by the Permanent Secretariat, entitled "Relations between Latin America and the Caribbean and the European Union: Results from the Madrid Summit and impact of the economic crisis on Europe" (SP:VICBM-DRPEYPREALC-UE/DT No. 2-11), which included various important elements that provided the basis for the discussions that took place among the representatives of the Member States.
2. Participants also highlighted the importance of the contributions made by the representatives of the Secretariats of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the Central American Economic Integration System (SIECA), the Andean Community (CAN), the Caribbean Community (CARICOM), and the representative of the Pro-Tempore Presidency of MERCOSUR.
3. In their debates, participants recognized that, in spite of the complex differences between the economies of Europe and Latin America and the Caribbean – and within both groups of countries – there are some central issues in mutual economic relations that should be of particular interest for LAC countries, including the following, among others:
 - a) The economic crisis currently faced by the Euro zone is directly linked to the fact that EU officials relaxed their disciplines and commitments and made some economic policy errors that led to unsustainable levels of indebtedness for several nations of the bloc. This, coupled with an aging population prevailing in Europe, makes it impossible – in view of the absence of structural adjustment and reforms – to achieve long-term growth levels to sustain the social welfare model that Europeans have enjoyed in recent decades. Nevertheless, participants recognized that the well-coordinated response of the EU to the crisis has enabled it to overcome the recession and start a slow recovery.
 - b) Such coordinated action has allowed EU institutions to agree on a program for structural reforms, aimed at solving the central problem of insufficient growth in productivity levels.
 - c) The current economic situation in Europe has resulted in a deterioration of mutual economic relations between the EU and LAC. This is evidenced in a decreased relative weight of Europe in terms of foreign trade and foreign investment for LAC countries. In turn, the remittances flows from Europe did not recover in 2010 and projections point to a reduction in the amounts of foreign assistance and cooperation from Europe to our region.
 - d) It was suggested that in spite of the difficulties posed by the crisis in the EU, this is a good opportunity to incorporate Latin America and the Caribbean into the new global value chains, on the basis of strategic actions.

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e) Referring to possible cooperation as regards major issues on the global agenda between the EU and LAC, participants noted that such cooperation is of the utmost importance, if one considers that some of the difficulties faced by developing countries – including Latin America and the Caribbean – are associated with the asymmetries seen in the current governance of globalization, particularly in the current international financial and trade system.

f) As part of the resolutions adopted at the Madrid Summit, it was noted that there is no agreement yet regarding the legal status of the “EU-LAC Foundation”, and even though the EU proposal as regards the headquarters and the participation of other “privileged partners” has been accepted, it should also allow “privileged partners” in Latin America and the Caribbean.

g) Concerning the preparation for the upcoming VII EU-LAC Summit, to be held in Santiago de Chile in 2012, participants underscored the importance of conducting bi-regional sectoral meetings on the most significant issues of mutual economic relations; mounting a vigorous lobbying campaign by representatives of our governments and institutions vis-à-vis EU governments in order to defend our fundamental economic interests; and making efforts to coordinate some common positions between the EU and LAC countries as regards the new international financial architecture.

h) Participants stressed that the future creation of the Community of Latin American and Caribbean States – as a result of the Summit to be held in Caracas on 5 July 2011 – will undoubtedly represent an important step forwards to set the necessary regional common positions vis-à-vis the European Union, as well as other key actors and extra-regional forums.

4. Participants took note of the experiences of Chile and Mexico as regards the negotiation, implementation and results of their Partnership Agreements with the European Union. According to the assessments made by government authorities of both countries, those agreements have had very positive impacts in terms of trade, cooperation and political dialogue. They underscored the importance of continuing to share such experiences with other countries and sub-regional groups in Latin America and the Caribbean.

5. During the debates, participants stressed the need to strengthen and institutionalize the action of GRULACs in major European capitals and Brussels, as these are an essential mechanism to protect the interests of our countries' development.

6. The delegation of Ecuador made specific comments about the informative document submitted by the Permanent Secretariat, saying that Ecuador – along with Bolivia – did not propose a “minimalist negotiation” to the EU, but a more systemic negotiation to incorporate, with the same relevance, the three dimensions of bi-regional dialogue, namely: cooperation for development, political dialogue and trade. Such dialogue and cooperation should re-define the old forms of relationship that have nothing to do with the realities and needs of developing countries in our region today. This is essential, considering that Latin America and the Caribbean – as has been widely recognized, even in the base document of the meeting – has faced the current international economic crisis amid more favourable conditions. Those are experiences to consider: the New Financial Architecture, the Regional Clearing Unit System (Sucre), public investment, and regulation and control of financial systems, among others, as counter-cyclical measures, which together constitute the region's new capacity to respond and overcome old economic policy paradigms, within the context of a variety of national development strategies based on the various interests and requirements of

different countries. In this connection, the delegation recognized that Ecuador expects the next bi-regional Summit in Santiago de Chile to effectively incorporate – with a regional scope – these three inter-related dimensions: political dialogue, cooperation for development, and trade in the dialogue between Latin America and the Caribbean and the European Union.

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RECOMMENDATIONS:

- 1.- The delegates recognized the need for SELA to continue with the systematic analyses of the economic relations between the European Union and LAC, particularly in view of the current context of profound economic and financial uncertainties at the global level, and of the economic policy measures being adopted by the EU countries to face the crisis, which could affect mutual relations.
- 2.- Participants requested the Permanent Secretariat to forward the conclusions and recommendations stemming from this meeting, as well as the analytical document drafted by the Permanent Secretariat, to the representatives to the Latin American Council of SELA.
3. The delegations also noted that, at the request of the Chilean authorities in charge of organizing the VII EU-LAC bi-regional summit next year, and prior approval of the Latin American Council, the Permanent Secretariat of SELA could make significant contributions to the preparation for said Summit.
4. A proposal was made for SELA to organize a regional meeting aimed at exploring possibilities to enhance and diversify the economic relations between our countries and the European Union, with particular emphasis on smaller nations in LAC or those lacking strong economic ties with Europe. To this end, advantage should be taken of the experiences gained by countries such as Mexico, Chile, Brazil, and other nations of the region.
5. Participants thanked the Permanent Secretariat of SELA for its work in conducting this important meeting, underscoring that it was advisable to continue with these analytical and consultation efforts, so as to maintain a fluent exchange of experiences among Latin American and Caribbean nations as regards economic and cooperation relations with the European Union.