Questions and Answers: New Agenda for EU Relations with Latin America and the Caribbean

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1. Why does the EU need closer relations with Latin America and the Caribbean?

The EU and Latin America and the Caribbean (LAC) are natural partners and have a long-standing strategic partnership. In a fast-changing global context, increasing geopolitical challenges, a devastating pandemic, the global climate and environmental crises, technological changes and rising inequalities all underscore the case for intensifying dialogue and enhancing cooperation among partners.

In light of growing authoritarian trends around the world, the EU and Latin America and the Caribbean are key allies to strengthen the rules-based international system. They are also close trade and investment partners with a shared interest in promoting sustainable growth and enhancing economic resilience. Both regions aspire to build inclusive and sustainable societies, based on a joint commitment to the 2030 Agenda and its Sustainable Development Goals (SDGs). Together they can lead in a fair green and digital transition, including by rolling out the Global Gateway investment strategy. The EU and Latin America and the Caribbean should therefore work together to harness their collective strength, better defend common interests, and jointly address global challenges as partners of choice.

2. What is new in this proposal?

The Joint Communication by the European Commission and the High Representative is a contribution towards a new strategy for EU relations with Latin America and the Caribbean for a closer and modernised strategic partnership between both regions, with people at its centre.

In a world of giants, the EU and Latin America and the Caribbean together represent 14% of the world’s population and 21% of global GDP. Strengthening this partnership is a strategic imperative to confront global challenges and seize opportunities for mutual benefit. Achieving this goal will require more cooperation on both sides.

For this aim, the Joint Communication sets out ideas to intensify cooperation in most aspects of the EU-LAC partnership, including through reinforced political engagement, boosting trade and investment, and building more sustainable and inter-connected societies, in particular with Global Gateway. The EU will strive to mobilise its policies, instruments and resources in a Team Europe approach.

3. What are the main objectives and actions proposed?

The Communication identifies 6 areas of enhanced cooperation with several concrete actions proposed for each:

- **Renewed political partnership**: with regular Summits and a permanent coordination mechanism with CELAC, and increased cooperation in UN fora. Enhanced engagement is proposed not only a regional level but also with individual Latin America and the Caribbean countries as well as with (sub-regional groups like Mercosur, the Central American Integration System (SICA), the Andean Community, the Pacific Alliance or the Alliance for Development in Democracy, with special attention given to the Caribbean and notably the finalisation of the post-Cotonou Agreement.

- **Strengthening a common EU-LAC trade agenda**: this will be pursued by finalising the signature of the EU-Chile Agreement, make decisive progress for the EU-Mexico and EU-Mercosur agreements, complete ratification of the agreements with Central America and Colombia, Peru and Ecuador and jointly consider their targeted update. Another action will be to strengthen the EU-LAC collaboration in the WTO. Mutually diversify sources of raw materials
and make global supply chains more resilient will benefit both regions, including by jointly addressing the impact of the legislation of the European Green Deal.

- **Global Gateway:** this will allow the EU to leverage quality investments to help address Latin America and the Caribbean's infrastructure needs, with a positive and values-based investment offer, respecting high international standards and promoting social cohesion. This approach can underpin partnerships for a fair, green and digital transition. Proposed actions for a fair **green transition** include sustainable investment projects, finance frameworks such as green bond markets, enhanced cooperation on disaster preparedness and disaster risk management. The EU-LAC **Digital Alliance** was launched in March 2023 to join forces for an inclusive and human-centric digital transformation. Global Gateway investment projects like the extension of the BELLA fibre-optic cable can be an important support. Other actions will include regulatory dialogue to boost digital compatibility the promotion of free and safe data flows.

- **Promoting sustainable economic growth for human development:** to enhance cooperation including investments in health system resilience (as foreseen under the EU-LAC Health partnership on vaccine and medicines manufacturing, digital health, health technologies and health system strengthening) or in water and sanitation management. A Regional Team Europe Initiative on Inclusive Societies is under preparation, with a particular focus on education.

- **Joining forces for justice, citizen security and the fight against transnational organised crime:** actions include capacity development and cooperation with the Latin America Internal Security Committee (CLASI) and the Police Community of the Americas (AMERIPOL). The high-level dialogue on drugs policy and cooperation on cybersecurity will be enhanced.

- **Promote peace and security, democracy, rule of law, human rights and humanitarian aid:** involve stepping up efforts to empower women and girls and eradicate gender-based violence, as well as to protect the defenders of the environment also by supporting the implementation of the innovative Escazú regional agreement. Strengthening the multilateral human rights system should be a common priority.

- **Building a vibrant EU-LAC people-to-people partnership:** a key action is the increased engagement with youth, also through country-level Youth Sounding Boards. Other actions include to intensify collaboration on education and research, circular mobility, and joint cultural initiatives, like the EU's participation as guest of honour in the 2023 International Book Fair in Guadalajara (Mexico), the biggest in the world outside Europe. The role of the EU-LAC Foundation, an international organisation formed by the 60 countries of the two regions, should be strengthened.

### 4. Has the EU engaged with stakeholders to produce this strategy?

The EU has ensured a wide involvement of stakeholders, including from Latin American and Caribbean partners. In this context, a Consultation Plan was launched in January, including the publication of a Call for Evidence during 4 weeks in the ‘have to say’ web portal, which triggered 55 replies, most of which very substantial and extensive, which were all duly considered for the reflection and preparation process. Informal consultations also involved EU Member States, Latin American and Caribbean Ambassadors, civil society, and other stakeholders. This allowed to integrate relevant concerns and views, enhancing the participatory, transparent and inclusive nature of this Communication.

Today's Joint Communication set out proposals to feed in the ongoing dialogue with EU Member States and constituencies, Latin American and Caribbean partners, as well as private sector, civil society, local authorities and youth, which will be taken forward ahead of the next EU-CELAC Summit in Brussels in July 2023.

### 5. Will the new proposal replace the 2019 Communication?

The proposed New Agenda builds on the **lessons learnt** in the implementation of the 2019 Communication, and it is designed to take the relationship one major step forward, both qualitatively and quantitatively. The **global context changed substantially after 2019**, not least for a devastating pandemic and unprecedented geopolitical challenges. This warranted a renewal of a strategic relationship like the EU-LAC one.

The Communication will feed into the discussions with Latin America and the Caribbean counterparts
at the EU-CELAC Summit in July 2023. The European Commission and the High Representative of
the Union for Foreign Affairs and Security Policy call on the Council and the European Parliament to
endorse the New Agenda presented in this Joint Communication and to work together with Latin
America and the Caribbean for a renewed strategic partnership on the basis of this proposal. The
upcoming EU-CELAC Summit offers a great opportunity to build trust and inject momentum into the
EU-LAC relationship to become partners of choice. It could constitute the basis for further progress
of the strategic partnership with Latin America and the Caribbean over the years, for the benefit of
both sides and in particular of EU and Latin American and Caribbean citizens.

6. What economic ties exist between Europe and Latin America and the Caribbean?
The EU is the leading investor in Latin American and Caribbean countries, and is one of the region’s
biggest trade partners. In 2022, total trade in goods between the 27 EU Member States and Latin
America and the Caribbean accounted for €293.09 billion, corresponding to 4.8 % of total extra-EU
imports, and 5.8 % of total extra-EU exports.

Trade between the Latin American and Caribbean region and the EU grew rapidly between 2013 and
2022, with an increase of 59 % for imports and 37 % for exports. The trade relationship is balanced
overall, with a relatively small surplus of €5 billion in the EU's favour.

The EU is the Latin American and the Caribbean region’s leading investor. Direct investment by EU
companies totaled €693 billion at the end of 2021. This is comparable to the combined EU Foreign
Direct Investment stocks held in China, India, Japan and Russia (€670 billion).

7. What is the EU doing to boost investment and job creation in Latin America and the
Caribbean?
In 2020, EU direct investments were already providing employment to around 2.75 million workers
across Latin America and the Caribbean.

Employment created by EU direct investments in the region has expanded by 60.8% between 2010
and 2020.

The EU is eager to promote this growth even further, contributing to Latin America and the
Caribbean's diversification into higher value-added sectors, increasing productivity, innovation, and
job creation.

8. How can trade agreements benefit the Latin American and the Caribbean region?
Bilateral and regional trade agreements, offer a stable framework for companies both in the EU and
Latin America. Trade agreements provide preferential access to respective markets. As a result of
these agreements, trade in goods has increased by 40% since 2018.

Moreover, trade facilitation and trade agreements are catalysts for sustainable and inclusive
development, and promote regional integration. Trade agreements also offer platforms to engage on
common challenges, such as the implementation of sustainability-related agendas.

9. How can trade agreements benefit trade and investment in critical raw materials?
The EU needs to strengthen its global engagement and trade agenda with reliable partners.

Bilateral agreements, and deeper trade and investment links, will help the EU diversify and
strengthen supply chains, including those of critical raw materials, ensuring that EU companies are
not discriminated against in terms of access to such materials.

The latest trade agreements, such as those with Mexico, and Chile, contain a dedicated Energy and
Raw Materials chapter.

These agreements also set ambitious labour and environmental standards and encourage production
and processing of raw materials in a sustainable manner.

10. In terms of Development and Cooperation, what is the focus of Global Gateway in the
region?
Through Global Gateway, the EU can leverage quality investments to help address Latin America and the Caribbean's infrastructure needs for the fair green and digital transition, while creating local added value, growth and jobs, and help build resilient and sustainable global supply chains which will benefit both our regions.

Global Gateway is already delivering in the region. The flagship projects identified for 2023 located in Latin America and the Caribbean include country and regional flagships such as the EU-LAC Digital Alliance. The implementation of the EU-LAC Digital Alliance is a particularly important and innovative step as it is the first bi-regional platform for cooperation on the digital transition proposed.

11. Is the EU going to mobilise new investment in Latin America and the Caribbean?

The Global Gateway Investment Agenda (GGIA) will be an important element of this renewed strategy with Latin America and the Caribbean, and of course the Summit. Its emphasis on the social and environmental dimension of EU investments clearly sets the EU apart from other investors in the region. It will encourage, and mobilise, other public and private investments in strategic sectors in Latin America and the Caribbean through concrete projects. We are currently preparing to present a list of projects at the EU-CELAC Summit in July with our Latin American and Caribbean partners.

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