

## EU-LAC Collaboration to Achieve the Sustainable Development Goals

*by Angel Gurría\**

In a rapidly evolving global economy, the need for collaboration among countries and between regions is stronger than ever. All regions face structural challenges of inequality, environmental degradation and loss, lack of transparency and faltering trust in institutions. All need to create better jobs and increase productivity. The current European migration crisis is a tragic symptom of the huge and very complex development challenge that we are facing. It is therefore very good news that all countries have agreed on a preliminary set of Sustainable Development Goals (SDGs), which will be discussed this September 2015 by world leaders in New York. The SDGs confirm countries' ambition to, by 2030, eliminate poverty, promote prosperity and people's well-being while protecting the environment. The OECD's conviction is that deeper international co-operation, peer learning and knowledge sharing are essential to address these challenges and achieve global goals.

That is why I applaud the ever-deepening relationship between the European Union and Latin American and Caribbean economies. Countries from both regions have much to learn from one another. By collaborating, they can also produce and share knowledge with other regions, helping to identify, improve and share policies that work.

Latin America made considerable progress under the MDGs. For example, extreme poverty more than halved, with people living with less than 1.25 dollars per day falling from 12.6% in 1990, to 4.6% in 2011.<sup>1</sup> Social protection policies and conditional cash transfers have also helped to promote social inclusion.

To achieve improvements in well-being and competitiveness, the region has been increasing coverage in education – net enrolment rate in 2015 reached 93% while the overall level of illiteracy among young people has fallen from 6.9% in 1990 to 1.7% in 2015.<sup>2</sup> In addition, Latin America has focused on enhancing the regulatory framework in infrastructure, facilitating business creation and deepening its integration in global value chains.

Regarding environmental sustainability, the consumption of ozone-depleting substances in the region dropped by 95% between 1990 and 2013 and protected terrestrial and

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<sup>1</sup> ECLAC: Latin America, looking ahead after the Millennium Development Goals.  
<http://www.cepal.org/en/publications/38924-latin-america-and-caribbean-looking-ahead-after-millennium-development-goals>

<sup>2</sup> *Idem*

marine areas increased from 4.9% in 1990, to 13.3% of their territories by 2014.<sup>3</sup> Latin America can share these practices with other economies.

Notwithstanding these very important achievements, LAC is facing very complex challenges. The great majority of Latin American families live in poverty or vulnerability – nearly 78% of the region’s citizens – and the current economic slowdown could worsen these numbers.<sup>4</sup> Moreover, LAC is one of the regions with the highest levels of inequalities. In 2013, the income share of the richest 20% was 46.7%, while that of the poorest 20% was 5.6%.<sup>5</sup> Many countries still struggle to raise their citizens to the “next level”. Structural reforms are needed to achieve higher, more inclusive and sustainable growth to support a better standard of living for all citizens.

LAC’s relations with the EU can become a powerful tool to address these and other regional challenges. For example, Latin-America could learn from EU social policy, where improvements to education, unemployment insurance or pension coverage helped spur social mobility. For instance, Latin American learning outcomes remain low compared to the OECD economies – the equivalent of two years of schooling according to the OECD’s 2012 PISA tests.<sup>6</sup> Learning from the EU’s investment in pre-primary education could pay high dividends.

Another area in which the EU has developed useful tools is combating environmental degradation and loss, a pressing global concern. Latin American economies might learn from the EU’s taxation of energy use to reduce carbon emissions, as well as its elimination of inefficient and damaging fossil-fuel subsidies.

The great potential of regional integration is a natural subject for EU-LAC mutual learning. In 2014, 62% of Europe’s exports remained in the region, compared to only 18% of Latin America’s total exports<sup>7</sup>. Further integration and notably infrastructure investment would allow the LAC region to diversify its export basket towards goods and services with a higher value-added. EU’s regional development policies are also an important example to consider in reducing territorial disparities and spur endogenous growth.

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<sup>3</sup> *Idem*

<sup>4</sup> In 2014 around 28% of Latin Americans were poor and around 50% were vulnerable. See CEPAL, *América Latina y el Caribe: una Mirada al futuro desde los Objetivos de Desarrollo del Milenio*, 2015, p. 15.

<sup>5</sup> ECLAC, *Social Panorama of Latin America 2014*, p. 22.

<sup>6</sup> OECD/CAF/ECLAC (2014), *Latin American Economic Outlook 2015: Education, Skills, and Innovation for Development*, OECD Publishing, Paris.

<sup>7</sup> OECD/CAF/ECLAC (forthcoming), *Latin American Economic Outlook 2016 Latin America and China: Development Partners in Transition*, OECD Publishing, Paris.

There is an impressive and growing set of EU-LAC initiatives to promote triangular policy learning, for example between Germany, Chile and Guatemala on food security, Spain and Mexico to support public administration throughout Central America, while the United Kingdom is working with Brazil to enhance social protection programmes in Kenya. Policy makers and analysts would profit from a more comprehensive overview of such programmes. Therefore, the OECD is collaborating with Latin American and European countries to track and monitor triangular co-operation activities.

Meanwhile, in the process of co-operation between EU-LAC, key emerging actors, such as China –now Latin America's second-largest trading partner<sup>8</sup>– should be fully taken into account. China and the Community of Latin American and Caribbean States announced a promising new comprehensive partnership. Undoubtedly, this will result in further lessons that can be leveraged for development in all countries.

Scanning and leveraging existing experience is important. So is the co-creation between countries of a new common knowledge base to deal with today's and tomorrow's challenges. At the OECD, we are proud that our Members comprise almost all of Europe and an increasing number of Latin American countries. Our OECD Development Centre also counts nine Latin American and twenty-three EU countries among its nearly fifty members.

We look forward to partnering with the EU-LAC Dialogue to help deepen collaboration, on an equal footing, to address pressing global challenges and implement our shared Sustainable Development agenda.

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This paper was prepared for the EU-LAC Foundation's Newsletter of September 2015 on the theme "Post-2015 Development Agenda". This article gives the views of the author, and not the position of the EU-LAC Foundation.

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<sup>8</sup> OECD/CAF/ECLAC (forthcoming), *Latin American Economic Outlook 2016 Latin America and China: Development Partners in Transition*, OECD Publishing, Paris.