



New challenges for the European Union's Multiparty Trade Agreement with Peru, Colombia and Ecuador

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Abstract

This document analyses the trade and cooperation relations between the European Union and the Andean countries with which the Multiparty Trade Agreement was signed (Peru, Ecuador and Colombia). It also examines the progress and challenges in terms of the sustainable development agenda, political dialogue and cooperation within the framework of the agreement. From there, it explores the different technical difficulties that have arisen in the implementation of the agreement and the role of the monitoring bodies. The aim is to study the strategic importance of the agreement in relations between the European Union and Peru, Ecuador and Colombia, and its contribution to the post-pandemic economic recovery and the promotion of new development models.

Keywords

Andean countries, Multiparty Trade Agreement, political dialogue, post-pandemic recovery, sustainable development.

Resumen

El presente documento analiza las relaciones comerciales y de cooperación entre la Unión Europea y los países andinos con los que se suscribió el Acuerdo Comercial Multipartes (Perú, Ecuador y Colombia). Asimismo, estudia los avances y desafíos en materia de la agenda de desarrollo sostenible, el diálogo político y la cooperación en el marco del acuerdo. A partir de ahí, explora las diferentes dificultades técnicas que se han presentado en la implementación del acuerdo y el rol de los órganos de seguimiento. Se trata de estudiar la importancia estratégica del acuerdo en las relaciones entre la Unión Europea con Perú, Ecuador y Colombia, y su contribución a la recuperación económica pospandemia y al impulso de nuevos modelos de desarrollo.

Palabras clave

Acuerdo Comercial Multipartes, desarrollo sostenible, diálogo político países andinos, recuperación pospandemia.

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1. Introduction

The current crisis has impacted Latin American economies on five fronts: fall in commodity prices, outflow of investments, paralysis of tourism, interruption of value chains and reduction of demand from the main trading partners (Bárcena, 2020).

In terms of integration agreements, the Andean Community of Nations (CAN) has been one of the most affected. With the pandemic, intraregional trade has contracted by -24%, and the intraregional trade coefficient has also been reduced, although in the pre-pandemic scenario it was already below the Latin American average (ECLAC, 2021). Foreign direct investment (FDI) has fallen significantly in countries such as Peru, Colombia and Ecuador, which tend to concentrate FDI and its export basket in extractive sectors (UNCTAD, 2020a).

In this situation, regional integration and trade are indispensable tools for promoting the recovery of economies. These instruments should facilitate the transition to a new, more inclusive and sustainable development model. Therefore, it is considered strategic to strengthen ties with partners such as the European Union (EU). Within the framework of the agreements signed, issues of deep integration in force have been included in the sustainable development agenda, which are key to accelerating the reactivation and resuming the path of inclusive growth for the benefit of the population.

Trade relations between the EU and the Andean countries were subject to the Generalised System of Preferences (GSP), an autonomous and temporary tariff scheme implemented by the EU. This system granted trade preferences to all developing countries, providing total or partial exemption to imports from developing countries and territories, subject to compliance with requirements in the field of labour and the environment.

Subsequently, the Multi-Party Trade Agreement (MTA) between the EU and Colombia, Peru and Ecuador was promoted within the framework of the Economic Partnership Agreement (EPA) between the CAN and the EU. With this agreement, the CAN was placed in a broader and more comprehensive negotiation scenario, since it included in a constitutive way dimensions related to the strengthening of democracy, the State and its institutions, or the formulation of cooperation and technical assistance agreements between the associated countries, among others. Both blocs established guidelines for conducting the regional negotiation.

On the side of the CAN, Decision 667 was enacted, establishing the legal framework for the negotiation of this agreement that formally began in 2007. However, it was not achieved because of the fragmentation of the CAN (due to the departure of Venezuela, as well as the contrary position of Bolivia and Ecuador). This led the EU to negotiate bilaterally with Colombia and Peru and, subsequently, with Ecuador.

In this way, the MTA has had an impact on Member States' trade flows, but also on sustainable development, since the MTA not only incorporates trade issues, but also promotes the balance between economic development and respect for labour and environmental rights, as well as fostering an open dialogue with civil society, in order to receive input on its implementation.

2. Impact of the agreement on economic relations

2.1. Impact at the economic-commercial level

The EU is the second largest trading partner of the Andean community, while for the European bloc the CAN as a market accounts for less than 1%; its importance is therefore relative. Andean exports to the EU show a relative concentration (SGCAN, 2020); however, this basket of exports is more diversified, compared to other partners such as China.

In the case of Peru, the EU is the third largest trading partner; the country concentrates 72% of trade in Spain, Germany, Italy and the Netherlands. The main Peruvian products exported are agricultural, mineral and fishery goods, while the EU exports mainly pharmaceutical products, steel and vehicles.

In the eight years of the EU-Peru Trade Agreement, exports have decreased by an annual average of -5.4%, given that shipments of traditional products fell at a rate of -11.6%, but non-traditional products grew by 5%. Likewise, 43.5% of the total exported corresponded to non-traditional shipments. In this period, the items with the highest growth were agriculture and fishing. On the other hand, in the field of traditional exports, the mining sector has a share of more than 40%.

Additionally, improvements have been evidenced around the diversification of the export basket, given that 1,065 new exported products have been generated (97.8% of items were concentrated in the non-traditional sector), and 4,135 new exporting companies have been created, mostly micro and small businesses (88.7%). Likewise, commercial opportunities have been identified for Peru in the European market, through the following products: roasted coffee, almond, orange juice, kiwi, raspberry and blackberry (MINCETUR, 2021b).

For Colombia, the EU is the second largest trading partner, after the United States, with a share of 11.2%. Within the framework of the evaluation promoted by the EU, it is highlighted that there is a positive, but small, impact of the Colombia-EU Agreement on trade of goods. It should be noted that, since this agreement, there have been few changes in the composition of Colombia's exports, mainly at the level of extractive products, and that the benefits have accumulated mainly in those sectors that have an existing comparative advantage.

Since the entry into force of the agreement, the trade balance has been in deficit for Colombia. The reduction in total EU imports from Colombia since 2013 has led to a continuing trade deficit which, while it has stabilised, still remains high.

In terms of diversification of non-mining-energy exports, the concentration index shows that it has moved to a lower market concentration in 2020. Likewise, in the basic industry and light industry sectors, Colombia has a greater number of products in which it has revealed comparative advantages, in relation to the EU market. In addition, the analysis of intra-industrial trade – by sector and productive chain – shows that agribusiness, first and foremost, followed by light industry, account for the majority of this type of trade.

Colombia's exports to the EU have performed better since the agreement entered into force (European Union, 2021). The positive impacts are concentrated in a few sectors: vegetables, fruits and nuts, and crops. However, it also points to a potential negative impact on small producers in the dairy sector, which compete with EU imports.

Regarding Ecuador, the EU is the main destination for its non-oil exports (22% in 2020). These have added an average value equivalent to 486 million dollars in the period 2011-2021. The non-oil trade balance has been positive historically and has deepened after the agreement. The main products exported between 2018 and February 2021 have been: bananas, shrimp, canned fish, natural flowers and cocoa (Ministry of Production, Foreign Trade, Investments and Fisheries of Ecuador, 2021).

The free trade agreement (FTA) between Ecuador and the EU has made it possible to shorten the tariff difference by 20% with respect to its competitors in the entry of bananas on the European market; it has also incorporated 190 new export products and has implied the emergence of 450 new export companies (Ministry of Production, Foreign Trade, Investment and Fisheries of Ecuador, 2021). While there is a positive impact on trade in goods, there has been little change in the composition of Ecuador's exports to the EU, and the benefits have accrued mainly in those sectors that have an existing comparative advantage and in services.

In the case of the EU, the European Parliament (2019) points out that —like the Andean countries— the bloc has benefited from the agreement, in terms of improving market access, in exports from industrial sectors such as machinery and vehicles, as well as in those of the pharmaceutical sector.

Regarding EU services exports to the Andean countries, they are more diversified, although the transport and travel sectors predominate in all cases. For Colombia these are travel, air passenger transport and information technologies. In the case of Peru and Ecuador, it is noteworthy that the bloc maintains a positive balance (European Union, 2021).

In that regard, the agreement has had a positive impact on the exports of all Parties; but it is small because, previously, through the GSP, a large part of the products had been liberalised.

The analysis of the diversification and technological content of the exports of the Andean countries shows a reproduction of the primary export pattern, despite the increase in the number of subheadings exported. In 2019, 61 products accounted for 90% of the value of total CAN exports; a situation that does not vary significantly compared to the year 2010 (51 products) (SGCAN, 2020).

While the importance of products exported by the EU varies between partners, EU exports tend to be more diversified than Andean exports to the Union. This shows that trade with third countries is inter-industrial. These asymmetries show the usual pattern of North-South trade; therefore, there is limited diversification. Thus, the European Parliament (2018) points out that it can be inferred that the FTA with the Andean countries works as a stabilising mechanism for the exchange of goods between the partners.

Although the trade of these countries with the EU still has an asymmetric balance – and with North-South patterns, concentrated in raw materials and natural resources – the EU can influence the creation and strengthening of regional value chains and regional integration by having a dynamic role of non-traditional exports in the Andean region. Likewise, enhancing these trade flows with these new markets for value-added manufacturing and services can favour the development of industry and other non-extractive productive sectors.

On the other hand, the EU is one of the largest sources of FDI in the Andean countries (Spain stands out as one of the main ones), although there is a high volatility of bilateral flows between the EU, and Colombia and Peru, due to various factors that are not necessarily attributable to the application of the FTA (European Parliament, 2019). However, partner countries' investment in the EU individually represents less than 0.1% of the total FDI it receives (Colombia is the largest investor of the three).

2.2. Impact of the agreement on sustainable development

The agreement between Peru, Colombia, Ecuador and the EU stipulates the need to promote trade under a comprehensive approach, in order to contribute to the achievement of the Sustainable Development Goals (SDGs). Title IX establishes considerations aimed at ensuring compliance with labour rights established by the International Labour Organisation (ILO), and international agreements on environmental matters. In addition, it indicates that meetings will be held with civil society, interested in the application of this chapter, according to procedures regulated by each State. The axes prioritised in the meetings of the Subcommittee on Trade and Sustainable Development (2020) are: labour inspection, freedom of association, child labour, social dialogue, labour informality and application of environmental protection legislation, as well as consultation with civil society.

2.2.1. In the workplace

In the case of Peru, the expansion of the rights of agricultural workers, the coverage of life insurance from the beginning of the employment relationship and the Domestic Workers Law are highlighted. Also noteworthy are the improvements in working conditions in the agricultural sector introduced through Emergency Ordinance no. 043-2019, which modified Law no. 27360 and the extension of the obligation to provide life insurance to the worker from the beginning of the work activity (European Commission, 2020a).

Likewise, there are advances for the strengthening of the system of inspections at the national level through the combination and implementation of the regional intendencies of the National Superintendence of Labour Inspection (Sunafil) during 2020, as well as the increase in resources, both in the number of inspectors and in budgetary terms. However, the number of labour inspectors is still insufficient: there are only 822 to cover 100% of the national territory.

Civil society has urged the Peruvian government to strengthen the administration of justice and increase labour inspections, in line with the recommendations made by the EU, as well as the U.S. Department of Labour (USDOL). In 2017, Peruvian civil society filed a complaint regarding the breach of Title IX, especially in the field of labour and environmental provisions. This led commissioner Malmström to send a communication to the Peruvian Minister of Foreign Trade and Tourism in 2018. In it, he conveyed the concerns and recommendations that existed on the implementation of the title with regard to ILO Conventions 87 and 98, on freedom of association, and protection of the rights to organise and bargain collectively¹. These are aspects on which the Peruvian government has been working.

On the other hand, the Peruvian government is making progress in the implementation of the strategy against labour informality and the prevention of child labour. In terms of forced labour, this convention was ratified, and Peru became the first CAN country to ratify the protocol.

In Colombia, the official side highlights the progress made in terms of freedom of association, as well as the reduction of informality through the Employment Mission programme. This aims to outline feasible strategies and policy instruments to improve labour market performance, which will be implemented in the short, medium and long term (MinTrabajo, 2020). In addition, the establishment of labour formalisation agreements through the Labour Formalisation Network is being promoted.

¹ See: <http://www.redge.org.pe/sites/default/files/20180808%20CECILIA%20MALMSTIRoM-espanhol.pdf>.

With regard to the protection and defence of Colombian trade union leaders, the Attorney-General's Office and the National Protection Unit have handed down 966 convictions for crimes committed against trade unionists, marking a historic milestone for Colombia in this area. Along these lines, under the UNP Protection Programme, 301 trade union leaders or activists have been protected (the EU has expressed its concern about the proliferation of cases of violence against trade unionists and social leaders). On the other hand, they are working on the fulfilment of the commitments presented at the IV Global Conference on Child Labour, through the national strategy to prevent and eliminate the worst forms of child labour.

In Ecuador, progress is being made in strengthening labour inspections: there is a cooperation project implemented with the ILO and EU support that seeks to ensure compliance with labour standards. The Together for Work Initiative is also being implemented, which has a long-term strategy to generate employment and promote the formalisation of work and the fight against child labour, within the framework of the Child Labour Eradication Programme (PETI).

However, there are aspects that need to be reviewed to ensure the effective implementation of this agreement. This is reflected in the complaints presented by workers in the banana sector about compliance with this chapter (CEDETRABAJO, 2020), as well as in the criticisms about the right to exercise freedom of association and collective bargaining of public sector workers (Iturralde and Suárez, 2020). The EU has raised its concern about this at the VII meeting of the Subcommittee on Trade and Development that took place from 9 to 12 November 2020².

2.2.2. Environment

In Peru, strategies such as *Perú Limpio [Clean Peru]* and *Perú Natural [Natural Peru]* have been implemented, as well as actions in favour of the fight against climate change, biological diversity, natural infrastructure and sustainable businesses, through the promotion of eco-businesses. Work is also being done to promote the circular economy, within the framework of national competitiveness and productivity plans. However, these do not mention the environmental impact that the reduction of standards set by the government to promote private investment has had. Nor are sanctions applied for environmental damages generated by companies, but only preventive criteria.

On the other hand, it is worth mentioning the implementation of the Framework Law on Climate Change and its regulations, the creation and installation of the High-Level Commission on Climate Change, the process of updating and implementing its Nationally Determined Contributions (NDC) to 2030, the elaboration of the National Strategy for Climate Change by 2050 and the sustainable management of forests.

Colombia has made progress in the fight against deforestation with the action of the National Council for the Fight Against Deforestation, and under Operation Artemisa, allowing the release of 7,626 hectares. The National Circular Economy Pact has been signed, which has 50 strategic actors, both public and private, who have expressed their commitment to the transition to a circular economy model. In the case of the application of environmental legislation in extractive industries, there are advances in the pillars for mining training in the country and articulated work. Likewise, progress is made in terms of defending biodiversity, combating illegal trade and wildlife trafficking, as well as mitigating climate change.

² See: https://trade.ec.europa.eu/doclib/docs/2021/january/tradoc_159256.pdf

For its part, Ecuador has launched the National Bioeconomy Pact, post-COVID-19 Green Recovery For Food Security, in addition to the Technical Advice for Green Economic Recovery. In that sense, it is making efforts to implement the environmental organic code and its regulations, to strengthen a new organic structure that responds to regulatory needs for the conservation and sustainable use of biodiversity, and to achieve the fair and equitable distribution of its benefits.

In relation to the activities it carries out to mitigate the effects of climate change, the following stand out: the Implementation Plan of the National Determined Contribution, the development of the Climate Finance Strategy, the development of the National Mitigation Plan and the development of the National Adaptation Plan. An aspect subject to criticism is that of the relaxation of environmental regulations, especially in sectors that have been boosted by the trade agreement with the EU, such as shrimp, which would be benefiting from an exemption in the secondary regulation regarding the prohibition of the expansion of productive activities in mangrove areas (Iturralde and Suárez, 2020).

In this regard, in 2019 the EU notified Ecuador of the need to strengthen control of the expansion of activities such as illegal fishing³. In response, the Yellow Card Crisis Committee was set up to improve the control and surveillance of export products, and the Integrated Fisheries System was launched to carry out automated traceability control. In addition, the new Fisheries Law was approved, which imposes sanctions with deterrent effect for illegal fishing activities⁴ (National Assembly of the Republic of Ecuador, 2020). Likewise, the Technical Unit for Aquaculture and Fisheries Regulation and Control, which controls activities related to and linked to fisheries, and a National Aquaculture and Fisheries Research Fund were created. An Action Plan was also drawn up to address the warnings, and working groups were organised between public and private sector institutions.

As described, there is progress in the areas established for the implementation of Title IX of the Agreement, and there is a heterogeneity on the degree of progress in each of the countries. In labour matters, there are some aspects surrounding the exercise of the fundamental rights established by the ILO —such as freedom of association and collective bargaining— that must be addressed by the member States, even more so in the current context. In the environmental field, although there is progress in terms of the promotion towards a circular economy and the promotion of the bioeconomy, it is essential that these advances are not slowed down or limited by the flexibility in regulations or in the weakening of environmental management and protection. It is essential to ensure compliance with international environmental standards and the proper management of natural resources. On this last point, civil society has called for the ratification of the Escazú Agreement, by the governments of Colombia and Peru, considering that this instrument is key to guaranteeing environmental human rights and access to information, participation and justice in environmental matters.

However, despite the limitations identified in the effective fulfilment of this chapter, it constitutes an instrument to advance in the post-pandemic towards greener, sustainable and inclusive economies, as well as an opportunity for cooperation between countries. Colombia has expressed its interest in exploring the possibility of working with the EU on a cooperation project on fair trade, a topic of interest for the European Green Deal. The Ecuadorian government has proposed the adaptation of the Andean countries as trading partners of the EU to the standards of the Green Deal, and the establishment of instruments and cooperation programmes to strengthen capacities in this area, in addition to exploring

³ European Commission (2019): “The Commission notifies the Republic of Ecuador of the need to intensify action to combat illegal fishing” (npress box, October 30).

⁴ Ministry of Production, Foreign Trade, Investment and Fisheries of Ecuador (2020): “Ministry of Production modernises fisheries and aquaculture control monitoring” (npress box).

new alternatives for the best use of the Trade Agreement. This perception is shared by the advisory groups, who in the declaration issued on 13 November 2020 have pointed out the need to jointly identify areas of technical assistance and capacity-building projects in the region that help meet the environmental, labour and social obligations of the chapter (CEDETRABAJO, 2020).

2.3. Technical difficulties for the implementation of the agreement and the role of the monitoring bodies

Within the framework of the Subcommittee on Trade and Sustainable Development (CSD), cases or measures that could affect trade between the Parties are notified. In this way, the subcommittee manages and discusses sanitary and phytosanitary measures, as well as technical barriers to trade. And while not all subcommittees have made clear progress, they have made clear progress on sanitary and phytosanitary (SPS) measures and geographical indications (GIs)⁵. Among the concerns of the Andean countries, there is the case of cadmium in cocoa, which still persists, or the regulation for novel foods, still under discussion.

In the case of cadmium, the EU established by Regulation (EC) No. 333/2007 (European Commission, 2007) the sampling and analysis methods for the official control of mineral levels in foods, since the maximum limits that such goods could contain had already been established (Regulation (EC) No. 1881/2006). Subsequently, in 2009, the scientific opinion of the Panel on Contaminants in the Food Chain on cadmium in food requested by the European Commission (EFSA, 2009) was presented. It noted that the population of European countries had an average dietary exposure to cadmium close to or slightly higher than the tolerable weekly intake according to body weight; therefore, the levels of exposure to that metal should be reduced. It was also found that, among the products with the highest concentration of cadmium, are chocolate and cocoa, which are found in food products that increase the exposure of infants and young children. For these reasons, in 2014 Regulation (EU) No. 488/2014 was approved, which established new maximum levels of cadmium in cocoa and chocolate products circulating on the European market, which were not contemplated in the previous regulation (European Commission, 2014).

This caused the concern of the Andean cocoa-producing countries, whose main destination is the EU. Then, they initiated a series of measures to adapt to those of the EU. In the case of Ecuador, the National Cadmium Mitigation Agenda was promoted, which includes mitigation and prevention actions in the cocoa chain, executed by the National Programme for the Reactivation of Coffee and Cocoa, in addition to publishing a guide on cadmium in cocoa (López-Ulloa, Jaimez and Orozco, 2021). In Colombia, the National Strategy for the mitigation of cadmium in the cocoa sector and its derivatives in Colombia has been promoted⁶. Likewise, there are private initiatives and from the academy that seek to provide solutions and improve the traceability of the presence of cadmium in products such as cocoa.

Regulation (EU) No. 488/2014 entered into force on 1 January 2019, at the end of the five-year moratorium established by the EU since its adoption. At the VII meeting of the Subcommittee on Sanitary and Phytosanitary Measures of the agreement, this was an item on the agenda. The Andean countries insisted on the revision of the regulation based on the scientific opinion of the Joint FAO/WHO Expert Committee on Food Additives (JECFA) and Codex of 2019, in addition to pointing out inadequate implementation by European importers. The EU has responded by indicating that the necessary efforts have been made to facilitate its implementation, generating a transition period for

⁵ Conclusion based on the average annual growth rate before and after the agreement.

⁶ Available at: https://www.colombiamascompetitiva.com/wp-content/uploads/2020/10/CMC_FS_C3_Cadmio.pdf.

its entry into force, and articulating a technical assistance project, and information and dissemination activities. Likewise, the EU did not accept the indictment of European operators but called on the Andean countries to take measures within their territories to avoid possible abuses⁷.

For its part, the MINCETUR of Peru has made an interpretation of Regulation (EU) No. 488/2014, which modifies Regulation (EC) No. 1881/2006 regarding the maximum levels of cadmium in chocolate and cocoa derivatives. It points out that the categories considered in the regulation do not refer to cocoa beans, exempting it from complying with maximum cadmium limits. It also indicates that the maximum levels imposed on cocoa powder and lean cocoa powder only apply when it is sold to the final consumer, used in the processing of chocolate powder sold to the final consumer and for the processing of sugary cocoa powder. In this way, the other types of processing in which they are employed are excluded (MINCETUR, 2020).

Regarding sanitary and phytosanitary measures, at the aforementioned meeting of the subcommittee, general criteria and procedures were on the agenda, such as: the application of *prelisting*, import requirements, compliance with sanitary and phytosanitary requirements by Andean exports, and regulations on EU maximum limits, among others.

According to the minutes of the VII meeting of the Subcommittee on Technical Barriers to Trade, that took place on 5 November 2020, the EU has expressed its concern about the requirements of Peruvian legislation to include advertising warnings on food labelling, extending the deadline for the use of adhesive labels until the end of June 2021⁸. The EU has also requested that it be permanent. However, Peru has indicated that it is part of Law No. 30021 on the Promotion of Healthy Eating for Children and Adolescents, but that mechanisms will be analysed so that the purpose of the instrument is fulfilled and does not become a technical barrier to trade⁹.

For their part, Ecuador and Colombia have requested the revision of the Delegated Act of the Renewable Energy Directive, which maintains that palm oil biodiesel is unsustainable and generates deforestation. Both countries call for this to include a country-by-country approach, so that palm oil can be part of the EU's renewable energy targets. However, as the EU has pointed out, it is a point that cannot be discussed within the framework of the subcommittee, since there is a dispute in the World Trade Organisation (WTO) about it, imposed by Indonesia¹⁰.

Likewise, other concerns for Andean countries are the “farm to fork” strategies (European Commission, 2019c) and biodiversity by 2030¹¹ of the EU, which aim to promote “the global transition towards sustainable agri-food systems through their trade policies and international cooperation instruments” (European Commission, 2020b). It is about promoting fundamental changes in EU food and agricultural policies, where reductions in the use of fertilisers (by 20%), land use (by 10%), pesticides (by 50%) and antimicrobials (by 50%) are proposed. Also, in addition to achieving safer, higher quality and nutritious food, it is intended to minimise the impact on nature. Therefore, it has been established that, with the related budgets, it contributes to climate action and climate objectives: combating climate change,

⁷ Minutes VII Subcommittee on Sanitary and Phytosanitary Measures (2020).

⁸ See: <https://www.tlc.gov.co/getattachment/acuerdos/vigente/union-europea/4-desarrollo-del-acuerdo/subcomites-institucionales/acta-vii-del-subcomite-de-obstaculos-tecnicos-al-c/acta-vii-subcomite-de-obstaculos-tecnicos-al-comercio-5-11-2020.pdf.aspx>

⁹ *Ibid.*

¹⁰ Dispute DS593, available at: https://www.wto.org/spanish/tratop_s/dispu_s/cases_s/ds593_s.htm.

¹¹ The strategy seeks to recover degraded ecosystems in addition to promoting the expansion of the network of protected areas on land and at sea.

conserving and protecting the environment and biodiversity, and increasing organic farming. It is estimated that these strategies will impact EU food, industry and agriculture, as well as contribute to a circular economy and ensure that the transition is fair and just.

According to a study carried out by the United States Department of Agriculture (2020), based on policy simulations that consider three scenarios in the adoption of the initiative and proposed objectives, it would not only harm EU farmers – as it would reduce their production and competitiveness in both domestic and export markets. rather, it would extend beyond the Union as food prices rose. This would affect global well-being due to its effects on food insecure people, mainly in a scenario where this policy is adopted globally. In the case of the EU, the impact could be less, given the incentives included in its strategies for the adoption of technologies and innovations. However, the study does not provide the potential costs and benefits of strategies for human health and the environment.

In this line, these measures could have implications for the entry of products from the region due to the tightening of the EU food supply. Therefore, it is necessary to know which pesticides will be banned, and which products will be included and affected, as well as to continue conducting research that analyses the effects and proposes alternatives to promote greater sustainability.

3. Political dialogue, cooperation and the convergence agenda in the framework of the association agreements

3.1. Political dialogue and cooperation under association agreements

The CAN and the EU have promoted in recent decades (mainly in the period 1990-2010) the strengthening of bi-regional links in different areas, such as politics and cooperation. Along these lines, a “third generation” Cooperation Agreement was signed in 1992, implemented in 1998, the Specialised Dialogue on Drugs was established in 1995, the Joint Declaration on Political Dialogue was issued in 1996, and the Political Dialogue and Cooperation Agreement between the CAN and the European Union was signed in 2003, with its subsequent adoption by Decision 595. Also, as mentioned, since 2006 the negotiation of an agreement covering the political, commercial and cooperation fields has been promoted. Cooperation between the two blocs has had several stages, and the last of them consecrated the signing of the Cooperation Agreement, whose objectives included the consolidation of the Andean integration process.

Within the framework of the political dialogue between the EU and the CAN, a number of meetings have been held (in particular the ministerial, institutionalised meetings of the EU and the Rio Group). Issues of joint interest include climate change and the environment, the fight against drugs, migration, the international financial crisis and cooperation. Cooperation initiatives from the EU have also focused on these issues.

In recent years there has been a relative silence regarding the bi-regional agenda between the EU and Latin America, which has led to the non-holding of summits between the two regions. However, the EU-LAC ministerial summit, organised on 14-15 December 2020, marked a milestone for its relaunch; in addition, it could lead to a new dynamic of high-level commitment and resume the pending agenda (Borrell, 2020).

The EU continues to play a very important role in Latin America, being the main source of development cooperation and FDI. Trade agreements have positioned the Union as an investor and as one of the

region's main trading partners. In this way, Peru, Ecuador and Colombia have maintained a permanent dialogue, both multilaterally —through the Framework Cooperation Agreement between the European Union and the Andean Community— and at the bilateral level. The political dialogue between the EU and these countries is also based on the Rome Declaration of 1996 and the 2009 Memorandum of Understanding, as well as the Political Dialogue and Cooperation Agreement between the EU and the CAN.

3.1.1. Political dialogue and cooperation between the EU and Peru, Colombia and Ecuador

The EU has been the largest source of development cooperation for Latin America and the Caribbean; the 2030 Agenda for Sustainable Development and the Paris Agreement have been the frameworks that have guided its cooperation actions (European Commission, 2019a).

The EU seeks to strengthen its political partnership with Latin America and the Caribbean on the basis of four priorities —prosperity, democracy, resilience and effective global governance— in order to promote a common future. The EU aims to strengthen and modernise the partnership between the two regions on the basis of trade, investment and sectoral cooperation, in order to provide joint efforts to address the common challenges and opportunities posed by the new global context. In this line, the pillars indicated have several objectives: i) to support sustainable growth and decent employment, which allows reducing socioeconomic inequalities, causing the transition to a digital, green and circular economy, while strengthening trade and investment relations; (ii) strengthening the international human rights regime; (iii) optimising resilience to climate change, caring for the environment and biodiversity, and (iv) improving fair taxation and social protection as a tool to reduce inequality, as well as supporting the strengthening of multilateralism in relation to issues such as climate and the environment, and cooperation for security and peace; aligned with the objectives and commitments assumed in the 2030 Agenda (European Commission, 2019a).

Among the instances of political dialogue, the Andean countries hold meetings —bilaterally with the EU— in the Bilateral Consultation Mechanism. In this space, topics of mutual interest within the sectoral dialogues are addressed: defence of human rights, fight against drugs, regional policy and border integration, environment and climate change, innovation and SMEs. In addition, since 2019 cooperation on multilateral affairs has been added as an axis (Ministry of Foreign Affairs of Peru, 2019).

As a result of these meetings, a series of joint initiatives were agreed on strategic issues, such as the fight against drugs, which is why the Financing Agreement support for the Fight against Illicit Drug Trafficking and Organised Crime was signed in 2018, in addition to the strengthening of alternative development programmes, public governance, social inclusion, institutional strengthening, student mobility, innovation and climate change, among others. The EU has also encouraged and supported the process of linking up the Organisation for Economic Co-operation and Development (OECD), as well as the reforms, including electoral reforms, that they must implement.

The dialogue established between the two sides has made it possible to advance cooperation programmes at both the level of trade and sustainable development. For example, Ecuador's elimination of additional duties (tax stamps) on imported alcoholic beverages in 2019 has led to competition on equal opportunities. On the other hand, the EU has recognised the good cooperation and dialogue on labour issues within the framework of the implementation of the title on trade and sustainable development of the Trade Agreement, and also the commitment of Colombia, Ecuador and Peru to advance important issues in the labour field (European Commission, 2020a). In the particular case of Peru, the European Commission strengthened bilateral relations at a technical and political level in 2019 on the application of labour and environmental commitments, in the face of

complaints presented by the Advisory Groups. In this sense, the government of Peru established measures to address the underlying problems that concerned the EU (European Commission, 2019c), underlined the importance of the dialogues held with Peru on environmental issues since 2018, and the importance of continuing to strengthen the National System for Environmental Impact Assessment, and the Environmental Assessment and Control Agency (OEFA).

Regarding the political dialogue between Colombia and the EU, political relations are complemented by a bilateral dialogue on human rights that began in 2009 as established in the Treaty of Lisbon, and was strengthened by the Trade Agreement, which entered into force in 2013. The bilateral agenda with Colombia includes issues such as energy, climate change or biodiversity, as well as competitiveness, investment, trade, science and technology, education, mining, innovation and infrastructure. Likewise, the EU has also participated in and supported projects to strengthen Colombia's justice sector, in particular to strengthen the rule of law and the fight against impunity (European Commission, 2016).

As with Colombia and Peru, the dialogue between Ecuador and the EU is part of bilateral relations and regional coordination. As part of this linkage, new areas of interest are included, such as regional integration, the fight against illicit drugs and the promotion of sustainable development¹². The bilateral agenda addresses issues such as development cooperation, migration, human rights, governance, climate change and environment, refugees and governance. To discuss these issues, the High-Level Political Dialogue is held once a year, with the aim of developing a political agenda, and strengthening cooperation and bilateral relations¹³.

Another aspect to highlight in the implementation of the ACM is that, through its Article 280, it establishes the creation of the Subcommittee on Trade and Sustainable Development, which is composed of high-level representatives of both parties in charge of labour, environmental and trade issues. This subcommittee also has the mission of holding sessions with civil society organisations and the general public—as stipulated in Article 282 of the agreement—to maintain a space for dialogue on issues related to the implementation of the Trade and Sustainable Development Title.

For this dialogue to take place, the parties constituted the Domestic Advisory Group (DAG), where representatives of civil society have had the opportunity to participate in the agreed annual meetings. Although this is a novel mechanism in the trade agreements signed, there are still many aspects to be resolved in terms of labour and environmental issues (the same ones that were indicated in Chapter II). But, despite its limitations, the constitution of this subcommittee makes the dialogue between the two regions more democratic, equitable and participatory.

On the other hand, regarding cooperation on environmental issues, the EU and Peru are working on various projects, largely through the EUROCLIMA+ programme, which aims to reduce the impact of the effects of climate change in Latin America by promoting mitigation, adaptation and resilience initiatives. The EU collaborates with the Ministry of the Environment of Peru (MINAM) to strengthen climate governance, supporting activities for the updating and implementation of NDCs and the strengthening of the National Commission on Climate Change (CNCC), in addition to advising on green recovery and the establishment of a framework to promote sustainable investments. Other projects also address issues such as water, forest and biodiversity management, risk management, food resilience and urban mobility (EEAS, 2021a).

¹² CELAC. Available in: <http://celacinternational.org>.

¹³ Delegation of the EU in Ecuador. Available in: https://eeas.europa.eu/delegations/ecuador_es.

In the field of human rights, the following projects are being promoted: Defending human rights, Concerted local protection environments against violence and trafficking in children, adolescents and women, and Empowering Indigenous Peoples of the Peruvian Amazon (EEAS, 2021b).

In relation to cooperation in the field of social inclusion, the EU supports programmes that aim to improve the social protection system and the quality of social services, and to manage the vulnerabilities faced by the population, including programmes aimed at reducing poverty. In this sense, it supports the National Policy for Development and Social Inclusion (PNDIS) —focused on the population in situations of poverty and extreme poverty— which seeks to sustainably reduce poverty, while promoting inclusive social and economic development with a territorial approach (EEAS, 2021c).

In the case of Colombia, the European Peace Fund was created, whose objective is to promote economic and social development and consolidate peace in the territories most affected by the armed conflict. The initiatives focus on strengthening the reincorporation process, the Development Programmes with a Territorial Focus and the formalisation of land for the peasantry¹⁴.

The EU supports projects to combat climate change related to mitigation, adaptation and vulnerability reduction; in addition, it finances projects that seek to build models of sustainable development, as well as promote peacebuilding initiatives.

On the issues of justice and human rights, the EU has carried out several projects to strengthen the rule of law and democracy.

Cooperation, both bilateral and regional, is complemented by the support of civil society and regional cooperation with Latin America. On migration issues, the EU promotes various humanitarian aid and integration support initiatives, through the UN system and NGOs. It highlights the multi-country programme Inclusive Cities and Solidarity Communities, promoted by UNHABITAT, the International Organisation for Migration (IOM) and the United Nations High Commissioner for Refugees (UNHCR), which aims to promote the socioeconomic inclusion of migrants, and is located in countries such as Peru, Colombia and Ecuador. The EUROsocial programme also reaches the countries analysed, supporting public policy reforms in favour of social cohesion and labour formalisation, among others (EEAS, 2021c).

On the other hand, the EU is a partner and financier of multiple international initiatives, such as the PAGE-Alliance for Action towards a Green Economy initiative, which aims to ensure that economic policies and practices have sustainability as a principle, as well as designing public policy proposals that promote the sustainable use of resources, environmental sustainability and the generation of green employment (EEAS, 2021a).

In addition, the Horizon 2020 programme —which promotes science, research and innovation activities in the EU— allows the participation of non-European countries, thus promoting the generation of knowledge from actions such as basic research, social innovation, technology development or technology transfer.

In relation to capacity building, from the Erasmus+ programme, the EU also promotes partnerships between higher education institutions in different countries, including the Andean countries. Likewise, other areas that are promoted from cooperation are: human rights, governance, gender equality, promotion of equity, and promotion of equal opportunities for men and women (EEAS, 2021b).

¹⁴ See: www.fondoeuropeoparalopez.eu.

3.2. Strategic role of the EU's relations with Peru, Ecuador and Colombia

Before the pandemic, the international system was facing a crisis of globalisation in multiple dimensions —social, productive and political— that simultaneously highlighted the unsustainability of the productive and consumption system, given its environmental impact (Sanahuja, 2017). Given this, a new production model has been promoted based on the pillars of decarbonisation and digital transformation (Sanahuja and Rodríguez, 2021).

The conjuncture of the COVID-19 crisis has generated changes in the way in which the EU is organised to face this type of situation. The Initiative of the European Green Deal, which aims to respond to a potential climate crisis —as well as establish an autonomy strategy to implement a new economic model by the bloc— has determined important steps within its organisation.

In turn, the EU has committed itself to the 2030 Agenda, forming part of its actions and strategy both within the bloc and abroad, by supporting various initiatives, especially in developing countries, from cooperation (ECLAC *et al.*, 2016).

While the EU's first sustainable development strategy dates back to 2001, the reviews made in 2006 and 2009 included other policies such as climate change, as well as emphasising the international dimension. In 2010, the new development agenda —called the Europe 2020 strategy— was defined, whose priorities established the development of an environmentally sustainable and competitive knowledge-based economy and innovation, as well as generating a high level of employment and promoting social cohesion. Therefore, the progress made by the EU gives it leadership in the fight against climate change, in the promotion of a low-carbon economy and in the development of environmentally friendly technologies (ECLAC, 2018).

It is also essential to consider the role of cooperation and dialogue between Latin America and the Caribbean and the EU, in COVID-19 mitigation actions and the equitable and universal distribution of vaccines, as well as in the refinancing of external debt in this context. And even more so in the case of the Andean countries, which have been among the most affected worldwide.

On the other hand, the collaborative role in the EU's foreign policy to achieve the objectives of decarbonisation and climate neutrality should include support for the productive and energy diversification of the partners that require it, as well as combining openness with the adoption of stricter environmental standards in trade and investment. In this sense, Latin America must be prepared, not only to adopt these requirements, but also to promote and develop a constructive sustainable agenda (Sanahuja, 2021b). The Andeans are megadiverse countries and have great potential in renewable energy, and the partnership agreement promotes international environmental and labour standards (under the chapter on sustainable development).

However, there are limitations that have caused this situation not to be actively promoted in the Andean and Latin American region. Novak and Namihás (2017) highlight that these limitations in the bi-regional relationship have been given, in the first place, by the economic and political crisis situation itself, which has affected Europe since 2008, by the refugee crisis of 2015 and by Brexit in 2016, phenomena that had a negative impact on the EU's external relations (Ayuso, 2019). On the other hand, Brexit led to the EU having a more introspective look (Bouzas, 2019). This caused, among other consequences, the decrease in cooperation funds to Latin America, a greater interest in issues of the nearby regional environment, and the lack of new joint projects with Latin America, so that Europe has been focused on resolving its internal agenda in recent years.

However, the Bi-regional Strategic Partnership is still in place, and some cooperation projects are still underway. This partnership has been shaped through the political dialogue that takes place through the system of Bi-regional Summits, meetings between foreign ministers and senior officials, as well as specialised dialogues, strengthening cooperation.

In this line, since 2016, Latin America has been part of the Global Strategy for the EU's Foreign and Security Policy, which seeks to expand cooperation and establish more intense partnerships between both regions based on common interests and values. Based on political dialogue and cooperation, progress has been made and issues related to climate change, security, energy, migration, the fight against drugs and terrorism, among others, have been addressed (Yépez Lasso, 2015: 2).

Since the FTA with the EU is a deep integration agreement, by addressing non-trade issues (matters related to fisheries, environment and climate change, or labour matters and related to corporate responsibility), trade policy becomes an instrument of foreign policy (Serrano, 2019). In this sense, the EU has promoted the inclusion of issues sensitive to its interests, in addition to consolidating an area of influence that allows the European project to be given credibility (García, 2016). For its part, for the Andean countries, the promotion of the signing of FTA responds to a commercial policy that seeks to diversify its exportable offer and its destinations; for Colombia and Ecuador, it also means increasing the share of non-traditional products in non-oil exports (Serrano, 2019).

In a context in which the trade war between the United States and China is reorienting alliances and geopolitical reconfiguration on a global scale, Rosales (2020) highlights that the relationship between the EU and Latin America is strategic. In this sense, it is important that the region maintains an active role in defending multilateralism and fighting protectionism.

Likewise, Rosales (2020) indicates that supporting the convergence between the Pacific Alliance and Mercosur would improve the economic scenario in the region and could limit the exacerbated ideology that has taken over South America. To this end, the EU could play an important role, and the CAN should be an active element in that convergence, to the extent that Colombia and Peru are members of the Pacific Alliance, and Ecuador is close to full membership.

Dialogue with the EU, in turn, could allow cumulation of origin between all countries that maintain such agreements with the EU¹⁵. This would be an effective stimulus, not only for the gestation of regional value chains, but also for the construction of Euro-Latin supply chains. Finally, Latin America should seek a closer rapprochement with the EU on the reform and modernisation of the WTO (as mentioned above), and also on the constitution of an International Investment Court, to preserve multilateralism, adjusting it to new conditions on technological change, climate change and new relative weights of the main global actors.

The EU-Latin America relationship is strategic, and the EU is strengthening its political partnership with Latin America, focusing on four priorities: prosperity, democracy, resilience and effective global governance for the common future (López, 2021). The values shared by the EU and Latin American countries —identified within the framework of the agreement and on the basis of the 2030 Agenda and the SDGs— would facilitate the overcoming of the barriers that exist in the region. Knowledge of

¹⁵ If the EU-Mercosur agreement is ratified, Mexico, the five Central American countries, Panama, the Dominican Republic, Colombia, Ecuador, Chile, Peru, Argentina, Brazil, Uruguay and Paraguay would have agreements with the EU. To this is added the association agreement between the EU and the Caribbean (13 countries), which would add up to 29 countries. It's too relevant an area to ignore.

the limits of the current development model, recovery planning, the implementation of social policies with a universalist vision, the signing of multilateral commitments (including the Paris Agreement and the 2030 Agenda for Sustainable Development), the signing of voluntary national commitments such as the NDCs, and the promotion of regional integration initiatives, are reactions to the dominant model (ECLAC *et al.*, 2016).

Like the EU, the Andean countries have been promoting the SDGs within the framework of their national development plans. In this way, national development strategies are based on the 2030 Agenda, and are part of national strategic planning processes at all levels of government.

Currently, the EU has adopted the vision of “strategic autonomy”, while moving towards a new economic model based on the European Green Deal and the European Next Generation EU Recovery Programme, which are part of the sustainable development plans towards the post-pandemic period (Sanahuja, 2021b).

The European Green Deal is a policy framework from which core environmental issues such as the biodiversity strategy, the fight against climate change and measures to promote the circular economy are promoted (European Commission, 2019d). As Sanahuja (2021a) points out, this pact is not limited to a sectoral policy of mitigation and adaptation to climate change or care for biodiversity. It goes further because, through this policy, what is proposed is a comprehensive strategy that allows “transforming the EU into an equitable and prosperous society, with a modern economy, efficient in the use of resources and competitive” with a human dimension in a “fair and inclusive” way (European Commission, 2019d; cited in Sanahuja, 2021a). This policy includes both coordination between governments, the private sector and dominant political forces, as well as internal and external management of strategies. Likewise, the Green Deal is not only redefining the EU’s environmental policy, but, by projecting itself as its development strategy, it is established as the basis of its industrial policy, as a new social contract and as a foreign policy on which the future of international cooperation will be designed (Sanahuja and Rodríguez, 2021).

In that sense, this pact includes an external dimension that aims to promote the ecological transition and the Paris Agreement. This highlights the Union’s leading role in the current climate emergency. It is necessary for Latin America and the Caribbean to align itself with these objectives as part of an “environmental diplomacy” that founds a green alliance that incites greater ambition in the objectives of decarbonization and climate neutrality. Additionally, the EU could also contemplate an external tariff to tax carbon-intensive imports, as well as promote higher environmental standards in global value chains (Sanahuja, 2021a).

By conditioning and defining trade, foreign, security and development cooperation policies, the external dimension plays a key role in achieving the objectives set, strengthening the EU’s leadership. Through the Green Deal, the EU commits to “lead by example”, which must involve greater coherence between internal and external policies (European Commission, 2019d: 23).

Policies related to the new EU strategies are already being adopted and demand an increase in labour and environmental standards in the face of any trade opening and access to the European market (Fahimi, 2021). These demands, by becoming requirements for maintaining relations with the EU, may show the power of this bloc to set new global trade standards (also in the field of the digital economy).

Moreover, in any trade agreement, the democratic clause could be added, as an environmental clause, the commitment to ratify and implement the Paris Agreement, in coherence with the Green Deal,

sustainable development and the 2030 Agenda (Sanahuja, 2020; Giles, 2021). For this reason, the EU must establish a collaborative foreign policy to support developing countries, “given the initial asymmetries that exist in terms of greater European responsibility for Greenhouse Gas emissions, and also their greater resources and capacities”, so that finally these measures can be adopted, as well as establishing “green alliances” to strengthen these commitments (Sanahuja, 2021b: 19).

Regarding the Next Generation EU Programme, it aims to take advantage of the context to promote the transformation of economies, in line with the EU’s strategy and vision of becoming a “greener, more digital and more resilient Europe”. The central tool is the Recovery and Resilience mechanism, which aims to mitigate the impact of the socio-economic crisis due to COVID-19. Along these lines, recovery funds have been granted to strengthen the scope of programmes promoting the single market; innovation and the digital economy; cohesion, resilience and values; and natural resources and the environment (European Commission, 2020d).

As has been seen, there are several points of convergence in the axes included in the agreement, which are part of the policy that the EU is promoting, and in which the Andean countries have presented some progress, but still pose great challenges. The ACM can be considered a tool to face these challenges, promoting cooperation among its members and contributing to overcoming the limitations presented by the economies of the Latin American region (in particular, those analysed in this document), in order to move towards a model of sustainable and inclusive development. It is necessary to advance in fundamental lines for the proposed transition: environmental, productive, digital and social (Sanahuja and Rodríguez, 2021).

4. Partnership agreements and new post-pandemic development models

The Andean countries are in what the OECD, CAF - Development Bank of Latin America, ECLAC and the EU (2019) call the “development traps”. One of them is the productivity trap, since there is a high concentration of exports in primary and extractive sectors, in addition to a low adoption of new technologies or development of productive capacity.

Therefore, it is necessary to boost the growth of these economies once the pandemic is overcome: productive diversification, technological intensity and the digitalisation of production processes are indispensable factors to achieve higher levels of productivity, and inclusive and sustainable development.

On the other hand, more and more trade agreements have been contemplating in their negotiations aspects that go beyond the commercial field, incorporating chapters or titles on technology transfers, investments, and aspects of sustainable development such as those related to labour, human and environmental rights (Baumann, 2016). In the case of the CMA, Title IX focuses on commitments and agreements on sustainable development.

Regional trade agreements play a key role in the diffusion of technology and in the exchange of technological knowledge flow (Maskus, 2016). Empirical evidence has shown that those free trade agreements that incorporate clauses to encourage technology transfer and innovation (TTI) have a positive impact on their level of exports of technology-intensive goods (Chelala and Martínez-Zarzoso, 2017).

In this sense, the association agreements constitute an opportunity, not only to strengthen political and economic relations, but also to promote post-pandemic productive restructuring. There are opportunities for bi-regional collaboration in areas such as digitalisation, the green economy and

sustainability, which has been highlighted in various forums (ECLAC, 2020a), where both regions have identified as common axes the productive digitalisation, the simplification of logistics processes, the integration infrastructure and the promotion of green businesses.

From the perspective of ECLAC (2020a; 2020b), the countries of the region must establish strategies for economic recovery and reactivation based on digital transformation and the use of ICTs. These must promote inclusive innovation, and promote changes in management, production and business models, thus militating for productive capacity to promote more knowledge-intensive sectors, as well as technological development (especially digital). In addition, it is about building new engines of the economy through, among other factors, the promotion of the energy transition towards renewable sources, the bioeconomy, the care economy, the circular economy and sustainable tourism.

This perspective was also shared at the XXVII Ibero-American Summit, where member countries highlighted the need to articulate actions that allow us to move towards a more sustainable model—in which science and technology, as well as the generation of new knowledge and innovations, are one of the main axes of growth—and to promote sustainable growth strategies that put the conservation of biodiversity and the energy transition at the centre.

Within the framework of “summit diplomacy”, and taking into account that Latin America and the EU have been holding a regular political dialogue for 20 years, this bi-regional space contributes to the strengthening of the strategic partnership and the links established, since it usually promotes progress in agreements and projects that have allowed the creation of a series of cooperation programmes in areas such as poverty and inequality reduction, climate change mitigation, SMEs and the fight against drug trafficking, among others.

Taking into account that these elements are also present in the economic reactivation plans of the integration blocs of which Peru, Colombia and Ecuador are part—such as the Andean Community and the Pacific Alliance—the possibilities of convergence towards a common agenda with the EU tend to be greater.

In the case of the CAN, the Andean Digital Agenda is being implemented, aimed at promoting digital transformation, connectivity, innovation, and information and communication technologies for the benefit of the population (CAN, 2019). These are factors that have gained great relevance, since they promote the harmonisation of regulations for the development of infrastructures for innovation and promote the construction of an integrated digital market that, in turn, promotes productive diversification, the reactivation of tourism, technology transfer and access to digital solutions for all actors (CAN, 2020a).

One of the priorities of the digital agenda is electronic commerce, “which will be convergent with the advances that individual countries incorporated into FTAs and preferential agreements with third countries, being able to deepen in the Andean framework, taking into account the supra-nationality that the organisation has” (CAN, 2020b).

Along the same lines, and in order to establish common actions with a more sustainable, resilient and inclusive approach, the Andean Environmental Charter was adopted. It seeks to accelerate the implementation of the SDGs, as well as intensify the exchange of experiences in sustainable development; strengthening the sustainable management of plastics, water resources, and disaster prevention and response; and accelerating the green recovery (CAN, 2020c).

The Pacific Alliance has a work plan against COVID-19 that promotes trade facilitation and productive chains; in addition, it supports and strengthens SMEs in the development of skills and e-commerce. A reactivation plan for the tourism sector is also being developed with the support of the IDB and the EU (AP, 2020).

Likewise, the EU—through Next Generation (European Commission, 2020d)—has proposed actions for the long term, allocating more than 50% of its budget to invest in research and innovation; just climate and digital transitions; preparedness, recovery and resilience; modernisation of traditional policies (such as cohesion and the common agricultural policy); fight against climate change and protection of biodiversity and gender equality. Thus, both regions have agendas that can be addressed jointly, and in that sense, it is necessary to establish support or collaboration mechanisms.

López (2021) highlights that it is necessary to develop a comprehensive strategic plan between the EU and Latin America that proposes concrete and effective solutions with the aim of overcoming the consequences of the pandemic, through joint and coordinated action. Regarding these actions, the guarantee of access and free access to vaccines at the international level should be highlighted, as well as an equal and equitable global distribution and application, under the auspices and leadership of the relevant multilateral organisations, such as the WHO. Work must also be done to reduce inequalities and strengthen public health systems. Additionally, it is important to promote health and economic efficiency for Latin America.

4.1. Partnership agreements and the post-pandemic recovery strategy

The Andean countries, like the EU, are promoting digital transformation and the transition to a greener economy, as fundamental axes of their economic recovery strategies. Likewise, from the official side of the EU (Mateus, 2021), the need to take into account the scope and competence of association agreements has been highlighted. In fact, in order to boost trade, these agreements must be articulated with other policies, such as those related to investment in infrastructure, sustainable development and economic diversification. The partnership agreement, on its own, cannot address all the challenges of the post-pandemic, so it will have to be integrated with the public policies of each subscriber country.

In this regard, the EU-LAC Bi-Regional Strategic Partnership – where the association agreement signed by the Andean countries and the EU is an essential instrument for socio-economic recovery – must be revived and a comprehensive strategic plan must be in place to face post-pandemic challenges. Cooperation policies with the EU will be fundamental, not only to overcome the aftermath of the pandemic, but also to address the new challenges of the international environment, such as digital transformation, green growth, climate change and inequality, the defence of multilateralism and against protectionism, and the defence of democracy and human rights. These are central issues, where the EU and Latin America share values, and which can be developed through initiatives defined or already under implementation.

Below are some possible axes within the framework of these agreements, aimed at boosting the economy and cooperation between both regions.

4.1.1. Investments

One of the key aspects is to accelerate the accumulation of capital, since it can modify the productive structure, as well as expand technological capabilities and redefine the development model. To this end, it is necessary to implement industrial policies that stimulate the development of dynamic low-carbon sectors, which have a knock-on effect on the economy.

According to ECLAC (2018), European companies are key players in moving towards the digital economy and towards a sustainable energy matrix, given that they have led investments in renewable energy projects – with Spain, France, Germany and Italy as the main investors; in addition, they participate in other sectors such as the automotive industry and metal mining.

However, the region has not been characterised by attracting investment in research and development. However, European companies have been relevant players in R&D investments made in the Americas. Productivity is still a weak point of Latin American economies, since, despite the period of growth that the region experienced, this did not translate into higher productivity, which is crucial to advance in the achievement of the SDGs. Likewise, this backwardness is highly linked to technological complexity and, in this case, the lack of industrial and technological policies has hindered progress (ECLAC). *et al.*, 2016).

4.1.2. Digital transformation

The agreement represents an opportunity to exchange experiences with the EU, particularly in digital transformation programmes, as well as in areas of digital value chains and modernisation of digital services that allow for the further growth of digital companies and their insertion into trade. In addition, cybersecurity mechanisms can also be established and the adoption of enabling technologies that promote the development of digital resilience in the Andean countries can also be promoted, given that the EU addresses these axes within the framework of its digital strategy (European Commission, 2021a).

This strategy aims to ensure that transformation has people as a priority, while generating new opportunities for companies; in addition, it seeks to promote a dynamic and sustainable economy, which contributes to the fight against climate change and originates the long-awaited green transition. Therefore, it is essential to integrate digitalisation into cooperation, and support policies that encourage the use of digital applications. This opens up the possibility of promoting telemedicine, distance learning, financial inclusion, e-government, industry 4.0 and artificial intelligence, among others (European Commission, 2021b).

For its part, the Digital Agenda for Latin America and the Caribbean (eLAC, 2022) includes a group of actions with a regional focus, where relevant factors are prioritised to promote digital development. This agenda defines the following areas of action: digital infrastructure; digital transformation and digital economy; regional digital market; digital government; trust and digital security; inclusion, digital competencies and skills; digital regional cooperation; emerging technologies for sustainable development; and confront the pandemic and facilitate economic recovery and reactivation.

In order to establish strategies for cooperation and mutual support, it is necessary to identify those sectors that have the greatest potential for digitalisation for the Andean countries and that are of interest to the EU. The objective is to strengthen the digital transformation of value chains and access to information and communication technologies in these countries. The development of the digital ecosystem is fundamental to promote the recovery of the economy (Fairlie, 2021a). It is necessary to have programmes and support mechanisms that generate the necessary capacities in terms of digitalisation, improve the factors associated with the digital environment and overcome the barriers that limit the adoption of digital solutions. Partnership agreements can be key, since they promote the exchange of experiences, and establish new sustainable investment opportunities to address different deficits—in telecommunications and digital infrastructure—that the Andean countries still have (ECLAC, 2020c).

In this line, digital alliances must be built, taking into account European knowledge on governance and standards, that promote and enhance digital infrastructures in the face of the post-pandemic economic recovery, because access to digital technology is crucial to address productive gaps. The combination of investment, innovation and productivity is one of the most appropriate ways for the sustainable development of our economies (CAF, 2020). This perspective is also shared by Nieto and Salinas (2020), who argue that technical cooperation acquires a pivotal function within the modalities of international cooperation for development.

On the other hand, e-commerce must be considered as a strategic area for the post-pandemic, so it is necessary to face the existing barriers and guarantee an environment conducive to its development. In this regard, the WTO argues “that electronic commerce could benefit from greater international cooperation to facilitate the cross-border movement of goods and services, reduce the digital divide and establish a level playing field for micro, small and medium-sized enterprises (MSMEs)” (WTO, 2020: 2).

Trade agreements can therefore contribute —through programmes and technical assistance— to boosting the development of skills in e-commerce. Bi-regional cooperation strategies should also be promoted to support MSMEs and increase their competitiveness. Cooperative work can strengthen MSMEs, in addition to strengthening collaborative ties that strengthen research projects and the exchange of experiences at this level (ECLAC, 2020a).

At the same time —and bearing in mind that the CMA provides for clauses that promote cooperation and technical assistance to strengthen trade capacities (Title XIII) and the protection of intellectual property (Title VII)—it is necessary to intensify relations on technology transfer and innovation promotion, as these are not addressed in the necessary depth (they are present only in Article 324 of the CMA).

Given the importance that the adoption and generation of new technologies has gained in the process of digital transformation for the post-pandemic economic recovery, it is key to establish clauses to accelerate the transfer of technology and the use of new technologies, since they lower production costs, increase the size of the market and eliminate commercial obstacles to generate economies of scale. For Chelala and Martínez-Zarzoso (2017), if trade agreements incorporate technological exchange measures, there is a direct effect on trade; this therefore varies according to the clauses established for the promotion of technology transfer and innovation.

In this way, common digital agendas can be established to set up triangular cooperation mechanisms to address regional priorities effectively. In this regard, López (2021) argues that the common agenda for recovery must bet on coordinated measures and actions in the multilateral framework, in addition to promoting structural reforms aimed at improving the levels of competitiveness, resilience, sustainability and social justice in Latin American countries.

4.1.2. Green growth

The great diversity and abundance of natural resources that exists in Peru, Colombia and Ecuador, and the need to promote cleaner and more resilient models of economic growth, can make partnership agreements a tool for promoting increasingly green recovery strategies, as it is a point of common interest on both sides. The EU has proposed the European Green Deal, which proposes actions to promote the efficient use of resources —through the transition to a clean and circular economy— restore biodiversity and reduce pollution. The Circular Economy Action Plan is also being implemented.

Regarding the points included in the green agendas, the Andean countries have shown interest in continuing to make efforts, in accordance with the commitments assumed in the framework of the NDCs and the SDGs. Issues such as the circular economy and the protection of biodiversity are central to the policies of these countries. In addition, the fight against climate change and the promotion of bio-businesses, as an instrument to take advantage of new markets (from the EU, for example), can open up new business opportunities while ensuring the conservation of biodiversity.

The environmental crisis, like the COVID-19 pandemic, is an opportunity to formulate industrial and technological policies that create capacities, institutions and policies that generate great environmental momentum. In the post-pandemic context, bi-regional strategies can be articulated that promote green economic growth in both regions, and sustainable projects can be implemented that bet on a recovery without costs for the environment (EU-LAC Foundation, 2021).

The signing of the Paris Agreement is a fundamental step for a sustainable future. Along these lines, the region is making progress in the design and implementation of policies and instruments aimed at mitigating and adapting to climate change. The sectors that are usually contemplated in adaptation strategies are the following: water, infrastructure, human settlements, agriculture, biodiversity, health and energy (ECLAC *et al.*, 2016). Meanwhile, for mitigation, the energy, transport, agricultural, forestry and waste sectors are prioritised.

The region has also made progress in signing up to policy strategies on climate change, which are complemented by the development of actions and instruments to reduce their effects. In the case of Colombia, there is the National Plan for Adaptation to Climate Change (2012); in Peru, the National Strategy against Climate Change, and, in Ecuador, the National Climate Change Strategy of Ecuador 2012-2025.

The non-sustainability of the current patterns of the production and consumption model on which the growth of our countries is based makes it urgent to move towards strategies that allow “dematerialising” economies, reducing pressures on the environment and the effects on climate change. At this point, innovation in clean technologies is fundamental in decoupling. It is about generating and disseminating green technologies and more sustainable production models that originate processes of technological change and new innovation cycles, where human capital and scientific and technological development are key factors (ECLAC, 2018; 2020b).

This shows that there are important areas for cooperation between the EU and the countries of the region in the areas of climate change mitigation, technological innovation and the exchange of good environmental practices. In this regard, the EU’s contribution to international cooperation and its experience in these matters should be taken into account (ECLAC, 2018).

On the other hand, investment in research and development aimed at the creation of environmental technologies is a source of job creation, in addition to implying higher returns in the short term and, in the long term, greater cost savings compared to traditional fiscal stimulus packages (IDB, 2020a).

Along the same lines, it is recommended that, in order to achieve economic and climate milestones, post-COVID-19 recovery programmes should:

Promote investment in clean physical infrastructure, modernisations of building efficiency, investment in education and training to address immediate unemployment due to Covid-19 and structural unemployment due to decarbonisation, investment in natural capital for the recovery

and resilience of ecosystems, and clean investment in R&D. [...], finding that the long-term multipliers of positive climate policies were high, reflecting a strong return on investment for public spending (Hepburn *et al.*, 2020: 16).

In the case of Latin America, ECLAC has analysed the complementarity of electricity systems and the use of renewable energies in the region. Thus, it has observed that a scenario with high penetration of renewable energies and high level of interconnection —which allows a greater penetration of renewable sources (39.5%), with an investment of 1% of the region's GDP between 2019 and 2032— would imply the creation of approximately seven million new jobs (ECLAC, 2020b). Therefore, investment in renewable technologies represents an opportunity to achieve a post-pandemic economic recovery in a rapid, inclusive and sustainable manner. It is therefore essential to promote strategies that seek synergies between economic growth and climate change, as they have a greater potential to increase national wealth and improve productivity.

In that sense, association agreements can promote sustainable investment that strengthens EU investments in Andean countries, in areas such as the renewable energy sector and biotrade. Consider that the ACM contemplates, in its Title IX Trade and Sustainable Development, guidelines aimed at promoting sustainable development (Article 271), which seek to facilitate and promote trade and foreign direct investment in environmental goods and services.

It also recognises the importance of the conservation and sustained use of biological diversity and encourages the development of practices and programmes aimed at promoting appropriate economic returns for the conservation and sustainable use of biological diversity (Article 272). It also emphasises the need to support efforts for climate change adaptation and mitigation, through a rapid transition to low-carbon economies, the sustainable use of natural resources, and improvements in technologies for the production and use of clean energy (Article 275). In this way, greater economic dynamism would be generated for both regions.

It is also an opportunity to promote research and innovations aimed at clean and digital technology sectors, the development of joint patents and businesses with good environmental practices by companies, and the strengthening of infrastructures in areas of sustainability (ECLAC, 2020a).

Considering that the EU's Green Deal envisages the use of “diplomatic and financial instruments to ensure that green alliances are part of its relations with other partner countries and regions, especially in Latin America” (European Commission, 2019c), association agreements constitute a relevant factor in promoting a long-term recovery strategy, based on the energy transition towards cleaner sources and green jobs. Through investment in renewable energies —and given the potential that exists in Peru and Ecuador in solar and wind energy¹⁶— it is about obtaining a greater use of renewable energies. Another aspect to strengthen is energy efficiency and the promotion of digitalisation and distributed generation, as well as the promotion of electromobility (IDB, 2021).

On the other hand, the Andean countries have a great biodiversity, which can be exploited under a bioeconomy or biotrade approach. In this way, in turn, the productive structure would be diversified, in addition to increasing the generation of value, the promotion of value chains and diversified systems of native crops, as well as the strengthening of rural and agricultural development. This requires strengthening biodiversity management, the use of new technologies and traditional knowledge, and promoting their development and access to markets (ECLAC, 2020b); that is where association

¹⁶ SieLAC-OLADE (2021): Renewable energy potential. Available at: <http://sielac.olade.org/WebForms/Reportes/Reporte-Dato3.aspx?oc=61&or=690&ss=2&v=1>.

agreements play a key role. The circular economy should also be promoted, due to the potential it has for the contribution to GDP and for the generation of sources of employment. Thus, according to ECLAC estimates, GDP in Latin America could increase by 0.35 per cent, and around 450,000 stable jobs could be created.

Consequently, bi-regional integration can be a space to generate strategies that promote green trade between regions and the implementation of sustainable projects. From the perspective of the EU-LAC Foundation (2020: 38), the channels of cooperation can be given as follows: “Europe can contribute to LAC its green technologies and its high-level training programmes and social model, thus contributing to diversify its economy. For its part, LAC, taking into account the abundance of its natural resources and the dynamism of its markets, can favour a recovery in European growth”.

In addition, strengthening mechanisms can be established for environmental protection, accompanied by an approach to sustainable development, promotion of transparency and access to environmental information, including documentation on the environmental problems arising from extractive activity. In addition, the potential benefits of signing the Escazú Agreement on environmental strengthening mechanisms should be analysed. All these aspects have been requested by the advisory groups of the EU, Colombia, Peru and Ecuador that are members of this treaty. At the same time, the agreement is required to involve all sectors that have environmental competences, in addition to implementing the actions recommended by the analyses on the impact and quality of the use of water resources.

4.1.3. Employment

Compared to previous industrial revolutions, digitalisation is changing economic, political, institutional and social structures at a faster rate. This, in the medium and long term, has implications for employment, since it transforms production and consumption models (ECLAC, 2018).

As has been argued, to advance the 2030 Agenda it is necessary to boost employment, promote inclusive industrialisation and encourage innovation considering its environmental effects. ECLAC has highlighted the urgency of moving towards a new development model that will lead to progressive structural change—with an emphasis on equality and environmental sustainability—fostering social coalitions and pacts for governance at the global, regional and national levels. In this line, it is essential to have a long-term vision.

To achieve the viability of this new development model, governance mechanisms underpinned by political coalitions must be promoted through international coordination, the international financial architecture and trade governance. The sustained expansion of investment in low-carbon and energy-efficient projects should also be supported; regulate the effects of capital flows; promote multilaterally based trade and technology governance—enabling access to technology and financing to decouple growth and environmental impact—and global governance of the fundamental elements of the digital economy (ECLAC *et al.*, 2016).

Regarding labour issues, the EU has implemented a series of initiatives that seek to address the crisis in employment caused by the pandemic. Likewise, the initiatives it is promoting in 2021 are:

The new action plan for the European Pillar of Social Rights, the European Child Guarantee, the EU strategy on the rights of persons with disabilities, the new EU strategic framework on health and safety at work, the action plan for the Social Economy and the improvement of working conditions for people providing services through platforms (European Commission, 2020c: 2).

The EU is also promoting decent work, and all the above elements are equally under debate and discussion in the Andean countries.

4.1.4. Human rights

The EU seeks to sustain leadership in the defence of human rights and democracy, putting them at the centre of its foreign policy. Among the measures to be highlighted that it has taken in 2020, are the establishment of a global regime of sanctions in the field of human rights, and the Action Plan for Human Rights and Democracy (2020-2024), which sets the ambitions and priorities of the bloc, establishing a roadmap to face the challenges related to the promotion and protection of human rights and democracy¹⁷.

Advancing in the fulfilment of the 2030 Agenda and the SDGs also raises the need to address other challenges, linked to the institutions necessary to respond to the new demands of citizens. To this end, it is crucial to strengthen the space of national public policies, regional integration, and the role of international cooperation and multilateralism. Thus, cooperation spaces are key to promoting social development, so that they support social innovations through adequate institutionalality (ECLAC, 2018).

Finally, social cohesion and the rule of law are central elements of both the external dimension of the European social model and the shared values in the Euro-Latin American area. Therefore, it is necessary to generate new social pacts that are at the centre of sustainable development policies (Jung, 2021).

4.2. Other axes of economic recovery that can be addressed by the association agreements

While digital transformation and the transition to green economies —as mechanisms for achieving sustainable growth— have seen greater momentum because of the pandemic, there are other areas of cooperation that can be explored through partnership agreements. Note that the EU has expressed the need for more effective regional and bilateral cooperation with Latin America to join forces for a common future, highlighting the importance of intensifying its commitment to growth, diversification, sustainability, resilience and inclusiveness (European Commission, 2019c). These sectors include:

a) Trade facilitation, through enhanced cooperation and the full implementation of the EU's trade partnership and economic cooperation agreements with Latin American countries, including Peru, Colombia and Ecuador. It is about improving the business environment and investment in the region by ensuring that trade agreements, as well as partnership agreements, promote sustainable development, human rights and good governance. To this end, both regions must collaborate to strengthen the application of social labour and environmental provisions, aspects in which, in the case of the Andean countries, there have been some complaints of non-compliance.

In this sense, the recommendations promoted by the EU must be applied, such as those pointed out by Commissioner Malmström for the Peruvian case, and those that have been demanded by the unions and civil society of Ecuador and Colombia (CEDETRABAJO, 2020). The latter refer to the need to strengthen labour inspection and promote fixed-term contracts —to avoid the perpetuation of temporary work— and for workers to be able to carry out and fully exercise their rights to freedom of association and collective bargaining. The scope of partnership agreements should also be assessed in the face of the impact of the pandemic on economic and social rights. In particular, the responses that governments have implemented in labour matters (reform of labour standards), which have

¹⁷ European Union (21 June 2021). Adopted: EU Annual Report 2020 on human rights and democracy in the world.

sometimes implied the precariousness of work and constitute a limitation to achieving the ILO's decent work objectives, should be assessed.

b) The promotion of the blue economy, which promotes closer collaboration around the sustainable use of maritime resources, and the preservation and conservation of the coastal maritime ecosystem. In addition, it is about contributing to adaptation and mitigation in the face of climate change. According to the IDB (2020b), promoting the blue economy is a way to manage high levels of unemployment, as well as to address the vulnerabilities generated by climate change. The purpose is for economies to expand into new fields such as marine biotechnology, marine renewable energy, sustainable tourism, fisheries or aquaculture. Partnership agreements are a vehicle for exploring these fields, especially given that Article 274 of the CMA establishes guidelines to promote trade in fishery products in a sustainable manner. It also highlights the need to establish strategies to address climate change (Article 275).

c) Human capital, through the strengthening of opportunities for student and research mobility, through cooperation programmes and exchange of experiences in higher education, such as the Erasmus+ programme. Taking into account that the free trade agreements of the Andean countries with the EU contemplate both the commercial and the social dimension, they have the necessary elements to facilitate the construction of the bi-regional space in higher education. In addition, strategic alliances can be promoted in the Euro-Latin American space, between European and Andean universities, by virtue of academic cooperation in specific areas that can deepen at different levels (Fairlie, 2021b). In this way, the diversification and competitiveness of strategic economic sectors would be promoted, by generating highly trained human capital.

d) The cultural and creative industries. It is about promoting cooperation to promote cultural diversity and the protection of cultural heritage, making culture an engine of social and economic development. This sector has not been explored within the partnership agreements despite the great potential that exists. Colombia is one of the main drivers of cultural industries or the orange economy in the Andean region. The country has enacted Law 1834: Orange Law, which aims to “develop, encourage, support and protect the creative industries”. In the cases of Ecuador and Peru, these have the Organic Law of Culture, and the Annual Plan of Economic Stimuli for the Cultural Industries and Arts for the year 2018, respectively.

In short, it is necessary to analyse new economic recovery strategies such as those mentioned and explore the potential of association agreements to be able to carry them out.

Strategic bi-regional cooperation in trade and investment has allowed trade agreements to continuously expand their scope to environmental, labour and human rights issues, among others. This opens up a range of areas in which the EU and Latin America and the Caribbean can continue to cooperate around a common agenda, delimited by the SDGs, and encompassing: the defence of the multilateral trading system, the search for synergies between trade policies and the reform of the international governance of foreign direct investment. Likewise, the existence of a common base of similar agreements could facilitate convergence between the different economic integration mechanisms of the region itself, boost investment between both regions and thus strengthen a strategic alliance that favours the fulfilment of the SDGs (ECLAC, 2018).

The EU aims to have a greater global geopolitical impact; this implies the need to share values, which, in facing common challenges, make it possible to strengthen the alliance between the two regions. The EU's strategy of promoting multilateralism needs to strengthen cooperation with allies that uphold the same universal principles and standards (European Commission, 2021a).

As indicated, the commitment to the 2030 Agenda constitutes a common roadmap. Thus, SDG 17 has become one of the axes of the EU's external action, as it promotes strong global partnerships and energises international cooperation as an essential element to achieve the SDGs (Jung, 2021). In this sense, spaces of convergence can be established between both regions where these issues are addressed, in order to build an alternative growth agenda that allows fully exploiting the benefits of the agreement.

From the Andean countries, through the Andean Parliament, some initiatives¹⁸ have been promoted that are in tune with this approach, such as the Regulatory Framework to Promote Comprehensive Trade Facilitation Policies in the Andean Region; the Regulatory Framework for the Promotion of Public Policies on Science, Technology and Innovation; the Regulatory Framework to Promote the Digital Economy in the Andean Region, or the Regulatory Framework to Promote Biotrade as a Development Opportunity in the Andean Countries. The guidelines of these policy proposals are aligned with the strategies being promoted by EU Member States to promote digital transformation and the green economy.

There are also normative instruments aimed at promoting new engines of economies, such as the Regulatory Framework to Increase Productivity and Achieve Sustainable Development, the Normative Framework of Sustainable Blue Economy, the Normative Framework of Orange Economy, the Draft Regulatory Framework to Promote and Strengthen the Peasant Economy and Family Farming in the Andean Region, and the Regulatory Framework on Social Security in the Andean Countries. Its guidelines and recommendations seek to achieve sustainable and inclusive economic growth and are aligned with the achievement of the SDGs. Consequently, one space in which these proposals could be strengthened and promoted is the Euro-Latin American Parliamentary Assembly (EuroLat).

Moreover, the asymmetries of power and wealth that exist between the two regions must be taken into account. In this sense, it is recommended that cooperation agreements implement the most innovative alternatives, in line with the 2017 European Development Consensus, and the types of relationship to be established with each partner. To reactivate political dialogue and cooperation, relations of “variable geometry” must be considered, which contemplate more flexible and open ways of collaboration, recognising the diversity of the development agendas of each country, and with an orientation towards the 2030 Agenda (Sanahuja, 2020).

This aspect is key in development cooperation. Note that the current criterion of per capita income does not adequately reflect the vulnerabilities of societies (which are multidimensional), the financing needs or structural limitations of countries, and less in a context such as the current one. Recovery from the COVID-19 crisis is a global challenge that requires a joint response, so strengthening the partnership between the EU and Latin America is key to moving towards a new, more egalitarian, inclusive and sustainable development paradigm.

Dealing with the COVID-19 pandemic makes it necessary, finally, to make great fiscal efforts. The European Commission has promoted a global recovery initiative linking debt relief to investment in the SDGs. However, middle-income Latin American countries are not eligible for this programme. For this reason, ECLAC has requested to re-evaluate these classifications so that these countries can access development cooperation instruments and actions. In fact, ECLAC and the European Commission are committed to promoting the renewal of political dialogue, with the aim of moving towards models of sustainable and egalitarian development, strengthening the multilateral system and making it more

¹⁸ See: <https://biblioteca-parlamentoandino.janium.net/janium-bin/referencista.pl?Id=20210513220810>.

inclusive. This system should incorporate mechanisms to facilitate access to financing for sustainable investments, access to and development of digital and green technologies, and promote a rules-based trade order and a renewed commitment to climate action (Bárcena and Urpilainen, 2021).

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